

ODEA BANK A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2017 TOGETHER WITH AUDITOR'S REPORT

(Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I.b of Section three)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Odea Bank A.Ş.

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Odea Bank (the Bank), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter referred in the basis of qualified opinion paragraph on the unconsolidated financial statements, the accompanying financial statements present fairly, in all material respects, the financial position of Odea Bank A.Ş. as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulations.

Basis for Opinion

The accompanying unconsolidated financial statements as at 31 December 2017 include a free reserve for possible risks amounting to TL 257.700 thousands of which TL 44.000 thousands is provided in the current period and TL 213.700 is provided in the prior period by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions. In addition to that; a deferred tax asset is provided based on this reserve amounting to TL 56.694 thousands in the accompanying unconsolidated financial statements as at 31 December 2017.

As a result of this provision which does not meet the accounting criteria of TAS 37, pre-tax income is understated by TL 44.000 thousands for the period ended 31 December 2017, other provisions are overstated by TL 257.700 thousands and deferred tax asset is overstated by TL 56.694 thousands, as at 31 December 2017.

We conducted our audit in accordance with Independent Auditing Standards ("ISA") which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank within the meaning of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Allowance for Impairment on Loans and Advances to Customers</i>	

Loans and advances to customer is a key area of judgement for the management. There is a potential risk that loans and advances are impaired and no reasonable impairment losses/provisions are provided in accordance with the requirements of BRSA Accounting and Financial Reporting Legislation as determining the adequacy of impairment allowance on loans and advances to customers is a key area of judgment for the management. Accordingly, carrying amount of loans and customers might be greater than the estimated recoverable amounts, therefore the impairment test of these loans of advances is a key audit matter. Therefore, impairment of the loans and receivables is considered as a key audit matter. Refer Note 5 of explanations and disclosures related to the assets relating to the impairment of loans and advances.

Our audit procedures included among others, selecting samples of loans and advances based on our judgement and considering whether there is objective evidence that impairment exists on these loans and advances. We also assessed whether impairment losses for loans and advances were reasonably determined in accordance with the requirements of BRSA Accounting and Financial Reporting Legislation. In addition we considered, assessed and tested the relevant controls over granting, booking, monitoring and settlement, and those relating to the calculation of credit provisions, to confirm the operating effectiveness of the key controls in place, which identify the impaired loans and advances and the required provisions against them.

Derivative Financial Instruments

Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased), credit default swaps and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Refer to information on derivative financial assets and liabilities notes relating to derivative financial instruments.

Our audit procedures includes among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

The fair value of derivative financial instruments is determined through the application of valuation techniques and the use of assumptions and estimates. The significance of derivative financial instruments is considered by us as a key audit matter because of the uncertainty in the estimates used.

Responsibilities of Management and Directors for the Financial Statements

Bank management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2017 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaşar Bivas.

Additional paragraph for convenience translation to English

As explained in detail in Note I.b. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Yaşar Bivas, SMMM
Partner

February 27, 2018
İstanbul, Türkiye

Translated into English from the original Turkish report and financial statements

**THE UNCONSOLIDATED YEAR END FINANCIAL REPORT OF
ODEA BANK A.Ş. AS OF DECEMBER 31, 2017**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated financial statements for the year end and notes to these financial statements which are expressed, (unless otherwise stated) **in thousands of Turkish Lira**, have been presented based on the accounting books of the Bank prepared in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, and have been independent audited.

Samir HANNA

Naim HAKIM

Hüseyin ARITKAN

Chairman of the Board of
Directors

Deputy General Manager and
Assistant General Manager
in charge of Finance

Financial Reporting
Director

Ayşe KORKMAZ

Imad ITANI

Vice President of Board of Directors
and Audit Committee Member

Member of Board of Directors
and Audit Committee Member

Contact information of the personnel in charge of addressing questions about this financial report:

Name-Surname / Title : Sadık Mağdenoğlu / Financial Reporting Manager
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Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I.b of Section three

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ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Odea Bank A.Ş. was established as a deposit bank with USD 300 Million capital with the permission of BRSA numbered 4432 dated October 27, 2011, which was published in the Official Gazette on October 28, 2011, numbered 28098. Odea Bank A.Ş. started its operations in the "foreign banks founded in Turkey" group, by taking operating permission from BRSA numbered 4963 on September 28, 2012, which was published in Official Gazette dated October 2, 2012 numbered 28429.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of December 31, 2017 and December 31, 2016 the shareholders' structure and their ownerships are summarized as follows:

Name / Commercial Title	Current Period(*)		Prior Period	
	Share Amount	Share Ratios %	Share Amount	Share Ratios %
Bank Audi sal	2.422.595	73,661%	2.420.930	73,610%
European Bank for Reconstruction and Development	263.394	8,009%	263.394	8,009%
International Finance Corporation	209.252	6,362%	209.252	6,362%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	112.674	3,426%
Audi Private Bank sal	90.698	2,758%	90.698	2,758%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
Raymond Audi	-	-	555	0,017%
Samir Hanna	-	-	555	0,017%
Freddie Baz	-	-	555	0,017%
	3.288.842	100,00%	3.288.842	100,00%

(*) It has been decided during the Board of Directors meeting on March 23, 2017 and then approved on the General Assembly on April 28, 2017 that, 554.860,80 shares each having a nominal value of 1.00 TL (one Turkish Lira) that belong to shareholders Mr. Raymond AUDI, Mr. Samir HANNA and Mr. Freddie BAZ on behalf of whom registered share certificates have been issued, to be transferred to Bank Audi sal, shareholder of the bank, by way of endorsement of the mentioned registered share certificates.

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice Chairman of the Board of Directors (*)	Ayşe KORKMAZ	Vice Chairman of the Board of Directors and Member of Audit Committee	Bachelor's Degree
Members of the Board of Directors	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master Degree
	Aristeidis VOURAKIS	Member of the Board of Directors	Master Degree
	Bülent ADANIR	Member of the Board of Directors	Master Degree
	Guy Charles HARINGTON (****)	Member of the Board of Directors	Master Degree
	Naim HAKIM	Finance	Master Degree
Deputy General Manager (**)			
Assistant General Managers (***)	Alpaslan YURDAGÜL	Credits, Project Financing and Financial Institutions	Master Degree
	Cem MURATOĞLU	Retail Banking	Master Degree
	Fevzi Tayfun KÜÇÜK	Business Solutions, Direct Banking, Transactional Banking and Information Technologies	Master Degree
	Gökhan ERKIRALP	Treasury and Capital Markets	Bachelor's Degree
	Yalçın AVCI	Corporate and Commercial Banking	Master Degree
	Gökhan SUN	Small and Medium Sized Enterprises	Master Degree

(*) As of December 20, 2017, Mrs. Ayşe Korkmaz has been appointed as Vice Chairman of the Board of Directors and Mr. Marwan Ghandour has been appointed as Member of the Board of Directors.

(**) As of December 20, 2017, Member of Board of Directors and General Manager Mr. Hüseyin Özkaya resigned.

(***) Pursuant to the resolution taken by the Board of Directors dated December 20, 2017, Mr. Alpaslan Yurdagül, who was serving as Assistant General Manager responsible for Financial Institutions and Investment Banking, has been assigned such that Mr. Yurdagül is responsible for the Credits in addition to his current duties.

(****)As of January 18, 2018 Mr. Guy Charles HARINGTON resigned and was replaced by Mrs. Dragica Pilipovic-CHAFFEY as a member of the Board of Directors.

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

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

IV. Information About The Persons and Institutions That Have Qualified Shares

Information about the persons and institutions that have qualified shares as of December 31, 2017:

Name / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	2.422.595	73,661%	2.422.595	-

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

The headquarter of the Bank is located in Istanbul and as of December 31, 2017, there are 47 domestic branches with 1.185 employees. The Bank is organized to operate in all operational aspects of corporate, commercial, sme and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector (31 December 2016: 50 domestic branches, 1.681 employees).

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank has no consolidated subsidiaries.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

The Bank has no consolidated subsidiaries.

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UNCONSOLIDATED FINANCIAL STATEMENTS

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ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016		
	Note Ref (Section Five)	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	1.490.122	2.241.698	3.731.820	1.364.386	3.353.854	4.718.240
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	375.208	821.103	1.196.311	321.278	104.655	425.933
2.1 Financial assets held for trading		375.208	821.103	1.196.311	321.278	104.655	425.933
2.1.1 Public sector debt securities		760	-	760	5.905	-	5.905
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		374.448	46.668	421.116	315.373	104.655	420.028
2.1.4 Other marketable securities		-	774.435	774.435	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	I-3	203	286.526	286.729	139	118.585	118.724
IV. MONEY MARKET PLACEMENTS		2.742.869	-	2.742.869	4.412.052	-	4.412.052
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		2.742.869	-	2.742.869	4.412.052	-	4.412.052
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	433.804	828.629	1.262.433	425.565	479.890	905.455
5.1 Share certificates		4.897	3.004	7.901	-	1.927	1.927
5.2 Public sector debt securities		428.907	825.625	1.254.532	425.565	477.963	903.528
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	13.018.365	9.613.141	22.631.506	13.342.398	13.105.388	26.447.786
6.1 Loans and receivables		12.388.537	9.613.141	22.001.678	12.955.273	13.105.388	26.060.661
6.1.1 Loans to risk group of the Bank		304	-	304	1.186	-	1.186
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		12.388.233	9.613.141	22.001.374	12.954.087	13.105.388	26.059.475
6.2 Non-performing loans		1.075.472	-	1.075.472	688.443	-	688.443
6.3 Specific provisions (-)		445.644	-	445.644	301.318	-	301.318
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	-	447.133	447.133	-	428.155	428.155
8.1 Public sector debt securities		-	447.133	447.133	-	428.155	428.155
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	I-12	104.383	-	104.383	129.466	-	129.466
XV. INTANGIBLE ASSETS (Net)	I-13	89.925	-	89.925	98.807	-	98.807
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		89.925	-	89.925	98.807	-	98.807
XVI. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII. TAX ASSET	I-15	64.664	-	64.664	92.593	-	92.593
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		64.664	-	64.664	92.593	-	92.593
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	170.946	-	170.946	42.094	-	42.094
18.1 Held for sale		170.946	-	170.946	42.094	-	42.094
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	196.671	178.985	375.656	230.979	228.116	459.095
TOTAL ASSETS		18.687.160	14.417.215	33.104.375	20.459.757	17.818.643	38.278.400

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	10.291.845	13.618.542	23.910.387	10.774.307	18.480.089	29.254.396
1.1 Deposits from risk group of the Bank		923	583.852	584.775	16.644	1.194.888	1.211.532
1.2 Other		10.290.922	13.034.690	23.325.612	10.757.663	17.285.201	28.042.864
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	329.823	74.648	404.471	472.909	72.966	545.875
III. FUNDS BORROWED	II-3	2.940	2.939.780	2.942.720	8.616	3.656.881	3.665.497
IV. MONEY MARKET BALANCES		-	-	-	2.457	-	2.457
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	-	-	-	2.457	-	2.457
V. MARKETABLE SECURITIES ISSUED (Net)	II-5	-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		8.563	923	9.486	9.179	722	9.901
VIII. OTHER LIABILITIES	II-6	157.955	125.106	283.061	162.257	35.941	198.198
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-7	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-8	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	II-9	407.021	151.775	558.796	414.936	122.541	537.477
12.1 General loan loss provisions		105.029	151.775	256.804	132.295	122.541	254.836
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		11.002	-	11.002	14.915	-	14.915
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		290.990	-	290.990	267.726	-	267.726
XIII. TAX LIABILITY	II-10	62.332	-	62.332	93.027	-	93.027
13.1 Current tax liability		62.332	-	62.332	93.027	-	93.027
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-11	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-12	-	1.174.992	1.174.992	-	528.417	528.417
XVI. SHAREHOLDERS' EQUITY	II-13	3.772.430	(14.300)	3.758.130	3.452.080	(8.925)	3.443.155
16.1 Paid-in capital		3.288.842	-	3.288.842	3.288.842	-	3.288.842
16.2 Supplementary capital		(18.985)	(14.300)	(33.285)	(22.014)	(8.925)	(30.939)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(20.038)	(14.300)	(34.338)	(19.816)	(8.925)	(28.741)
16.2.4 Tangible assets revaluation differences		3.251	-	3.251	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		(2.198)	-	(2.198)	(2.198)	-	(2.198)
16.3 Profit reserves		182.001	-	182.001	-	-	-
16.3.1 Legal reserves		9.263	-	9.263	-	-	-
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		172.738	-	172.738	-	-	-
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		320.572	-	320.572	185.252	-	185.252
16.4.1 Prior years' income/ (losses)		-	-	-	(15.102)	-	(15.102)
16.4.2 Current year income/ (losses)		320.572	-	320.572	200.354	-	200.354
16.5 Minority shares	II-14	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		15.032.909	18.071.466	33.104.375	15.389.768	22.888.632	38.278.400

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND
COMMITMENTS AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		16.844.184	38.853.979	55.698.163	18.985.010	43.335.254	62.320.264
I. GUARANTEES	III-1	912.612	1.665.278	2.577.890	1.023.257	1.876.881	2.900.138
1.1 Letters of guarantee		907.017	553.168	1.460.185	1.013.390	1.200.672	2.214.062
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		907.017	553.168	1.460.185	1.013.390	1.200.672	2.214.062
1.2 Bank loans		5.595	136.656	142.251	9.867	104.656	114.523
1.2.1 Import letter of acceptance		5.595	136.656	142.251	9.867	104.656	114.523
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	845.476	845.476	-	571.553	571.553
1.3.1 Documentary letters of credit		-	845.476	845.476	-	571.553	571.553
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	129.978	129.978	-	-	-
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	1.262.638	236.092	1.498.730	1.138.614	1.051.410	2.190.024
2.1 Irrevocable commitments		1.262.638	236.092	1.498.730	1.138.614	1.051.410	2.190.024
2.1.1 Forward asset purchase and sales commitments		131.071	167.813	298.884	144.856	637.280	782.136
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		175.568	61.590	237.158	222.455	407.924	630.379
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		72.796	-	72.796	102.372	-	102.372
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		883.203	-	883.203	668.931	-	668.931
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	6.689	6.689	-	6.206	6.206
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	14.668.934	36.952.609	51.621.543	16.823.139	40.406.963	57.230.102
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		14.668.934	36.952.609	51.621.543	16.823.139	40.406.963	57.230.102
3.2.1 Forward foreign currency buy/sell transactions		1.124.178	1.647.267	2.771.445	1.443.317	2.887.100	4.330.417
3.2.1.1 Forward foreign currency transactions-buy		765.077	630.795	1.395.872	872.631	1.281.244	2.153.875
3.2.1.2 Forward foreign currency transactions-sell		359.101	1.016.472	1.375.573	570.686	1.605.856	2.176.542
3.2.2 Swap transactions related to foreign currency, and interest rates		11.542.601	31.243.416	42.786.017	11.842.400	26.807.263	38.649.663
3.2.2.1 Foreign currency swaps-buy		3.961.120	11.220.573	15.181.693	2.997.882	10.540.022	13.537.904
3.2.2.2 Foreign currency swaps-sell		6.857.515	8.350.997	15.208.512	6.426.736	7.251.743	13.678.479
3.2.2.3 Interest rate swaps-buy		361.983	5.835.923	6.197.906	1.208.891	4.507.749	5.716.640
3.2.2.4 Interest rate swaps-sell		361.983	5.835.923	6.197.906	1.208.891	4.507.749	5.716.640
3.2.3 Foreign currency, interest rate and securities options		2.002.155	4.061.926	6.064.081	3.537.422	10.712.600	14.250.022
3.2.3.1 Foreign currency options-buy		957.383	1.836.913	2.794.296	1.494.471	5.352.121	6.846.592
3.2.3.2 Foreign currency options-sell		1.044.772	1.790.777	2.835.549	2.042.951	4.880.569	6.923.520
3.2.3.3 Interest rate options-buy		-	217.118	217.118	-	239.955	239.955
3.2.3.4 Interest rate options-sell		-	217.118	217.118	-	239.955	239.955
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		69.029.493	32.738.213	101.767.706	59.204.924	28.957.022	88.161.946
IV. ITEMS HELD IN CUSTODY		479.864	262.140	742.004	593.366	384.751	978.117
4.1 Assets under management		181.853	-	181.853	197.238	-	197.238
4.2 Investment securities held in custody		6.183	11.937	18.120	16.921	38.986	55.907
4.3 Checks received for collection		38.861	210.239	249.100	46.741	239.459	286.200
4.4 Commercial notes received for collection		252.967	39.964	292.931	332.466	106.306	438.772
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		68.549.629	32.476.073	101.025.702	58.611.558	28.572.271	87.183.829
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		25.774.880	4.018.134	29.793.014	21.099.168	3.555.888	24.655.056
5.3 Commodities		3.979.512	-	3.979.512	4.137.127	-	4.137.127
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		28.095.493	16.439.889	44.535.382	24.665.080	14.654.317	39.319.397
5.6 Other pledged items		10.699.744	12.018.050	22.717.794	8.710.183	10.362.066	19.072.249
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		85.873.677	71.592.192	157.465.869	78.189.934	72.292.276	150.482.210

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

ODEA BANK ANONİM ŞİRKETİ **UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED** **DECEMBER 31, 2017 AND 2016**

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

III. STATEMENT OF INCOME

		Note (Section Five)	Audited Current Period 01.01- 31.12.2017	Audited Prior Period 01.01- 31.12.2016
I.	INTEREST INCOME	IV-1	3,467,922	2,756,259
1.1	Interest on loans		2,913,386	2,321,222
1.2	Interest received from reserve deposits		52,150	35,352
1.3	Interest received from banks		138,860	73,258
1.4	Interest received from money market placements		231,564	215,106
1.5	Interest received from marketable securities portfolio		111,805	95,971
1.5.1	Held-for-trading financial assets		16,438	1,379
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		78,162	81,039
1.5.4	Investments held-to-maturity		17,205	13,553
1.6	Finance lease income		-	-
1.7	Other interest income		20,157	15,350
II.	INTEREST EXPENSE	IV-2	2,109,052	1,608,045
2.1	Interest on deposits		1,947,782	1,475,996
2.2	Interest on funds borrowed		114,059	99,343
2.3	Interest on money market borrowings		97	17,726
2.4	Interest on securities issued		40,488	10,393
2.5	Other interest expense		6,626	4,587
III.	NET INTEREST INCOME (I - II)		1,358,870	1,148,214
IV.	NET FEES AND COMMISSIONS INCOME		155,608	108,261
4.1	Fees and commissions received		194,586	142,276
4.1.1	Non-cash loans		37,050	31,857
4.1.2	Other		157,536	110,419
4.2	Fees and commissions paid	IV-12	38,978	34,015
4.2.1	Non-cash loans		-	-
4.2.2	Other	IV-12	38,978	34,015
V.	DIVIDEND INCOME	IV-3	14	-
VI.	NET TRADING INCOME	IV-4	(36,163)	181,816
6.1	Securities trading gains/ (losses)		226,775	337,033
6.2	Gain/(losses) from derivative financial instruments		(133,227)	159,268
6.3	Foreign exchange gains/ (losses)		(129,711)	(314,485)
VII.	OTHER OPERATING INCOME	IV-5	14,018	13,526
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		1,492,347	1,451,817
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	353,411	530,366
X.	OTHER OPERATING EXPENSES (-)	IV-7	737,782	656,779
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		401,154	264,672
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	IV-8	401,154	264,672
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(80,582)	(64,318)
16.1	Provision for current income taxes		(51,254)	(119,628)
16.2	Provision for deferred taxes		(29,328)	55,310
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	IV-10	320,572	200,354
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
18.3	Income on other discontinued operations		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
19.3	Loss from other discontinued operations		-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	IV-11	320,572	200,354
	Profit / Loss per Share (shown with full TL amount)		0,097	0,061

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2017
AND 2016

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER
SHAREHOLDERS' EQUITY

	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
I. Additions to marketable securities revaluation differences for available for sale financial assets	(6.996)	17.912
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Tax of valuation differences	1.399	(3.582)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(5.597)	14.330
XI. Profit/Loss	320.572	200.354
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	355.646
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	320.572	(155.292)
XII. Total Profit/Loss accounted for in the period (X±XI)	314.975	214.684

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss) (*)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr.	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD																			
I. 31/12/2016																			
II. Period Opening Balance		1,496.150	-	-	-	-	-	-	-	50.290	(156.230)	(43.071)	-	-	-	-	1,347.139	-	1,347.139
III. Changes in Accounting Policies according to TAS 8																			
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,496.150	-	-	-	-	-	-	-	50.290	(156.230)	(43.071)	-	-	-	-	1,347.139	-	1,347.139
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	14.330	-	-	-	-	14.330	-	14.330
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase (*)	II-13	1,792.692	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	1,883.530	-	1,883.530
14.1 Cash Increase		1,883.530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,883.530	-	1,883.530
14.2 Internal Resources		(90.838)	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	(2.198)	(50.290)	50.290	-	-	-	-	-	(2.198)	-	(2.198)
XIX. Current Year Income or (Loss)		-	-	-	-	-	-	-	-	200.354	-	-	-	-	-	-	200.354	-	200.354
XX. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		3,288.842	-	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	3,443.155	-	3,443.155

(*)Pursuant to the approval of BRSA dated December 8, 2015, The Bank, on March 1, 2016, converted into TL the capital contribution which were obtained from its controlling shareholder Bank Audi sal amounting to total USD 300 million, and completed the necessary legal and administrative procedures with the relevant authorities and added the counter value TL 883.530 to the paid in capital on March 31, 2016. On August 10, 2016, in line with Article 473 and Article 474/2 of the Turkish Commercial Code, The Bank simultaneously reduced the paid in capital by TL 90.838 and increased to TL 3.288.842 where TL 224.451 have been subscribed by Bank Audi S.A.L., TL 263.394 by European Bank for Reconstruction and Development, TL 209.252 by International Finance Corporation, TL 112.674 by IFC FIG Investment Company S.a.r.l, TL 131.697 by H.H. Sheikh Dheyab Binzayed Binsultan Al-Nahyan and TL 58.532 by Mr. Mohammad Hassan Zeidan.

(**) As per Turkish Account Standards 32, the Bank deducted stamp tax and competition board fees amounting TL 2.198 from equity that were resulted from capital increase.

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA(TL)																		
		Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves (**)	Status Reserves	Extraordinary Reserves	Other Reserves(*)	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets(***)	Bonus Shares from Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr..	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																				
CURRENT PERIOD 31/12/2017																				
I.	Prior Period End Balance		3.288.842	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	-	3.443.155	-	3.443.155
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	(5.597)	-	-	-	-	(5.597)	-	-	(5.597)
IV.	Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	(3.251)	-	-	3.251	-	-	-	-	-	-	-
VI.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	II-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or(Loss)		-	-	-	-	-	-	-	320.572	-	-	-	-	-	-	-	320.572	-	320.572
XVIII.	Profit Distribution		-	-	-	-	9.263	172.738	-	(197.103)	15.102	-	-	-	-	-	-	-	-	-
18.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	9.263	172.738	-	(197.103)	15.102	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)			3.288.842	-	-	-	9.263	172.738	(2.198)	320.572	-	(34.338)	3.251	-	-	-	-	3.758.130	-	3.758.130

(*) As per Turkish Account Standards 32, stamp tax and competition board fees amounting to TL 2.198 resulting from the capital increase are deducted from equity.

(**)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on April 28, 2017 to book primary legal reserves of TL 9.263, which is 5% of the distributable net profit of TL 185.252. This amount is calculated by deducting the previous year losses amounting to TL 15.102 from TL 200.354; net profit of the Bank for the year 2016.

(***) TL 3.251 presented under extraordinary reserves includes the share sales gain benefited from corporate tax exemption and transferred to the Revaluation Surplus on Tangible and Intangible Assets account.

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOW

	Note (Section Five)	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		422.776	547.368
1.1.1 Interest received		3.292.327	2.623.056
1.1.2 Interest paid		(2.067.027)	(1.590.897)
1.1.3 Dividend received		14	-
1.1.4 Fees and commissions received		181.631	151.104
1.1.5 Other income		(109.133)	130.235
1.1.6 Collections from previously written off loans (*)		139.115	100.541
1.1.7 Payments to personnel and service suppliers		(665.924)	(572.528)
1.1.8 Taxes paid		(309.652)	(265.783)
1.1.9 Others	VI-1	(38.575)	(28.360)
1.2 Changes in operating assets and liabilities		(2.068.811)	(286.074)
1.2.1 Net (increase) decrease in financial assets held for trading		(526.415)	(18.747)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		(142.492)	(84.041)
1.2.3 Net (increase) decrease in due from banks and other financial institutions		1.114.700	212.554
1.2.4 Net (increase) decrease in loans		3.568.616	(4.411.917)
1.2.5 Net (increase) decrease in other assets	VI-1	(141.965)	(261.771)
1.2.6 Net increase (decrease) in bank deposits		(606.427)	198.686
1.2.7 Net increase (decrease) in other deposits		(4.747.167)	3.711.021
1.2.8 Net increase (decrease) in funds borrowed		(721.553)	371.785
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	133.892	(3.644)
I. Net cash provided from banking operations		(1.646.035)	261.294
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		14.469	(498.820)
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(39.371)	(56.634)
2.4 Fixed assets sales (**)		58.738	-
2.5 Cash paid for purchase of financial assets available for sale (***)		(4.898)	(1.684.234)
2.6 Cash obtained from sale of financial assets available for sale		-	1.242.048
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		609.300	845.005
3.1 Cash obtained from funds borrowed and securities issued (****)		1.239.503	190.666
3.2 Cash used for repayment of funds borrowed and securities issued (****)		(630.203)	(345.661)
3.3 Issued equity instrument		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	1.000.000
IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities	VI-1	(358.362)	681.286
V. Net increase / (decrease) in cash and cash equivalents		(1.380.628)	1.288.765
VI. Cash and cash equivalents at beginning of the period	VI-2	5.978.464	4.689.699
VII. Cash and cash equivalents at end of the period	VI-2	4.597.836	5.978.464

(*)The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400 and TL 103.381 of the loans recognized as loss was sold to Emir Asset Management Company on December 28, 2017 for TL 725.

(**) The Bank generated cash inflow of TL 58.738 from the sale of properties previously classified under assets held for sale.

(***)As per the General Assembly resolution of the Credit Guarantee Fund on March 30, 2017, The Bank's application for partnership with 4.898 TL and 1,5384% rate has been accepted and the related decision was registered on April 6, 2017.

(****)In accordance with the Board of Directors' decision and permits taken from the CMB and BRSA, the Bank has issued a bill with a nominal value of TL 100.823, maturity on July 7, 2017 and with a simple interest rate of 12.85% on April 7, 2017 sold to qualified investors in the domestic market. The bill was amortized on July 7, 2017.

The Bank, on August 1, 2017, paid back in full the USD 150 million sub-loan, provided by main shareholder Bank Audi sal on October 31, 2014, with the consent of BRSA dated July 28, 2017.

The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. PROFIT DISTRIBUTION TABLE

	Audited Current Period 31.12.2017(*)	Audited Prior Period 31.12.2016
I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS)		
1.1 CURRENT YEAR INCOME/(LOSS)	401.154	264.672
1.2 TAXES AND DUTIES PAYABLE (-)	(80.582)	(64.318)
1.2.1 Corporate tax (Income tax)	(51.254)	(119.628)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(29.328)	55.310
A. NET INCOME FOR THE YEAR (1.1-1.2)	320.572	200.354
1.3 PRIOR YEARS' LOSSES (-)	-	15.102
1.4 FIRST LEGAL RESERVES (-)	-	9.263
1.5 OTHER STATUTORY RESERVES (-)	-	3.251
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	320.572	172.738
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	172.738
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (**)	-	-
3.1 TO OWNERS OF ORDINARY SHARES	0,097	0,061
3.2 TO OWNERS OF ORDINARY SHARES (%)	%9,7	%6,1
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**)It shows with full TL amount.

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks' Accounting Application and Keeping Documents:

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, effectiveness date is 1 January 2018, have no material impact on the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments will have no impact on the accounting policies, financial condition and performance of the Bank.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of unconsolidated financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2017. The aforementioned accounting policies and valuation principles are explained in Notes II to XXIII below.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

The Bank uses financial assets intensely by its nature. The Bank's basic strategy regarding the use of financial assets is intended for ensuring the balance between the profits from and risk levels of assets.

The Bank's main funding source is the deposits accepted for various time periods and apart from deposits, the most important funding sources are equities, subordinated loans and generally medium and long term borrowings obtained from foreign financial institutions. In order to use these sources in high-yield and high-quality financial assets, the Bank follows an asset-liability management strategy while managing interest rate risk, liquidity risk, exchange rate risk and credit risk within the framework of risk limits and legal limits determined by the Bank. With an effective asset-liability management strategy, it is aimed to ensure increasing profitability and strengthening equities.

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

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". As of December 31, 2017 foreign exchange gains and losses arising from transactions that are completed, are translated to TL by using historical foreign currency exchange rates. Balance of the foreign currency denominated monetary assets and liabilities are converted into TL by using foreign currency exchange rates of the Bank for the year end and the resulting exchange differences are recorded as foreign exchange gains and losses.

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of options, foreign currency and interest swaps and forward foreign currency buy/sell transactions. Derivative instruments are accounted for at their fair values as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39").

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

Contract amounts of derivatives are recorded in off the balance sheet contingencies and commitments.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the statement of income by using the "Effective interest method".

In accordance with the related regulation, interest accruals of the non-performing loans are reversed and interest income related to these loans is recorded as interest income only when collected.

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V. Explanations on Fees and Commission Income and Expenses

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

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

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets are their fair values.

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost (which represents the fair value at the time). The positive difference between the cost and fair value of such securities in the accounts is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities" in balance sheet.

Held-to-Maturity Investments

Investments held-to-maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

Held-to-maturity investments are initially recorded at cost including transactions costs which represents the fair value at the time. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts in balance sheet.

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VI. Explanations on Financial Assets (continued)

Financial Assets Available for Sale

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs which represents the fair value at the time.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gains/losses originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

Loans and Receivables

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value including the related transaction costs. In subsequent periods, they are accounted in accordance with TAS.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses in the statement of income.

Derecognition of a financial asset

Before evaluating whether, and to what extent, derecognition is appropriate, the Bank determines whether those criteria should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety. Criteria are applied to a part of financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions.

- (i) The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets).
- (ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets).
- (iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

A financial asset (or, a part of a financial asset or a part of group of financial assets, where appropriate) is derecognized when, and only when,

- the contractual rights to the cash flows from the financial asset expire; or
- the contractual rights to the cash flows from the financial asset are transferred; or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and;
- if the entity transfers substantially all the risks and rewards of ownership of the financial asset or,
- if the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, whether it has retained control of the financial asset.

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VI. Explanations on Financial Assets (continued)

If the Bank transfers the contractual rights to the cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the entity shall determine whether it has retained control of the financial asset and it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. In this case, the entity also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The Bank has evaluated the non-performing loan portfolio of which contractual rights are transferred to the asset management companies, in the context of above statements and derecognizes the loans that are subject to agreements in which all risks and rewards are transferred to the buyer.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

The Bank classifies its loans by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”) published in the Official Gazette No. 26333 dated November 1, 2006 as non performing loans in the existence of evidence for loans not be collected and classifies related loans and provides specific provision for related loans. Principals of related loans are collected primarily then interest receivables are collected.

The collections made related to loans for which provision is made in the current period are reversed from the “Provision for Loans and Other Receivables” account in the income statement. The collections made related to loans written off and monitoring of off balance sheet or provisioned in prior years are recorded to “Collections Related to the Prior Period Expenses” under “Other Operating Income” account and related interest income is credited to the “Interest Received from Non-performing Loans” account.

“Provision for Loans and Other Receivables” account in the income statement is closed by reversing of provisions for possible losses.

As of December 31, 2017, the Bank has specific provision amount to TL 445.644 for its non-performing loans (December 31, 2016: TL 301.318).

The Bank provides general provision by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”) published in the Official Gazette No. 26333 dated November 1, 2006.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

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IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities. These transactions are short-term and consist of domestic public sector debt securities.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements.

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

As of December 31, 2017, the Bank has TL 2.742.869 of reverse repo transactions (December 31, 2016: TL 4.412.052).

As of December 31, 2017, the Bank does not have any funds provided under repurchase agreements (December 31, 2016: TL 2.457).

As of December 31, 2017, the Bank does not have any marketable securities lending transaction (December 31, 2016: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the unconsolidated financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

As of December 31, 2017, the Bank has TL 170.946 assets held for sale (December 31, 2016: TL 42.094).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. As of December 31, 2017 and December 31, 2016 the Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There have been no changes in the amortization calculation method during the current period.

As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

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XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Safety box	2
ATM	10
Furniture, fixtures and others	20
Office equipment's	10-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS 17. In accordance with this standard, the leasing transactions, which consist only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

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

As of the balance sheet date, there are no lawsuits filed against the Bank and for which provision has been booked due to their likelihood of being lost.

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XV. Explanations on Liabilities Regarding Employee Benefits

In accordance with the existing labor law, the Bank is required to make lump-sum termination indemnities to each employee who has completed over one year of service and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

The Bank has calculated provision for employee severance benefits in the accompanying financial statements in accordance with TAS 19 "Employee Benefits" by using the "Projection Method" and discounted the total provision by using the current market yield at the balance sheet date on government bonds based on their past experiences in the issues of completion of personnel service period and severance pay eligibility.

The Bank has no retirement fund or foundation that the employees are the member of.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate Tax:

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities.

As of December 31, 2017, the Bank has corporate income tax provision amounting to TL 62.210, which is netted with prepaid taxes amounting to TL 60.715 and shown in the liabilities amounting to TL 1.495 (December 31, 2016: Tax Asset TL 35.105 Corporate Taxes Payable).

Deferred Tax Liability / Asset:

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

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

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XVI. Explanations on Taxation (continued)

The current taxes resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

As of 31 December 2017, the tax rate of 22% is used for the temporary differences expected to be realized / settled within 3 years (2018, 2019 and 2020) for deferred tax calculation since the tax rate applicable for 3 years has been changed to 22% . However, 20% tax rate is used for temporary differences expected / expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income/expense stated under the statement of income amounting to TL 29.328, deferred tax assets amounting to TL 64.664 in the statement of financial position (December 31, 2016: TL 92.593).

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued share certificates.

XIX. Explanations on Avalized Drafts and Acceptances

Avalized draft and acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Grants

There are no government grants utilized by the Bank.

XXI. Explanations on Segment Reporting

Reporting according to the operational segment is presented in Note XII of Section Four.

XXII. Explanations on Reclassifications

In order to be consistent with the presentation of financial statements dated December 31, 2017, there are certain reclassifications made on the balance sheet, income statement and cash flow statement as of December 31, 2016.

XXIII. Explanations on Other Cases

There is no other cases apart from accounting principles which mentioned above.

Explanation for convenience translation to English

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2017, Bank's total capital has been calculated as TL 5.027.825, a capital adequacy ratio is 20,32%. As of 31 December 2016, Bank's total capital amounted to TL 4.073.229 capital adequacy ratio was 15,03%. This ratio is above the minimum ratio required by the legislation.

a. Information about Total Capital:

	Current Period 31 December 2017	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves (***)	182.001	
Gains recognized in equity as per TAS	-	
Profit	320.572	
Current Period Profit	320.572	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	3.791.415	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	33.285	
Improvement costs for operating leasing	45.755	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	64.027	80.034
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	143.067	
Total Common Equity Tier 1 Capital	3.648.348	

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I. Explanations on Equity (continued)

	Current Year 31 December 2017	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) *
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components -		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	16.007	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	16.007	
Total Additional Tier I Capital	16.007	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.632.341	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (****)	1.138.680	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	256.804	
Tier II Capital Before Deductions	1.395.484	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1.395.484	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.027.825	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	5.027.825	

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I. Explanations on Equity (continued)

	Current Year 31 December 2017	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
TOTAL CAPITAL		
Total Capital (TIER I Capital and TIER II Capital)	5.027.825	
Total risk weighted amounts	24.737.767	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,75	
Tier I Capital Adequacy Ratio	14,68	
Capital Adequacy Ratio	20,32	
BUFFERS		
Total buffer requirement	1,274	
Capital conservation buffer requirement	1,250	
Bank specific counter-cyclical buffer requirement	0,024	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	10,25	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	256.804	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	256.804	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

(**) As per Turkish Account Standards 32, stamp tax and competition board fees amounting to TL 2.198 resulting from the capital increase are deducted from equity.

(***)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on April 28, 2017 to book primary legal reserves of TL 9.263, which is 5% of the distributable net profit of TL 185.252. This amount is calculated by deducting the previous year losses amounting to TL 15.102 from TL 200.354; net profit of the Bank for the year 2016.

(****)The Bank, on August 1, 2017, paid back in full the USD 150 million sub-loan, provided by main shareholder Bank Audi sal on October 31, 2014, with the consent of BRSA dated July 28, 2017.

The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

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I. Explanations on Equity (continued)

Information related to the components of shareholders' equity:

	Prior Period 31 December 2016	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves	-	
Gains recognized in equity as per TAS	-	
Profit	250.991	
Current Period Profit	200.354	
Prior Period Profit	50.637	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	3.539.833	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	96.678	
Improvement costs for operating leasing	61.772	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	54.083	90.138
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	212.533	
Total Common Equity Tier 1 Capital	3.327.300	

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I. Explanations on Equity (continued)

	Prior Period 31 December 2016	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) *
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components -		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	36.055	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	36.055	
Total Additional Tier I Capital	36.055	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.291.245	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	528.225	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	254.836	
Tier II Capital Before Deductions	783.061	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	1.077	
Total Deductions from Tier II Capital	1.077	
Total Tier II Capital	781.984	
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.073.229	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	4.073.229	

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I. Explanations on Equity (continued)

	Prior Period 31 December 2016	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
TOTAL CAPITAL		
Total Capital (TIER I Capital and TIER II Capital)	4,073,229	
Total risk weighted amounts	27,104,488	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	12,28	
Tier I Capital Adequacy Ratio	12,14	
Capital Adequacy Ratio	15,03	
BUFFERS		
Total buffer requirement	0,636	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	0,011	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,78	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	254,836	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	254,836	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

(**)As per Turkish Account Standards 32, stamp tax and competition board fees amounting to TL 2.198 resulting from the capital increase are deducted from equity.

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I. Explanations on Equity (continued)

Details on Subordinated Liabilities:

Lender	Odea Bank A.Ş
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1655085485/ US67576MAA27
Governing law(s) of the instrument	It is subject to English law additionally certain articles are subject to Turkish law. It has been issued under the "Communiqué on Borrowing Instruments" of the CMB and the "Regulation on Equities of Banks" of the BRSA.
Regulatory treatment	Tier II Capital
Whether the sub-loan is subject to 10% decrease starting from 1/1/2015	No
Eligible at stand-alone / consolidated (*)	Stand Alone
Instrument type (types to be specified by each jurisdiction) (**)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (***)	1.138.680
Per value of instrument (Thousand USD)	300.000
Accounting classification	Liability-Subordinated Loans
Original date of issuance	01/08/2017
Perpetual or dated	10 Years Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	On 1 August 2022, there is an early repayment option. Amount to pay back: TL 1.138.680 thousand
Subsequent call dates, if applicable	-
Coupons / dividends	-
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	7,625%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	Yes
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down
If write-down, full or partial	Fully or partially
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of receivables, it comes after the debt instruments which are nonsubordinated loans.
Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not	The instrument is in compliance with article number 8.
Details of above mentioned items within article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

(*) As of most recent reporting date, the bank does not have participation or subsidiary company which is depended to consolidation.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

(***) Does not include accrued interests.

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I. Explanations on Equity (continued)

Explanations on Internal Capital Management

To define Bank's internal capital requirement assessment process; "Internal capital requirements assessment process" and "risk strategy" were prepared and approved by the Board of Directors in August 2012 and are being followed since then. In the related process and strategy; criterias are defined which provides maintaining of continuity of capital adequacy in compliance with risk profile and appetite. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

Capital adequacy ratio is calculated by Risk Management Group on a monthly basis, when requested by Senior Management capital requirement according to strategic plans is explained and studies on internal capital management is conducted. Capital requirement internal assessment process is designed and conducted by Risk Management Group. Risk Management Group informs Senior Management and Board of Directors about these issues directly or through Risk Committee.

II. Explanations on Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

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

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

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II. Explanations on Credit Risk (continued)

	Current Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types		
Contingent and Non-Contingent Receivables from central governments or central banks	5.415.257	5.746.433
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	6	8
Contingent and Non-Contingent Receivables from banks and brokerage houses	1.421.582	4.691.183
Contingent and Non-Contingent Corporates	14.817.352	17.135.779
Contingent and Non-Contingent Retail Receivables	4.013.959	4.363.017
Contingent and Non-Contingent Receivables Secured by Mortgages	7.038.044	8.198.426
Past Due Receivables	601.927	459.468
Receivables defined in high risk category by Regulator	6.758	102.154
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	775.347	814.765
Total	34.090.232	41.511.233

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

	Prior Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types(*)		
Contingent and Non-Contingent Receivables from central governments or central banks	6.068.710	5.589.156
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	633
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	11	8
Contingent and Non-Contingent Receivables from banks and brokerage houses	1.741.987	1.333.591
Contingent and Non-Contingent Corporates	18.339.380	15.629.611
Contingent and Non-Contingent Retail Receivables	3.990.733	2.848.384
Contingent and Non-Contingent Receivables Secured by Mortgages	8.139.851	7.369.517
Past Due Receivables	271.999	257.115
Receivables defined in high risk category by Regulator	135.184	285.078
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	762.263	593.597
Total	39.450.118	33.906.690

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

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

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 52% and 63% respectively.

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 83% and 93%.

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 37% and 45% respectively.

The Bank provided a general loan loss provision amounting to TL 256.804 (31 December 2016: TL 254.836).

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II. Explanations on Credit Risk (continued)

Information on loan types and provisions:

31 December 2017	Corporate and Commercial	SME	Consumer Loans	Total
Standard Loans	13.498.849	3.938.782	2.310.970	19.748.601
Watchlist	1.345.136	619.707	288.234	2.253.077
Non-performing Loans	402.308	465.137	208.027	1.075.472
Specific Provision (-)	(119.357)	(202.470)	(123.817)	(445.644)
Total	15.126.936	4.821.156	2.683.414	22.631.506

31 December 2016	Corporate and Commercial	SME	Consumer Loans	Total
Standard Loans	17.716.762	4.593.660	2.510.728	24.821.150
Watchlist	449.802	528.306	261.403	1.239.511
Non-performing Loans	99.719	438.400	150.324	688.443
Specific Provision (-)	(32.193)	(179.562)	(89.563)	(301.318)
Total	18.234.090	5.380.804	2.832.892	26.447.786

Information on past due loan and other receivables:

31 December 2017	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	13.498.849	3.938.782	2.310.970	19.748.601
30-60 days past due	1.018.203	485.407	227.400	1.731.010
60-90 days past due	91.755	134.300	60.834	286.889
Delayed over +90 days (*)	235.178	-	-	235.178
Total	14.843.985	4.558.489	2.599.204	22.001.678

(*)Part of overdue receivables (more than 90 days) which are not evaluated as receivables for which provisions are made and reasons of this application: The Bank classifies loans that are more than 90 days of overdue as non-performing and books specific provisions on month-ends. Exceptional cases that are due to legal procedures delaying restructuring or the creditor's ongoing processes with the Guarantor may result in corporate, commercial and sme loans being more than 90 days overdue. On the other hand, the Bank, as explained in the II. Explanations and Disclosures Related to the Liabilities, 9. Information on provisions, the Bank have provided excess General Provisions to selective customers including above mentioned exceptions.

31 December 2016	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	17.716.762	4.593.660	2.510.728	24.821.150
30-60 days past due	449.802	446.234	187.878	1.083.914
60-90 days past due	-	79.912	61.474	141.386
Delayed over +90 days (*)	-	2.159	12.052	14.211
Total	18.166.564	5.121.965	2.772.132	26.060.661

(*)Part of overdue receivables (more than 90 days) which are not evaluated as receivables for which provisions are made and reasons of this application: The Bank classifies loans that are more than 90 days of overdue as non-performing and books specific provisions on month-ends. Exceptional cases that are due to bankruptcy protection cases may delay this process for corporate, commercial and sme loans. As of December 31, 2016 these loans were insignificant.

Information on debt securities, treasury bills and other eligible bills:

Moody's	A1	BA1	B3	Total
Financial assets at fair value through profit and loss (net)	-	760	774.435	775.195
Financial assets available for sale (net)	-	751.234	508.195	1.259.429
Held to maturity investments (net)	-	447.133	-	447.133
Total	-	1.199.127	1.282.630	2.481.757

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II. Explanations on Credit Risk (continued)

Significant Risks that are significant on the profile of the regions

Risk Classifications (*)

31 Dec 2017

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	4.906.921	-	-	-	1	131.549	13.098.093	2.940.497	6.948.756	601.927	6.758	-	-	-	-	775.347	29.409.849
European Union Countries	-	-	-	-	-	780.621	-	302	-	-	-	-	-	-	-	-	780.923
OECD Countries**	-	-	-	-	-	534	-	358	-	-	-	-	-	-	-	-	892
Off-shore Banking Regions	-	-	-	-	-	16.425	-	312	-	-	-	-	-	-	-	-	16.737
USA, Canada	-	-	-	-	-	191.519	-	185	-	-	-	-	-	-	-	-	191.704
Other Countries	508.195	-	-	-	-	407	498.277	2.739	-	-	-	-	-	-	-	-	1.009.618
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5.415.116	-	-	-	1	1.121.055	13.596.370	2.944.393	6.948.756	601.927	6.758	-	-	-	-	775.347	31.409.723

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	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivable s	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	5.590.747	-	-	-	2	156.315	16.197.884	3.127.475	7.989.960	271.999	135.184	-	-	-	-	762.263	34.231.829
European Union Countries	-	-	-	-	-	681.687	115.393	746	150	-	-	-	-	-	-	-	797.976
OECD Countries**	-	-	-	-	-	2.495	-	-	448	-	-	-	-	-	-	-	2.943
Off-shore Banking Regions	-	-	-	-	-	-	-	17	-	-	-	-	-	-	-	-	17
USA, Canada	-	-	-	-	-	83.247	-	58	-	-	-	-	-	-	-	-	83.305
Other Countries	477.963	-	-	-	-	33.713	467.237	3.682	-	-	-	-	-	-	-	-	982.595
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.068.710	-	-	-	2	957.457	16.780.514	3.131.978	7.990.558	271.999	135.184	-	-	-	-	762.263	36.098.665

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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

(***) Assets and liabilities that are not distributed according to a consistent principle

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II. Explanations on Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2017

Sectors/Counterparties	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	-	-	-	125.368	17.845	57.001	1.643	-	-	-	-	-	-	125.834	76.023	201.857
1.1 Farming and Raising Livestock	-	-	-	-	-	-	55.895	17.054	55.689	1.640	-	-	-	-	-	-	118.142	12.136	130.278
1.2 Fores TL, Wood and Paper	-	-	-	-	-	-	-	789	-	-	-	-	-	-	-	-	789	-	789
1.3 Fishery	-	-	-	-	-	-	69.473	2	1.312	3	-	-	-	-	-	-	6.903	63.887	70.790
2 Manufacturing	-	-	-	-	-	-	4.994.055	190.792	1.300.332	113.621	9	-	-	-	-	-	3.005.488	3.593.321	6.598.809
2.1 Mining and Quarry	-	-	-	-	-	-	296.054	16.899	107.171	62.386	-	-	-	-	-	-	413.104	69.406	482.510
2.2 Production	-	-	-	-	-	-	3.732.140	169.553	1.160.937	50.847	9	-	-	-	-	-	2.465.428	2.648.058	5.113.486
2.3 Electricity, Gas and Water	-	-	-	-	-	-	965.861	4.340	32.224	388	-	-	-	-	-	-	126.956	875.857	1.002.813
3 Construction	-	-	-	-	-	-	2.997.360	118.454	2.761.113	271.697	110	-	-	-	-	-	3.005.210	3.143.524	6.148.734
4 Services	180	-	-	-	-	1.121.055	3.789.603	308.278	2.060.286	128.474	51	-	-	-	-	-	4.238.860	3.169.067	7.407.927
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	1.433.544	217.295	531.626	76.504	33	-	-	-	-	-	1.887.009	371.993	2.259.002
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	612.274	13.848	1.056.560	41.344	-	-	-	-	-	-	401.810	1.322.216	1.724.026
4.3 Transportation and Communication	-	-	-	-	-	-	920.514	39.085	153.746	8.858	18	-	-	-	-	-	569.041	553.180	1.122.221
4.4 Financial Institutions	-	-	-	-	-	-	1.121.055	142.748	5.870	38.217	676	-	-	-	-	-	694.448	614.118	1.308.566
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	78.488	9.303	55.007	183	-	-	-	-	-	-	108.004	34.977	142.981
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	180	-	-	-	-	-	115.967	6.431	75.304	81	-	-	-	-	-	-	177.735	20.228	197.963
4.8 Health and Social Services	-	-	-	-	-	-	486.068	16.446	149.826	828	-	-	-	-	-	-	400.813	252.355	653.168
5 Other	5.414.936	-	-	-	1	-	1.689.984	2.309.024	770.024	86.492	6.588	-	-	-	-	-	775.347	6.613.388	4.439.008
Total	5.415.116	-	-	-	1	1.121.055	13.596.370	2.944.393	6.948.756	601.927	6.758	-	-	-	-	-	775.347	16.988.779	14.420.944
																		31.409.723	

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II. Explanations on Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2016

Sectors/Counterparties	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non- Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivable s	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total	
1 Agriculture	-	-	-	-	-	-	96.219	14.001	52.269	2.640	350	-	-	-	-	-	129.796	35.683	165.479	
1.1 Farming and Raising Livestock	-	-	-	-	-	-	85.809	13.082	51.641	2.640	350	-	-	-	-	-	126.643	26.879	153.522	
1.2 Fores TL, Wood and Paper	-	-	-	-	-	-	-	416	188	-	-	-	-	-	-	-	604	-	604	
1.3 Fishery	-	-	-	-	-	-	10.410	503	440	-	-	-	-	-	-	-	2.549	8.804	11.353	
2 Manufacturing	-	-	-	-	-	-	6.251.742	248.703	1.446.745	53.884	31.011	-	-	-	-	-	2.892.759	5.139.326	8.032.085	
2.1 Mining and Quarry	-	-	-	-	-	-	258.468	11.172	166.591	9.225	7.036	-	-	-	-	-	356.482	96.010	452.492	
2.2 Production	-	-	-	-	-	-	4.580.046	233.324	1.248.178	44.659	23.975	-	-	-	-	-	2.424.405	3.705.777	6.130.182	
2.3 Electricity, Gas and Water	-	-	-	-	-	-	1.413.228	4.207	31.976	-	-	-	-	-	-	-	111.872	1.337.539	1.449.411	
3 Construction	-	-	-	-	-	-	4.279.997	154.168	3.226.913	91.341	26.041	-	-	-	-	-	3.396.276	4.382.184	7.778.460	
4 Services	456	-	-	-	2	957.457	4.167.117	443.869	2.303.656	85.641	61.003	-	-	-	-	-	4.309.290	3.709.911	8.019.201	
4.1 Wholesale and Retail Trade Hotel, Tourism, Food and Beverage	-	-	-	-	-	-	1.516.636	332.525	655.843	70.996	46.698	-	-	-	-	-	2.005.667	617.031	2.622.698	
4.2 Services	-	-	-	-	-	-	283.305	12.665	1.118.182	8.194	10.539	-	-	-	-	-	222.722	1.210.163	1.432.885	
4.3 Transportation and Communication	-	-	-	-	-	-	1.584.735	60.341	205.323	3.840	2.131	-	-	-	-	-	690.876	1.165.494	1.856.370	
4.4 Financial Institutions	-	-	-	-	-	957.457	188.258	6.957	99.143	14	820	-	-	-	-	-	787.918	464.731	1.252.649	
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	67.170	12.899	11.114	39	176	-	-	-	-	-	66.670	24.728	91.398	
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.7 Education Services	456	-	-	-	2	-	156.496	1.916	59.762	2.096	2	-	-	-	-	-	199.601	21.129	220.730	
4.8 Health and Social Services	-	-	-	-	-	-	370.517	16.566	154.289	462	637	-	-	-	-	-	335.836	206.635	542.471	
5 Other	6.068.254	-	-	-	-	-	1.985.439	2.271.236	960.975	38.493	16.779	-	-	-	-	-	762.264	5.382.071	6.721.369	12.103.440
Total	6.068.710	-	-	-	2	957.457	16.780.514	3.131.977	7.990.558	271.999	135.184	-	-	-	-	-	762.264	16.110.192	19.988.473	36.098.665

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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II. Explanations on Credit Risk (continued)

Maturity Distribution of Remaining Maturities of time exposures:

31 December 2017

Risk Types	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	2.152.903	-	-	-	1.384.241	3.537.144
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	1	1
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	113.109	64.830	41.514	130.802	294.979	645.234
Receivables from Corporates	761.157	952.504	955.128	1.527.005	9.397.751	13.593.545
Retail Receivables	92.970	62.942	149.829	244.831	1.883.059	2.433.631
Receivables Secured by Mortgages	236.417	107.545	242.172	290.175	5.880.584	6.756.893
Past Due Receivables	18.585	-	-	-	151.021	169.606
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	9.932	-	-	-	-	9.932
Other Receivables	-	-	-	-	-	-
Total	3.385.073	1.187.821	1.388.643	2.192.813	18.991.636	27.145.986

31 December 2016

Risk Types	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	3.265.814	175	-	438	1.329.217	4.595.644
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	2	2
Receivables on Banks and Brokerage Houses	119.529	141.262	88.079	43.600	251.702	644.172
Receivables from Corporates	1.022.489	877.010	1.366.984	2.569.946	10.652.130	16.488.559
Retail Receivables	138.742	124.436	190.573	496.455	1.858.915	2.809.121
Receivables Secured by Mortgages	146.947	125.175	158.925	506.253	7.053.024	7.990.324
Past Due Receivables	3.302	12.390	353	412	3.397	19.854
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	4.696.823	1.280.448	1.804.914	3.617.104	21.148.387	32.547.676

Risk by Risk Weights Balances:

Risk Weights (*)	Risk Weights (%)											Deductions from the shareholders' equity	Total
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
1 Amount before the credit risk mitigation	4.377.100	-	515.472	-	1.452.945	3.440.286	21.125.330	498.590	-	-	-	-	31.409.723
2 Amount after the credit risk mitigation	5.441.794	-	515.472	1.070.387	5.365.521	2.626.670	15.743.389	265.359	-	-	-	-	31.028.592

(*) Balances with financial collateral are shown as 0% risk weight.

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II. Explanations on Credit Risk (continued)

Important sectors or type of information according to counterparty

Sectors/Counterparties (*)	Loans		General Provisions of WL	Specific Provisions
	Non-performing Loans	Watchlist		
Agricultural	13.867	40.202	402	8.281
Farming and raising livestock	13.867	40.202	402	8.281
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	204.358	374.375	43.992	73.397
Mining	79.635	138.304	23.181	14.715
Production	115.204	234.650	20.797	49.557
Electricity, Gas, Water	9.519	1.421	14	9.125
Construction	195.136	435.652	46.507	63.723
Services	447.436	1.128.641	73.539	176.010
Wholesale and retail trade	223.288	180.827	7.596	129.696
Hotel, Food, Beverage services	188.150	142.617	8.149	31.974
Transportation and Telecommunication	15.425	156.543	8.328	6.503
Financial Institutions	1.191	272	3	514
Real Estate and Lending Service	338	192	2	154
Self employment service	-	-	-	-
Education Service	6.549	274.555	8.710	3.300
Health and social services	12.495	373.635	40.751	3.869
Other(**)	214.675	274.207	7.133	124.233
Total	1.075.472	2.253.077	171.573	445.644

(*) Breakdown of sector classified according to type of principal activity of costumers.

(**) Includes individual credit cards, retail loans and other loans.

Information related to Impairment and Loan Loss Provisions:

	Opening Balance	The amount of provision in the period	Reversal of Provision(*)	Other Provisions(**)	Closing Balance
1 Specific Provisions	301.318	406.320	57.861	204.133	445.644
2 General Provisions	254.836	1.968	-	-	256.804

(*) Includes reversal of provisions relating to collections from non-performing loans.

(**) The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400 and TL 103.381 of the loans recognized as loss was sold to Emir Asset Management Company on December 28, 2017 for TL 725.

Risk involved in counter-cyclical capital buffer calculation:

December 31, 2017			
Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	19.363.358	103.13	19.466.371
United Arab Emirates	256.488	-	256.488
Saudi Arabia	74.687	-	74.287
Egypt	55.648	654	56.032
Albania	45.914	-	45.914
Marshall Islands	20.995	-	20.995
Iraq	15.993	-	15.993
Virgin Island (British)	4.915	-	4.915
Azerbaijan	434	-	434
Switzerland	268	-	268
Netherlands	160	-	160
USA	139	-	139
Lebanon	79	-	79
Russia Federation	24	-	24
Kazakhstan	7	-	7
France	7	-	7
Slovenia	1	-	1
Other	661.935	-	661.935

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II. Explanations on Credit Risk (continued)

Internal credit rating system

Internal credit rating system is used by The Bank. As a basis for the rating classification; financial data of customers has been processed by the MRA - Moody's Risk Analyst software and output rate is considered.

The risks that are subject to rating models can be allocated as follows.

Rating	Risk	Description
	Grade	
(1) Excellent	1	Exceptional business credit, judged to be of the highest quality, with minimal credit risk. Superior asset quality and financial capacity; excellent and proven management; market leader.
(2) Strong	2+	Very good business credit with very good asset quality, consistently strong liquidity and debt capacity; highly regarded in the industry with strong market share.
	2	
	2-	
(3) Good	3+	Good business credit considered upper-medium grade, subject to low credit risk; good asset quality, strong liquidity and debt capacity. Company is above average size and holds a good position in the industry.
	3	
	3-	
(4) Satisfactory	4+	Acceptable business credit subject to moderate credit risk, considered medium grade and as such may possess certain higher than average risk characteristics. Company has demonstrated adequate to good performance.
	4	
	4-	
(5) Adequate	5+	Average to low business credit subject to moderate credit risk, considered medium grade and as such may possess certain higher risk characteristics. Company has demonstrated adequate performance.
	5	
	5-	
(6) Marginal	6+	Below average business credit subject to high credit risk. Company is likely a lower tier competitor in its industry. Acceptable but requiring close monitoring and support of strong risk mitigants.
	6	
	6-	
(7) Vulnerable	7+	Weak business credit: Judged to be of poor standing and subject to very high credit risk. Constitutes undue and unwarranted credit risk. Currently in performing status not to the point of justifying a Substandard classification.
	7	
	7-	
(8) Substandard	8	Substandard (Default): Unacceptable business credit with normal repayment in jeopardy.
(9) Doubtful	9	Doubtful (Default): Full repayment questionable. Serious problems to the point where partial loss of principal is likely.
(10) Loss	10	Loss (Default): Expected loss. Such an asset may have recovery but not to the point of avoiding loss classification.

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II. Explanations on Credit Risk (continued)

Below table shows the portion of the performing cash loans as per BRSA's scale that is equivalent to the MRA ratings:

Debtors financial Position	Degree	Portion
Debtor has a solid financial position	1	3%
Debtor has a good financial position	2	56%
Debtor's financial position is at risk within short and medium term	3	28%
Debtor's financial position is at high risk within short term	4	0%
Debtor has been defaulted	5	0%
Debtor has not been rated	6	13%

Collateral Distribution(*)

31 December 2017	Corporate and Commercial	SME	Retail	Total
Deposit	220.133	111.049	50.049	381.231
Mortgage	7.206.755	3.098.836	640.013	10.945.604
Assignment of claim	2.950.988	190.639	-	3.141.627
Cheque	162.016	166.986	-	329.002
Pledge of vehicle	132.051	86.633	52.380	271.064
TOTAL	10.671.943	3.654.143	742.442	15.068.528

31 December 2016	Corporate and Commercial	SME	Retail	Total
Deposit	1.567.299	298.551	70.201	1.936.051
Mortgage	6.797.615	3.117.756	676.769	10.592.140
Assignment of claim	3.424.894	187.787	-	3.612.681
Cheque	261.343	533.905	-	795.248
Pledge of vehicle	332.914	80.436	75.188	488.538
TOTAL	12.384.065	4.218.435	822.158	17.424.658

(*)Represents the amounts weighted by taking into consideration the credit risks of the customers.

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III. Explanations on Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at December 31, 2017 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	27 December 2017	26 December 2017	27 December 2017	28 December 2017	29 December 2017
USD	3,8205	3,8073	3,8246	3,7759	3,7956
CHF	3,8593	3,8442	3,8667	3,8530	3,8873
GBP	5,1118	5,0827	5,1318	5,0748	5,1332
100 JPY	3,3695	3,3621	3,3790	3,3523	3,3751
EURO	4,5311	4,5146	4,5531	4,5152	4,5507

	26 December 2016	27 December 2016	28 December 2016	29 December 2016	30 December 2016
USD	3,5117	3,5240	3,5463	3,5305	3,5215
CHF	3,4204	3,4225	3,4428	3,4481	3,4616
GBP	4,2985	4,3151	4,3290	4,3227	4,3468
100 JPY	2,9917	3,0021	3,0119	3,0264	3,0131
EURO	3,6649	3,6811	3,6868	3,6976	3,7124

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2017 are as follows:

	Monthly Average Foreign Exchange Rate
USD	3,8429
CHF	3,8906
GBP	5,1530
100 JPY	3,4049
EURO	4,5526

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III. Explanations on Currency Risk (continued)

December 31, 2017	EUR	USD	OTHER	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	587.915	1.649.125	4.658	2.241.698
Banks	81.084	152.248	53.194	286.526
Financial Assets at Fair Value Through Profit and Loss (****)	-	774.435	-	774.435
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	317.536	511.093	-	828.629
Loans (*)	5.430.663	5.235.875	-	10.666.538
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Held-To-Maturity Investments	-	447.133	-	447.133
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	15.819	163.164	2	178.985
Total Assets	6.433.017	8.933.073	57.854	15.423.944
Liabilities				
Bank Deposits	524.221	59.631	-	583.852
Other Deposits	2.964.595	9.952.696	117.399	13.034.690
Derivative financial liabilities(****)	-	-	-	-
Money Market Balances	-	-	-	-
Funds Provided From Other Financial Institutions	801.917	2.137.863	-	2.939.780
Subordinated Loan	-	1.174.992	-	1.174.992
Miscellaneous Payables	122	801	-	923
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	83.169	41.843	94	125.106
Total Liabilities	4.374.024	13.367.826	117.493	17.859.343
Net Balance Sheet Position	2.058.993	(4.434.753)	(59.639)	(2.435.399)
Net Off-Balance Sheet Position	(1.817.675)	4.408.814	50.409	2.641.548
Financial Derivative Assets	4.665.856	14.213.752	861.715	19.741.323
Financial Derivative Liabilities	6.501.734	9.898.246	811.306	17.211.286
Forward deposit purchase commitments	18.203	121.459	-	139.662
Forward deposit sales commitments	-	28.151	-	28.151
Non-Cash Loans (**)	599.364	1.065.914	-	1.665.278
December 31, 2016				
Total Assets	7.542.369	11.833.360	31.073	19.406.802
Total Liabilities	9.872.621	12.697.605	131.824	22.702.050
Net Balance Sheet Position	(2.330.252)	(864.245)	(100.751)	(3.295.248)
Net Off-Balance Sheet Position	2.972.466	429.130	103.427	3.505.023
Financial Derivative Assets	9.245.114	12.018.115	657.863	21.921.092
Financial Derivative Liabilities	6.500.966	11.430.446	554.459	18.485.871
Forward deposit purchase commitments	241.311	112.207	23	353.541
Forward deposit sales commitments	12.993	270.746	-	283.739
Non-Cash Loans (**)	502.076	1.371.620	3.185	1.876.881

(*) Foreign currency indexed loans amounting to TL 1.053.394 are included in the loan portfolio.

(**) There are no effects on the net off-balance sheet position.

(***) FC denominated GLLP and marketable securities value increase fund were not included in currency risk calculation.

(****) Prepaid expenses, financial assets at fair value through profit and loss and derivative financial liabilities and equities were not included in currency risk calculation.

Foreign currency sensitivity:

The Bank holds EUR and USD currencies because of foreign currency transactions due to currency risk exposures and managed by using miscellaneous financial instruments. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/Negative number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TL.

	Change in currency rate in %	Effect on profit or loss (*)		Effect on equity	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
USD	10%	(2.601)	(43.512)	(2.601)	(43.512)
USD	(10)%	2.601	43.512	2.601	43.512
EUR	10%	24.132	64.221	24.132	64.221
EUR	(10)%	(24.132)	(64.221)	(24.132)	(64.221)

(*) Represents before tax amounts.

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IV. Explanations on Interest Rate Risk

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

Risk Management Group performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank monitors maturity mismatches very closely a significant interest rate risk exposure is not expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2017							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.003.191	-	-	-	-	728.629	3.731.820
Banks	-	-	-	-	-	286.729	286.729
Financial Assets at Fair Value Through Profit and Loss	75.087	83.013	218.025	38.976	781.210	-	1.196.311
Money Market Placements	2.742.869	-	-	-	-	-	2.742.869
Available-For-Sale Financial Assets	-	258.265	-	287.011	709.256	7.901	1.262.433
Loans	6.410.470	3.688.727	4.530.335	6.091.804	1.280.342	629.828	22.631.506
Held-To-Maturity Investments	-	-	-	447.133	-	-	447.133
Other Assets	-	-	-	-	-	805.574	805.574
Total Assets	12.231.617	4.030.005	4.748.360	6.864.924	2.770.808	2.458.661	33.104.375
Liabilities							
Bank Deposits	541.994	42.073	10.121	-	-	160	594.348
Customer Deposits	17.278.425	4.969.878	191.359	291	-	876.086	23.316.039
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	9.486	9.486
Marketable Securities Issued	-	-	-	-	-	-	-
Subordinated Loans(*)	-	-	-	-	1.174.992	-	1.174.992
Funds Provided From Other Financial Institutions	146.681	393.369	1.719.403	293.289	389.978	-	2.942.720
Other Liabilities (**)	96.226	58.144	89.433	157.185	3.483	4.662.319	5.066.790
Total Liabilities	18.063.326	5.463.464	2.010.316	450.765	1.568.453	5.548.051	33.104.375
Balance Sheet Long Position	-	-	2.738.044	6.414.159	1.202.355	-	10.354.558
Balance Sheet Short Position	(5.831.709)	(1.433.459)	-	-	-	(3.089.390)	(10.354.558)
Off-Balance Sheet Long Position	9.509.851	6.021.806	7.130.073	2.768.296	356.859	-	25.786.885
Off-Balance Sheet Short Position	(10.187.707)	(7.596.999)	(5.211.670)	(2.596.504)	(241.778)	-	(25.834.658)
Total Position	(6.509.565)	(3.008.652)	4.656.447	6.585.951	1.317.436	(3.089.390)	(47.773)

(*) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

(**) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.758.130, tax liabilities amounting to TL 62.332, provisions amounting to TL 558.796 and other liabilities amounting to TL 283.061.

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IV. Explanations on Interest Rate Risk (continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2016							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.361.608	-	-	-	-	1.356.632	4.718.240
Banks	-	-	-	-	-	118.724	118.724
Financial Assets at Fair Value Through Profit and Loss	67.224	123.396	196.399	30.098	8.816	-	425.933
Money Market Placements	4.412.052	-	-	-	-	-	4.412.052
Available-For-Sale Financial Assets	-	254.265	-	-	649.263	1.927	905.455
Loans	7.991.706	4.422.915	6.314.618	5.597.833	1.733.589	387.125	26.447.786
Held-To-Maturity Investments	-	-	-	428.155	-	-	428.155
Other Assets	-	-	-	-	-	822.055	822.055
Total Assets	15.832.590	4.800.576	6.511.017	6.056.086	2.391.668	2.686.463	38.278.400
Liabilities							
Bank Deposits	613.966	584.989	3.919	-	-	17	1.202.891
Customer Deposits	17.128.918	8.699.777	756.149	10.074	-	1.456.587	28.051.505
Money Market Borrowings	2.457	-	-	-	-	-	2.457
Miscellaneous Payables	-	-	-	-	-	9.901	9.901
Marketable Securities Issued	-	-	-	-	-	-	-
Subordinated Loans (*)	-	-	-	-	528.417	-	528.417
Funds Provided From Other Financial Institutions	398.895	389.057	2.085.391	462.743	329.411	-	3.665.497
Other Liabilities (**)	181.182	73.349	186.139	102.319	2.886	4.271.857	4.817.732
Total Liabilities	18.325.418	9.747.172	3.031.598	575.136	860.714	5.738.362	38.278.400
Balance Sheet Long Position	-	-	3.479.419	5.480.950	1.530.954	-	10.491.323
Balance Sheet Short Position	(2.492.828)	(4.946.596)	-	-	-	(3.051.899)	(10.491.323)
Off-Balance Sheet Long Position	10.808.999	8.875.055	5.582.278	2.841.612	387.022	-	28.494.966
Off-Balance Sheet Short Position	(11.185.741)	(8.865.968)	(5.149.680)	(3.332.583)	(201.164)	-	(28.735.136)
Total Position	(2.869.570)	(4.937.509)	3.912.017	4.989.979	1.716.812	(3.051.899)	(240.170)

(*) The Bank was provided a subordinated loan with a value of USD 150 million, maturity of 10 years and with a interest rate of 6,5% on October 31, 2014 from its parent bank, Bank Audi sal. In accordance with the article of BRSA dated November 27, 2014, this loan has been recognized as a subordinated loan and approved to be taken into account as TIER II capital, as per the conditions that determined by "Regulation on Equity of Banks".

(**) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.443.155, tax liabilities amounting to TL 93.027, provisions amounting to TL 537.477 and other liabilities amounting to TL 198.198 .

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
December 31, 2017				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	1,50	-	4,00
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	6,60	-	10,76
Money Market Placements	-	-	-	11,74
Available-For-Sale Financial Assets	4,75	6,66	-	10,66
Loans	5,59	6,98	-	16,15
Held-To-Maturity Investments	-	3,46	-	-
Liabilities				
Bank Deposits	1,87	3,35	-	12,42
Customer Deposits	2,05	4,09	-	14,26
Money Market Borrowings	-	-	-	-
Subordinated Loans	-	7,63	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,01	3,37	-	6,71

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IV. Explanations on Interest Rate Risk (continued)

	EURO %	USD %	JPY %	TL %
December 31, 2016				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	0,75	-	3,31
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	10,07
Money Market Placements	-	-	-	8,50
Available-For-Sale Financial Assets	-	6,59	-	9,43
Loans	5,53	6,80	-	15,58
Held-To-Maturity Investments	-	3,47	-	-
Liabilities				
Bank Deposits	1,55	2,75	-	7,93
Customer Deposits	2,28	3,34	-	10,83
Money Market Borrowings	-	-	-	7,65
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,03	2,84	-	6,73

Nature of interest rate risk resulted from banking book:

The interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evolution of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method.

Unit of Currency	Applicable Shock (+ / -) base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(527.598)	% (10,49)
	(400)	493.947	% 9,82
EUR	200	(58.668)	% (1,17)
	(200)	(2.872)	% (0,06)
USD	200	17.545	% 0,35
	(200)	(14.885)	% (0,30)
Total (For Positive Shock)		(568.721)	% (11,31)
Total (For Negative Shock)		476.190	% 9,47

* The intensity and direction of a currency different rows were entered separately for each shock.

V. Explanations on Share Certificates Position Risk

The Bank has no outstanding share certificate position.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk is the risk, occurring as a result of not having cash in hand or cash inflow at a level and nature to meet cash outflow as a consequence of imbalance in cash flow in time and completely. Liquidity risk consists of sum of two main risk types; funding liquidity risk and market liquidity risk.

Management of Bank's Liquidity risk is carried out in scope of responsibilities of Board of Directors, Risk Committee of the Board, Assets and Liabilities Management Committee (ALCO), Risk Management Department and other business units which are members of ALCO.

Board of Directors have the ultimate responsibility concerning the liquidity risk and its management. Board of Directors have also the responsibility to determine liquidity risk appetite as a part of holistic risk appetite, evaluate and approve proposed limits, approve liquidity risk management policy and confirm changes regarding limit and confinement.

Risk Committee evaluates and approves short, medium and long term liquidity risk management strategies. Risk Committee also provides general adaptability of the Bank to principals and management procedures included in the management of the risk. Risk Committee reviews and evaluates liquidity risk reports periodically.

Assets and Liabilities Management Committee (ALCO) establishes short, medium and long term liquidity management strategies and evaluates the liquidity risk profile of the Bank and impacts of recently developed trends on the liquidity of the Bank through periodical meetings. ALCO makes a decision regarding the qualification of liquidity buffer of the Bank in line with risk appetite and liquidity strategy of the Bank. Additionally, ALCO evaluates the liquidity risk reports and feedbacks received from Risk Management and informs Risk Committee and Board of Directors about the adverse conditions and other financial results with respect to liquidity.

Risk Management establishes liquidity risk management policy, determines liquidity risk limits and submits these policies and limits to the approval of Board of Directors. It also provides to measure and manage liquidity risk in the framework of risk appetite and limits approved by the Board of Directors. Risk management performs reporting to ALCO, Risk Committee and members of Board of Directors regarding adherence to risk appetite and limit excess. Additionally, risk management as also the responsibility to form and implement liquidity stress tests and share the results with the related parties.

Liquidity risk analysis and early warning signals are reported to the senior management periodically. Additionally, all the analysis including regulatory and internal rates with respect to liquidity risk are reported to ALCO and limit and warning levels approved by the Board of Directors are monitored periodically and reported to related parties.

The Bank's funding strategy is intended to ensure sufficient liquidity and diversity of funding sources to meet actual and contingent liabilities through both normal and stress periods. A significant part of Bank's liquidity needs is met with deposits which represent the main funding source of the Bank. On the other hand, when it is deemed necessary, bond issuance and pre-financing products can be provided in addition to the aforementioned sources.

Almost all the liabilities of the Bank are denominated in TL, USD or EUR and the concentration risk in the funding sources is monitored closely. Concentration analysis related to deposits are performed and factors, which can deteriorate access to funding sources and trigger a sudden withdrawal of funds at a significant level, are analysed.

Liquidity risk is closely monitored and managed in order to keep it at a level appropriate to risk appetite and liquidity risk management policies, by promoting diversification of funding sources, keeping high quality liquid assets and reduction or termination of activities causing limit excess.

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 60% for foreign currency assets and liabilities and 80% for total assets and liabilities for the year 2017. Both of the aforementioned rates shall be increased by 10% annually until 2019 and foreign currency shall be applied as 80% while total shall be applied as 100%.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 60% for foreign currency assets and liabilities and 80% for total assets and liabilities for the year 2017. Both of the aforementioned rates shall be increased by 10% annually until 2019 and foreign currency shall be applied as 80% while total shall be applied as 100%.

Information regarding weekly solo liquidity coverage ratios realized in the third quarter of 2017 is as follows:

Current Period-31.12.2017		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				6.143.539	3.801.100
1	High quality liquid assets	8.572.434	6.229.995	6.143.539	3.801.100
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	16.981.949	8.404.303	1.611.719	840.430
3	Stable deposits	1.729.514	-	86.475	-
4	Less stable deposits	15.252.435	8.404.303	1.525.244	840.430
5	Unsecured Funding other than Retail and Small Business Customer Deposits	7.737.939	5.542.850	3.975.603	2.942.098
6	Operational deposits	506	50	126	12
7	Non-Operational Deposits	6.811.823	4.872.699	3.049.867	2.271.985
8	Other Unsecured Funding	925.610	670.101	925.610	670.101
9	Secured funding	-	-	-	-
10	Other Cash Outflows	4.734.715	3.484.062	974.317	1.958.885
11	Liquidity needs related to derivatives and market	620.335	1.780.948	620.335	1.780.948
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.114.380	1.703.114	353.982	177.937
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			6.561.640	5.741.413
CASH INFLOWS					
17	Secured Lending Transactions	1.095.205	-	-	-
18	Unsecured Lending Transactions	3.505.074	1.546.346	2.908.096	1.357.900
19	Other contractual cash inflows	498.896	2.958.425	498.896	2.958.425
20	TOTAL CASH INFLOWS	5.099.175	4.504.771	3.406.992	4.316.325
		Upper Limit Applied Amounts			
21	TOTAL HQLA			6.143.539	3.801.100
22	TOTAL NET CASH OUTFLOWS			3.154.647	1.673.485
23	Liquidity Coverage Ratio (%)			196,62	236,33

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Information regarding weekly solo liquidity coverage ratios realized in the fourth quarter of 2016 is as follows:

Prior Period-31.12.2016		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				6.208.875	2.290.992
1	High quality liquid assets	7.622.700	3.704.817	6.208.875	2.290.992
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	15.683.396	8.297.994	1.510.067	829.799
3	Stable deposits	1.165.445	-	58.272	-
4	Less stable deposits	14.517.951	8.297.994	1.451.795	829.799
5	Unsecured Funding other than Retail and Small Business Customer Deposits	10.005.373	6.946.597	4.803.093	3.430.045
6	Operational deposits	29.601	75	7.400	19
7	Non-Operational Deposits	9.301.819	6.522.517	4.121.740	3.006.021
8	Other Unsecured Funding	673.953	424.005	673.953	424.005
9	Secured funding	-	-	-	-
10	Other Cash Outflows	5.443.941	3.873.848	945.677	2.058.826
11	Liquidity needs related to derivatives and market	686.239	1.857.442	514.207	1.857.442
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.757.702	2.016.406	431.470	201.384
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			7.258.837	6.318.670
CASH INFLOWS					
17	Secured Lending Transactions	2.764.163	-	-	-
18	Unsecured Lending Transactions	2.454.321	937.940	1.881.980	777.643
19	Other contractual cash inflows	436.696	3.547.347	436.696	3.547.347
20	TOTAL CASH INFLOWS	5.655.180	4.485.287	2.318.676	4.324.990
				Upper Limit Applied Amounts	
21	TOTAL HQLA			6.208.875	2.290.992
22	TOTAL NET CASH OUTFLOWS			4.940.161	1.993.680
23	Liquidity Coverage Ratio (%)			126,40	117,03

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at Central Bank of Republic of Turkey, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits and bank deposits, securities under guarantee through reverse repo and placement and derivative transactions to banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions cause the foreign currency liquidity coverage ratio to be affected.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The weeks having the highest and lowest level of liquidity coverage ratios calculated for the last three months and their average values are given below:

	Current Period-31.12.2017		Prior Period-31.12.2016	
	TL+FC	FC	TL+FC	FC
Lowest	152,23	159,38	97,63	53,15
Week	15.12.2017	27.10.2017	30.09.2016	30.09.2016
Highest	279,50	326,64	171,50	168,69
Week	17.11.2017	29.12.2017	04.11.2016	04.11.2016
Average	196,62	236,33	126,40	117,03

Presentation of assets and liabilities according to their remaining maturities:

December 31, 2017	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	182.519	3.549.301	-	-	-	-	-	3.731.820
Banks	286.729	-	-	-	-	-	-	286.729
Financial Assets at Fair Value Through Profit and Loss	-	60.170	34.022	152.260	168.651	781.208	-	1.196.311
Money Market Placements	-	2.742.869	-	-	-	-	-	2.742.869
Available-For-Sale Financial Assets	-	-	-	-	545.276	709.256	7.901	1.262.433
Loans	-	1.575.646	970.211	2.964.722	10.293.348	6.197.751	629.828	22.631.506
Held-To-Maturity Investments	-	-	-	-	447.133	-	-	447.133
Other Assets	-	-	-	-	-	-	805.574	805.574
Total Assets	469.248	7.927.986	1.004.233	3.116.982	11.454.408	7.688.215	1.443.303	33.104.375
Liabilities								
Bank Deposits	160	541.994	42.073	10.121	-	-	-	594.348
Customer Deposits	876.086	17.278.425	4.969.878	191.359	291	-	-	23.316.039
Funds Provided From Other Financial Institutions	-	135.196	393.369	1.250.964	806.920	356.271	-	2.942.720
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Subordinated Loans(**)	-	-	-	-	-	1.174.992	-	1.174.992
Miscellaneous Payables	-	-	-	-	-	-	9.486	9.486
Other Liabilities (***)	-	96.226	56.870	88.083	158.460	4.832	4.662.319	5.066.790
Total Liabilities	876.246	18.051.841	5.462.190	1.540.527	965.671	1.536.095	4.671.805	33.104.375
Liquidity Gap	(406.998)	(10.123.855)	(4.457.957)	1.576.455	10.488.737	6.152.120	(3.228.502)	-
Net Off-Balance Sheet Position	-	(61.129)	(32.490)	49.930	(3.001)	(1.083)	-	(47.773)
Financial Derivative Assets	-	8.386.021	4.058.750	7.089.634	5.654.716	597.764	-	25.786.885
Financial Derivative Liabilities	-	8.447.150	4.091.240	7.039.704	5.657.717	598.847	-	25.834.658
Non-Cash Loans	1.084.107	87.177	216.934	1.189.672	-	-	-	2.577.890
Prior period								
Total Assets	4.836.964	6.277.248	1.115.853	5.035.828	12.115.092	7.686.308	1.211.107	38.278.400
Total Liabilities	1.456.604	18.318.237	9.472.762	2.583.643	853.778	1.311.618	4.281.758	38.278.400
Liquidity Gap	3.380.360	(12.040.989)	(8.356.909)	2.452.185	11.261.314	6.374.690	(3.070.651)	-

(*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.758.130, tax liabilities amounting to TL 62.332, provisions amounting to TL 558.796 and other liabilities amounting to TL 283.061.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Analysis of financial liabilities by remaining contractual maturities (*):

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2017								
Bank Deposits	160	542.642	42.189	10.203	-	-	-	595.194
Customer deposits	876.086	17.330.485	5.021.702	194.769	332	-	-	23.423.374
Subordinated Loans	-	-	-	-	-	1.977.494	-	1.977.494
Funds Provided From Other Financial Institutions	-	135.513	396.303	1.282.547	996.091	418.706	-	3.229.160
Funds From interbank money market	-	-	-	-	-	-	-	-
Total	876.246	18.008.640	5.460.194	1.487.519	996.423	2.396.200	-	29.225.222

(*) Includes total interest to be paid

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2016								
Bank Deposits	17	614.627	323.108	4.064	271.713	-	-	1.213.529
Customer deposits	1.456.587	17.166.429	8.773.691	766.849	10.478	-	-	28.174.034
Subordinated Loans	-	-	-	-	-	873.765	-	873.765
Funds Provided From Other Financial Institution:	-	389.891	387.493	1.441.162	527.066	934.717	-	3.680.329
Funds From interbank money market	-	12.328	2.994	216.443	-	-	-	231.765
Total	1.456.604	18.183.275	9.487.286	2.428.518	809.257	1.808.482	-	34.173.422

(*) Includes total interest to be paid

Breakdown of derivative instruments due to their remaining contractual maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2017						
Gross settled						
Foreign exchange forward contracts	1.515.438	712.334	543.673	-	-	2.771.445
Currency swaps	12.644.361	6.420.250	8.193.009	2.980.091	152.494	30.390.205
Interest rate swap agreement	227.736	235.766	3.014.675	7.873.518	1.044.117	12.395.812
Foreign currency sell and buy options	2.445.636	781.640	2.377.981	24.588	-	5.629.845
Interest rate sell and buy options	-	-	-	434.236	-	434.236
Total	16.833.171	8.149.990	14.129.338	11.312.433	1.196.611	51.621.543

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2016						
Gross settled						
Foreign exchange forward contracts	1.945.445	1.214.648	1.137.540	32.784	-	4.330.417
Currency swaps	12.380.499	9.365.466	2.903.609	2.442.561	124.248	27.216.383
Interest rate swap agreement	91.965	1.590	1.633.614	8.653.776	1.052.335	11.433.280
Foreign currency sell and buy options	5.211.579	3.500.599	5.055.589	2.345	-	13.770.112
Interest rate sell and buy options	-	-	-	479.910	-	479.910
Total	19.629.488	14.082.303	10.730.352	11.611.376	1.176.583	57.230.102

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VII. Explanations on Leverage Ratio

Information on subjects that causes difference in leverage ratio between current and prior periods:

"Regulation on the Measurement and Evaluation of Banks Leverage Levels" regulates the procedures and principles regarding the ensure adequate capital at the consolidated and non-consolidated basis for exposure of possible risk of Banks. Leverage ratio of the Bank calculated amounting to 8,98 % (December 31, 2016: 7,75%). According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

	Current Period 31 December 2017(*)	Prior Period 31 December 2016(*)
Balance sheet transactions		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	34.780.324	36.798.395
2 (Assets deducted from Core capital)	(64.033)	(94.706)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	34.716.291	36.703.689
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	292.878	296.802
5 Potential credit risk amount of derivative financial assets and credit derivatives	-	-
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	292.878	296.802
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-	-
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	4.919.073	5.112.865
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	4.919.073	5.112.865
Capital and total risk		
13 Core Capital	3.577.376	3.264.903
14 Total risk amount(sum of lines 3, 6, 9 and 12)	39.928.242	42.113.356
Leverage ratio		
15 Leverage ratio	8,98	7,75

(*) The arithmetic average of the last 3 months in the related periods.

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

	Book Value	Fair Value	Book Value	Fair Value
	December 31,	December 31,	December 31,	December 31,
	2017	2017	2016	2016
Financial Assets	27.370.670	27.153.662	32.312.172	33.279.788
Money Market Placements	2.742.869	2.742.869	4.412.052	4.412.052
Banks	286.729	286.729	118.724	118.724
Available-For-Sale Financial Assets	1.262.433	1.262.433	905.455	905.455
Held-To-Maturity Investments	447.133	448.992	428.155	422.999
Loans	22.631.506	22.412.639	26.447.786	27.420.558
Financial Liabilities	28.037.585	27.955.254	33.228.903	33.239.162
Bank Deposits	594.348	594.348	1.202.891	1.202.891
Other Deposits	23.316.039	23.317.898	28.051.505	28.053.045
Funds Borrowed From Other Financial Institutions	2.942.720	2.939.752	3.436.189	3.437.775
Subordinated Loans	1.174.992	1.093.770	528.417	535.550
Issued Bonds	-	-	-	-
Miscellaneous Payables	9.486	9.486	9.901	9.901

The following methods and assumptions were used to estimate the fair value of the financial instruments:

IFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

a) Quoted market prices (non-adjusted) (1st level)

b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)

c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

December 31, 2017	Level 1	Level 2	Level 3	Total
Financial Assets	1.255.292	1.195.551	2.897	2.453.740
Financial Assets at Fair Value through Profit and Loss	760	1.195.551	-	1.196.311
Available-For-Sale Financial Assets	1.254.532	-	2.897	1.257.429
Financial Liabilities	-	404.471	-	404.471
Derivative financial liabilities held for trading	-	404.471	-	404.471
December 31, 2016	Level 1	Level 2	Level 3	Total
Financial Assets	907.593	420.028	1.840	1.329.461
Financial Assets at Fair Value through Profit and Loss	5.905	420.028	-	425.933
Available-For-Sale Financial Assets	901.688	-	1.840	903.528
Financial Liabilities	-	545.875	-	545.875
Derivative financial liabilities held for trading	-	545.875	-	545.875

IX. Explanations on Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet Contingencies and Commitments.

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X. Explanations on Risk Management Objectives and Policies

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

a. Overview of RWA

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
		31 December 2017	31 December 2016	31 December 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	20.911.154	25.095.066	1.672.892
2	Standardised approach (SA)	20.911.154	25.095.066	1.672.892
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	497.600	574.171	39.808
5	Standardised approach for counterparty credit risk (SA-CCR)	497.600	574.171	39.808
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - % 1250 weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1.516.863	407.963	121.349
17	Standardised approach (SA)	1.516.863	407.963	121.349
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.812.150	1.027.288	144.972
20	Basic Indicator Approach	1.812.150	1.027.288	144.972
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	24.737.767	27.104.488	1.979.021

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X. Explanations on Risk Management Objectives and Policies (continued)

b. Credit risk explanation

1. General qualitative information about credit risk:

Credit Risk Management Department operates under Internal Systems pillar directly subject to Board of Directors as it is mentioned in scope of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process". Reports, prepared in a wider perspective, are reported to Board of Directors and senior management as well as reports having given minimum standards in scope of aforementioned regulation. Risk Report include customer, group, collateral and sector concentrations, stress tests, risk profile, overdue receivables and specific provision development, close monitoring development and capital adequacy analysis as general scope and main content.

The Bank determines risk limits including all risks and covering all activities of the Bank and those limits are approved by Board of Directors. Limits of the Bank are determined in a way to reflect risk appetite, which is planned to be undertaken, and expectations in economy with our main partner. Credit policies are established in compliance with risk limits accordingly. Those limits are periodically monitored by Risk Management and Board of Directors is informed in scope of respective outputs.

Credit allocation processes are established in line with risk appetite and limits determined in scope of credit policies. In this scope, rating and decision support systems are used in evaluation of credits in order to reflect related risks. Access levels are determined by Board of Directors.

Credit Risk is the possibility of loss to which the current or future return or capital of the bank shall be exposed since the debtor cannot fulfil its liability in due time through violating requirements of related contract. The Bank approaches risk management as a cycle. Credit allocation units, form the first level of line of defence for credit risk in scope of allocation decision. Board of Directors holds the control over credit process in scope of authorization levels. Credit Risk Management Department of the Bank carries out its operations under Internal Systems organization which is directly subject to Board of Directors as it is mentioned in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks". Risk Management executes measurement, monitoring and reporting activities of credit risk through using statistical methods and forms line of defence at second level. Internal Control and Supervisory Board Directorate forms line of defence at third level in this process.

Board of Directors is responsible for determination of taking risks and appetite level. Board of Directors manages risks through Risk Committee. Committee is responsible for determination of risk policies, measurement and monitoring of risks. Reports, which are issued in a wider perspective in addition to reports whose minimum standards are determined in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks", are reported to Board of Directors and senior management. The aforementioned reports include customer, group, collateral and sector concentrations; stress tests, risk profile, follow-up and special provision development, close monitoring development and analysis of capital adequacy.

2.Credit quality of assets:

Gross carrying values of (according to TAS)				
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1 Loans	1.075.472	22.001.678	445.644	22.631.506
2 Debt Securities	-	2.509.135	32.275	2.476.860
3 Off-balance sheet exposures	11.665	4.064.955	7.349	4.069.271
4 Total	1.087.137	28.575.768	485.268	29.177.637

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X. Explanations on Risk Management Objectives and Policies (continued)

3.Changes in stock of defaulted loans and debt securities:

	31.12.2017
1 Defaulted loans and debt securities at end of the previous reporting period	688.443
2 Loans and debt securities that have defaulted since the last reporting period	804.461
3 Returned to non-defaulted status	-
4 Amounts written off	21.088
5 Other changes (*)	396.344
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	1.075.472

(*) The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400 and TL 103.381 of the loans recognized as loss was sold to Emir Asset Management Company on December 28, 2017 for TL 725.

4. Additional disclosure related to the credit quality of assets:

a. Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	31.12.2017
Domestic	21.558.475
European Union Countries	2.582
OECD Countries (*)	-
Off-Shore Banking Regions	-
USA, Canada	-
Other	440.621
Total	22.001.678

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

Breakdown by sector:

	31.12.2017
Agricultural	541.688
Farming and raising live stock	480.352
Forestry	-
Fishing	61.336
Manufacturing	5.306.942
Mining	471.255
Production	3.504.352
Electricity, Gas, Water	1.331.335
Construction	5.759.296
Services	10.393.752
Wholesale and Retail Trade	2.118.880
Hotel, Food, Beverage Services	1.518.388
Transportation and Telecommunication	1.156.597
Financial Institutions	219.320
Real Estate and Lending Service	152.062
Self Employment Service	-
Education Service	961.160
Health and Social Services	1.160.406
Other	3.106.939
Total	22.001.678

(*)Breakdown of sector classified according to type of principal activity of costumers.

Breakdown by outstanding maturity:

31 December 2017	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans	1.575.646	970.211	2.964.722	10.293.348	6.197.751	22.001.678

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

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X. Explanations on Risk Management Objectives and Policies (continued)

Breakdown by geographical area:

31 December 2017	Non-performing Loans	Provisions
Domestic	1.075.451	445.633
European Union Countries	15	8
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	6	3
Total	1.075.472	445.644

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

Breakdown by sector:

31 December 2017	Non-performing Loans	Provisions
Agricultural	13.867	8.281
Farming and raising live stock	13.867	8.281
Forestry	-	-
Fishing	-	-
Manufacturing	204.358	73.397
Mining	79.635	14.715
Production	115.204	49.557
Electricity, Gas, Water	9.519	9.125
Construction	195.136	63.723
Services	447.436	176.010
Wholesale and Retail Trade	223.288	129.696
Hotel, Food, Beverage Services	188.150	31.974
Transportation and Telecommunication	15.425	6.503
Financial Institutions	1.191	514
Real Estate and Lending Service	338	154
Self Employment Service	-	-
Education Service	6.549	3.300
Health and Social Services	12.495	3.869
Other	214.675	124.233
Total	1.075.472	445.644

(*)Breakdown of sector classified according to type of principal activity of costumers.

The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400 and TL 103.381 of the loans recognized as loss was sold to Emir Asset Management Company on December 28, 2017 for TL 725.

5.Credit risk mitigation techniques – overview:

Odeabank A.Ş. considers appropriate collaterals mentioned in “Regulation on Measurement and Evaluation of Bank’s Capital Adequacy” published on Official Gazette numbered 29511 for the calculation of capital adequacy. Since mortgages determine a receivable class, collateral used in credit risk reduction consists of cash collaterals with blockage.

All expertise reports, get done by the Bank, are assigned to valuation institutions, which are authorized by Banking Regulation and Supervision Agency and also having CMB license. Expertise requests, received from branches for valuation reports issued for the purpose of collateral, are evaluated by Expertise and Mortgage Department and forwarded to contracted valuation institutions through expertise system of the Bank. Valuation institutions submits expertise report through using expertise system of the bank following the completion of expertise activity. The report, submitted by expertise institution, is reviewed by Expertise and Mortgage Department and delivered to branches via aforementioned system. If there exists elements, which are considered as risks, in collateralization, those elements are included in valuation report.

Mortgage transaction is performed by law firms following the collateralization decision. Mortgage request is submitted from branch to our mortgage department via mortgage system of the bank. Mortgage department forwards the request to contracted law firms after controlling the request in question. Authenticated deeds and mortgage receipt certificates are delivered to branches via aforementioned system following the finalisation of mortgage transaction.

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X. Explanations on Risk Management Objectives and Policies (continued)

If the mortgage is in release phase, release request, submitted by the branch, is delivered to directorate of land registry with release letter which is obtained on mortgage release system following getting approval of required approvers.

A review report is issued on an annual basis in scope of communique on risk mitigation techniques for received collaterals.

		Exposures not covered with cash collateral	Exposures secured by cash collateral	Exposures secured by cash collateral, of which: secured amount(**)	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans (*)	20.869.546	1.761.960	323.973	-	-	-	-
2	Debt securities	2.476.860	-	-	-	-	-	-
3	Total	23.346.406	1.761.960	-	-	-	-	-
4	Of which defaulted	416.912	658.560	605.587	-	-	-	-

(*) Shows loans that are covered with cash collateral

(**) Shows risk adjusted cash collaterals in line with related BRSA's credit risk mitigation regulation with the maturity profile of the loan.

6. Qualitative disclosures related to rating grades used by the Banks for the calculation of credit risk with standard approach: Odeabank A.Ş. uses external rating grades provided by Fitch Ratings for the calculation of credit risk with standard method. In this scope, risk weights in Receivables from Central Administrations or Central Banks class of the Bank are determined through taking ratings provided by Fitch Ratings and guidance given by BRSA for the aforementioned CRA into account.

7. Standard approach – credit risk exposure and credit risk mitigation (CRM) effects

Current Period - 31.12.2017		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	5.415.110	147	6.545.425	5	931.441	%14
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	6	-	1	-	-
6	Exposures to institutions	1.104.999	316.583	1.104.999	16.057	414.278	%37
7	Exposures to corporates	12.425.016	2.392.336	11.459.039	1.158.190	12.617.229	%100
8	Retail exposures	2.849.696	1.164.263	2.573.132	77.667	1.994.132	%75
9	Exposures secured by residential property	1.116.077	42.090	1.050.078	20.309	374.636	%35
10	Exposures secured by commercial real estate	5.718.688	161.189	5.545.986	93.670	3.716.179	%66
11	Past-due loans	601.927	-	601.927	-	683.756	%114
12	Higher-risk categories by the Agency Board	6.758	-	6.758	-	8.073	%119
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	765.415	9.932	765.415	9.932	532.198	%69
17	Investments in equities	-	-	-	-	-	-
18	Total	30.003.686	4.086.546	29.652.759	1.375.831	21.271.922	%69

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X. Explanations on Risk Management Objectives and Policies (continued)

8. Standard approach – exposures by asset classes and risk weights

Asset classes/ Risk weight*	0%	10%	20%	50%(*)	75%	100%	150%	200%	Other (35% - 50%)(**)	Total credit risk exposure amount (***)
Exposures to central governments or central banks	5.198.643	-	-	-	-	516.095	-	-	830.692	6.545.430
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	1	-	-	-	-	-	-	-	-	1
Exposures to institutions	-	-	515.472	-	-	16.783	-	-	588.801	1.121.056
Exposures to corporates	-	-	-	-	-	12.617.229	-	-	-	12.617.229
Retail exposures	-	-	-	-	2.626.670	24.129	-	-	-	2.650.799
Exposures secured by residential property	-	-	-	-	-	-	-	-	1.070.387	1.070.387
Exposures secured by commercial real estate	-	-	-	3.846.954	-	1.792.702	-	-	-	5.639.656
Past-due loans	-	-	-	-	-	241.210	262.187	-	98.530	601.927
Higher-risk categories by the Agency Board	-	-	-	-	-	3.043	3.172	-	543	6.758
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	243.150	-	-	-	-	532.197	-	-	-	775.347
Total	5.441.794	-	515.472	3.846.954	2.626.670	15.743.388	265.359	-	2.588.953	31.028.590

(*) Collateralized with the Real Estate Mortgage

(**) Except that Collateralized with the Real Estate Mortgage

(***) Credit Conversion Rate and amount after credit risk mitigation

d. Counterparty Credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. The Bank monitors Counterparty Credit Risk in the framework of Counterparty Credit Risk and Exchange Risk Management Policy which is approved by Board of Directors. Counterparty Credit Risk and Exchange Risk Management Policy includes rules, limits and actions in case of non-compliance related to transactions in counterparty credit risk and exchange risk.

The Bank internally applies different action rules for each of the action groups determined for measurement of counterparty credit risk. Action groups are divided into Individual Business Line, Non-Individual Business Line (except for Stock Exchange and Banks) and Banks and Stock Exchanges.

Potential and current risk exposures of transactions are calculated/determined in order to determine CCR. Internal netting application is taken into account while calculating risk exposures.

Daily collateral management is performed in accordance with provisions of agreements related to transactions of counterparty credit risk and exchange risk with stock exchanges and banks having ISDA-CSA agreement.

Internal limits related to counterparty credit risk and exchange risk are evaluated by Credits Department with respect to requests from related departments and submitted to the approval of Director of Credits Department, General Manager, Credit Committee or Board of Directors according to magnitude of exposures.

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X. Explanations on Risk Management Objectives and Policies (continued)

The Bank legally calculates counterparty credit risk and exchange risk in accordance with the rules and explanations mentioned in "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Counterparty credit risk and exchange risk, calculated legally, is subject to limit of capital adequacy ratio.

2. Analysis of counterparty credit risk (CCR) exposure by approach

Current Year – 31.12.2017		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	400.737	289.703	-	1,4	663.039	360.767
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
6	Total	400.737	289.703	-	-	663.039	360.767

(*) Effective expected positive risk amount

3. Credit valuation adjustment (CVA) capital charge

Current Year – 31.12.2017		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy			
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	667.115	136.833
4	Total amount of CVA capital adequacy	667.115	136.833

4. Standard approach – CCR exposures by regulatory portfolio and risk weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk(*)
Risk Classes									
Central governments and central banks receivables	-	-	-	159	-	-	-	-	79
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	74.224	483.015	-	484	-	-	256.836
Corporate receivables	-	-	-	-	-	99.934	-	-	99.934
Retail receivables	-	-	-	-	5.224	-	-	-	3.918
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	-	-	74.224	483.174	5.224	100.418	-	-	360.767

(*)Total credit risk: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**)Other assets: "Central to the counterparty risk" table includes amounts that are not included in the reported counterparty credit risk in"

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X. Explanations on Risk Management Objectives and Policies (continued)

5.Composition of collateral for CCR exposure: Due to absence of derivative collateral considered in the calculation of capital adequacy, related table was not given.

6.Credit derivatives exposures: None.

7.Risk exposure to CCP: None.

e. Explanations Related to Securitization Positions: None.

f. Explanations on Market Risk

Market risk is the probability of impairment of in/off balance sheet positions based on fluctuations in market risk factors. Fluctuations in market risk factors states changes occurring in interest rates, exchange rates, share prices, commodity prices and volatility. Exchange rate and interest rate risks are considered as two of the most significant components forming market risk and derivative financial transactions are made in order to provide hedging from exposed financial risks, when required.

The Bank manages market risk in line with Market Risk Management Policy including rules and limits to be adopted related to management of trading portfolio and required actions to be taken in case of non-compliance. Trading Portfolio Strategy, approved by Board of Directors, determines which products shall be reviewed under trading portfolio. Principles, policies and risk limits with respect to management of market risk are approved by Board of Directors, reviewed periodically and applied by senior management of the Bank and related departments.

The Bank applies legal and internal limits which are determined in scope of measurement of market risk belonging to trading portfolio and approved by Board of Directors. Foreign exchange position, interest rate and volatility limits are included in various breakdowns under internal limits and compliance with limits are monitored and reported daily by Risk Management Department.

Legal capital requirement, sourcing from Market Risk, is calculated and reported using standard method in line with principles related to Calculation of Value at Market Risk of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

Responsibilities of Board of Directors, Member of Board of Directors Responsible from Internal Systems, General Manager, Asset-Liabilities Committee (ALCO), Treasury Department, Finance Department and Risk Management Department with respect to management of Market Risk are determined and detailed in Market Risk Management Policy.

Treasury Front-Office system and Banking Application is used related to measurement and reporting of Market Risk and integration process of a risk software application is still going on.

Standardised approach

	RWA
Outright products	
1 Interest rate risk (general and specific)	1.461.086
2 Equity risk (general and specific)	-
3 Foreign exchange risk	26.063
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	29.714
7 Scenario approach	-
8 Securitisation	-
9 Total	1.516.863

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X. Explanations on Risk Management Objectives and Policies (continued)

g. Explanations on Operational Risk

Basic indicators approach:

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

The value at operational risk is calculated according to the basic indicator approach of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No. 28337 dated June 28, 2012.

	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross income	589.767	865.225	1.444.451	966.481	15	144.972
The amount subject to operational risk (Total*12,5)						1.812.150

XI. Explanations on Hedge Accounting

None.

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XII. Explanations on Business Segments

Organized to operate in all operational aspects of below segmental banking under the scope of 4th Article of the Banking Law, the Bank is providing diversified financial solutions focused on capital financing, foreign trade, project finance, non-cash products, cash management and internet banking services to Corporate, Commercial and SME customers. Retail Banking, formed under three major divisions, namely, Retail Loans, Bank and Credit Cards and Wealth Management, offers practical and efficient financial needs through branches, internet and mobile channels. Treasury and Capital Markets department is managing TL and FCY liquidity in healthy and sustainable manner, performing profit oriented trading activities in the market within the limits given by the Board. In addition, Treasury sales unit delivers pricing services of government bills and bonds, Eurobonds and derivatives to the Bank customers.

Current Period (1 January-31 December 2017)	Corporate, Commercial,SME	Retail Banking	Treasury	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	654.165	245.727	21.595	437.383	1.358.870
Net Fee and Commission Income	107.750	51.732	(2.528)	(1.346)	155.608
Dividend Income	-	-	-	14	14
Other Operating Income and Net Profit/Loss	(21.997)	17.164	10.400	(27.712)	(22.145)
Operating Income	739.918	314.623	29.467	408.339	1.492.347
Other Operating Expenses	-	-	-	(737.782)	(737.782)
Credit and Other Provisions	(209.015)	(98.021)	-	(46.375)	(353.411)
Profit Before Tax	-	-	-	401.154	401.154
Tax Provision	-	-	-	(80.582)	(80.582)
Net profit	-	-	-	320.572	320.572
Total Asset	19.407.521	3.002.120	5.622.682	5.072.052	33.104.375
Segment Assets	19.407.521	3.002.120	5.622.682	5.072.052	33.104.375
Total Liability	6.820.104	16.994.776	3.393.822	5.895.673	33.104.375
Segment Liability	6.820.104	16.994.776	3.393.822	962.551	28.171.253
Subordinated Loan	-	-	-	1.174.992	1.174.992
Equity	-	-	-	3.758.130	3.758.130

(*) Shows operating expenses , free provisions, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

Prior Period (1 January-31 December 2016)	Corporate, Commercial,SME	Retail Banking	Treasury	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	640.447	197.690	10.491	299.586	1.148.214
Net Fee and Commission Income	74.068	26.521	(1.948)	9.620	108.261
Other Operating Income and Net Profit/Loss	(3.329)	16.993	47.815	133.863	195.342
Operating Income	711.186	241.204	56.358	443.069	1.451.817
Other Operating Expenses	-	-	-	(656.779)	(656.779)
Credit and Other Provisions	(180.103)	(100.490)	-	(249.774)	(530.366)
Profit Before Tax	-	-	-	264.672	264.672
Tax Provision	-	-	-	(64.318)	(64.318)
Net profit	-	-	-	200.354	200.354
Total Asset	23.135.160	2.998.253	6.059.175	6.085.812	38.278.400
Segment Assets	23.135.160	2.998.253	6.059.175	6.085.812	38.278.400
Total Liability	11.391.220	17.520.639	4.233.535	5.133.006	38.278.400
Segment Liability	11.391.220	17.520.639	4.233.535	1.161.434	34.306.828
Subordinated Loan	-	-	-	528.417	528.417
Equity	-	-	-	3.443.155	3.443.155

(*) Shows operating expenses , free provisions, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Cash in Vault	86.483	95.952	75.080	93.467
Balances with the Central Bank of Turkey	1.403.639	2.145.746	1.289.306	3.260.387
Other	-	-	-	-
Total	1.490.122	2.241.698	1.364.386	3.353.854

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

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Unrestricted demand deposits	1.403.639	164	1.289.306	104
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	2.145.582	-	3.260.283
Total	1.403.639	2.145.746	1.289.306	3.260.387

c) Explanations related to reserve deposits:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014.

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities).

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

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Classified as unrestricted	760	774.435	5.905	-
Subject to repurchase agreements	-	-	-	-
Given as collateral/blocked	-	-	-	-
Total	760	774.435	5.905	-

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None.

b) Positive differences related to derivative financial assets held-for-trading:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Forward Transactions	18.038	2.445	17.278	8.941
Swap Transactions	332.524	40.445	240.288	79.108
Futures Transactions	-	-	-	-
Options	23.886	3.778	57.807	16.606
Other	-	-	-	-
Total	374.448	46.668	315.373	104.655

3. a) Information on banks:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Banks				
Domestic	203	1	139	-
Foreign	-	286.525	-	118.585
Branches and head office abroad	-	-	-	-
Total	203	286.526	139	118.585

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
European Union Countries	132.264	65.694	-	-
USA and Canada	153.673	52.422	-	-
OECD Countries (*)	524	419	-	-
Other	64	50	-	-
Total	286.525	118.585	-	-

(*)OECD countries other than European Union countries, USA and Canada

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

4. Information on financial assets available-for-sale:

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	260.178	304.755	193.752	-
Other	-	-	-	-
Total	260.178	304.755	193.752	-

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

a.2) Information on financial assets available for sale subject to repurchase agreements:

As of December 31, 2017, does not have any available-for-sale financial assets subject to repurchase agreements (31 December 2016: TL 2.466).

b) Information on financial assets available for sale portfolio:

	December 31, 2017	December 31, 2016
Debt securities	1.254.532	903.528
Quoted on a stock exchange	1.254.532	903.528
Not quoted	-	-
Share certificates	7.901	1.927
Quoted on a stock exchange	-	-
Not quoted	7.901	1.927
Value Decrease (-) / Increase (+)	-	-
Total	1.262.433	905.455

5. Information on loans:

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

	December 31, 2017		December 31, 2016	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	304	-	1.154	-
Corporate shareholders	304	-	1.154	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	21.257	-	16.028
Loans granted to employees	7.304	-	7.941	-
Total	7.608	21.257	9.095	16.028

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring (Watchlist)		
	Loans and Other Receivables Total (*)	Of Which Restructured or Rescheduled	Other	Loans and Other Receivables Total(*)	Of Which Restructured or Rescheduled	Other
Cash Loans						
Non-specialized loans	19.748.601	120.580	-	2.253.077	979.054	-
Business loans	-	-	-	-	-	-
Export loans	882.833	17.371	-	24.514	6.380	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	21.605	-	-	-	-	-
Foreign loans	400.333	-	-	42.870	16	-
Consumer loans	1.885.062	185	-	206.169	85.137	-
Credit cards	477.670	-	-	46.197	25.711	-
Precious metals loans	-	-	-	-	-	-
Other	16.081.098	103.024	-	1.933.327	861.810	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	19.748.601	120.580	-	2.253.077	979.054	-

(*)The total figures for credits and other receivables also include changes to the extension of the payment plan

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c) Restructured or rescheduled loans according to their maturity structure:

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	120.580	979.054
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	120.580	979.054

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring(*)
0 - 6 Months	90.538	151.719
6 - 12 Months	185	62.538
1 - 2 Years	2.145	232.457
2 - 5 Years	27.712	532.340
5 Years and over	-	-
Total	120.580	979.054

(*) Represents the difference between the first term of the loan and extended term of the loan.

d) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables Total	Agreement Conditions Modified	Loans and Other Receivables Total	Agreement Conditions Modified
Cash Loans				
Short term loans and other receivables	3.535.135	2.145	285.207	28.369
Non-Specialized loans	3.535.135	2.145	285.207	28.369
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	16.213.466	118.435	1.967.870	950.685
Non-Specialized loans	16.213.466	118.435	1.967.870	950.685
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	19.748.601	120.580	2.253.077	979.054

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e) Information on consumer loans and credit cards given to customers and bank's personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans – TL	32.656	1.946.566	1.979.222
Housing Loans	3	560.334	560.337
Car Loans	99	23.467	23.566
General Purpose Loans	32.554	1.362.765	1.395.319
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	75.053	75.053
Housing Loans	-	75.053	75.053
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	489.884	15.730	505.614
With Installments	167.431	15.730	183.161
Without Installments	322.453	-	322.453
Individual Credit Cards-FC	95	-	95
With Installments	-	-	-
Without Installments	95	-	95
Personnel Loans – TL	275	4.765	5.040
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	275	4.765	5.040
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	2.261	3	2.264
With Installments	862	3	865
Without Installments	1.399	-	1.399
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	31.916	-	31.916
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	557.087	2.042.117	2.599.204

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

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	384.475	5.895.302	6.279.777
Business Loans	-	9.129	9.129
Car Loans	77	28.280	28.357
General Purpose Loans	384.398	5.857.893	6.242.291
Other	-	-	-
Commercial loans with installment facility-Indexed to FC	39.560	736.935	776.495
Business Loans	-	-	-
Car Loans	-	1.942	1.942
General Purpose Loans	39.560	734.993	774.553
Other	-	-	-
Commercial loans with installment facility -FC	33.153	9.129.511	9.162.664
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	33.153	9.129.511	9.162.664
Other	-	-	-
Corporate Credit Cards-TL	15.828	-	15.828
With Installments	3.771	-	3.771
Without Installments	12.057	-	12.057
Corporate Credit Cards-FC	66	-	66
With Installments	-	-	-
Without Installments	66	-	66
Overdraft Accounts-TL (Legal Entities)	85.310	-	85.310
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	558.392	15.761.748	16.320.140

g) Loans according to types of borrowers:

	December 31, 2017	December 31, 2016
Private	22.001.678	26.060.661
Public	-	-
Total	22.001.678	26.060.661

h) Distribution of domestic and foreign loans:

	December 31, 2017	December 31, 2016
Domestic loans	21.558.475	25.689.044
Foreign loans	443.203	371.617
Total	22.001.678	26.060.661

i) Loans granted to subsidiaries and associates: None.

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

j) Specific provisions provided against loans:

	December 31, 2017	December 31, 2016
Specific provisions		
Loans and receivables with limited collectability	21.322	15.723
Loans and receivables with doubtful collectability	105.043	73.261
Uncollectible loans and receivables	319.279	212.334
Total	445.644	301.318

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

k.1) Information on loans and other receivables which are restructured or rescheduled within non-performing portfolio: None.

k.2) The movement of total non-performing loans:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
December 31, 2016 balance	110.548	210.011	367.884
Additions (+)	804.461	-	-
Transfers from other categories of non-performing loans (+)	-	688.618	421.188
Transfers to other categories of non-performing loans (-)	688.618	421.188	-
Collections (-)	51.586	94.445	67.268
Write-offs (-)	-	-	21.088
Corporate and commercial loans	-	-	21.088
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	183.045
Corporate and commercial loans	-	-	103.381
Retail loans (*)	-	-	63.709
Credit cards (*)	-	-	15.955
December 31, 2017 balance	174.805	382.996	517.671
Specific provision (-)	21.322	105.043	319.279
Net Balances on Balance Sheet	153.483	277.953	198.392

(*) The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400 and TL 103.381 of the loans recognized as loss was sold to Emir Asset Management Company on December 28, 2017 for TL 725.

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

k.3) Information on foreign currency non-performing loans and other receivables: None.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2017 (Net)	153.483	277.953	198.392
Loans to Real Persons and Legal Entities (Gross)	174.805	382.996	517.671
Specific provision (-)	21.322	105.043	319.279
Loans to Real Persons and Legal Entities (Net)	153.483	277.953	198.392
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2016 (Net)	94.825	136.750	155.550
Loans to Real Persons and Legal Entities (Gross)	110.548	210.011	367.884
Specific provision (-)	15.723	73.261	212.334
Loans to Real Persons and Legal Entities (Net)	94.825	136.750	155.550
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

1) Main principles of liquidation policies of non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of December 31, 2017, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 198.392 (December 31, 2016: TL 155.550).

m) Explanations on write-off policy:

As of 31 December 2017, there is no amount that is written off from assets with the decision of the board of directors.

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

6. Information on held-to-maturity investments:

- Information on held-to-maturity investments given as collateral or blocked: As of December 31, 2017, held-to-maturity investments given as collateral is amounting to TL 338.078 (December 31, 2016: TL 304.071).
- Held-to-maturity investments subject to repurchase agreements: None.
- The Bank has TL 447.133 held-to-maturity investments as of December 31, 2017 (December 31, 2016: TL 428.155).

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

d) Movement on held-to-maturity investments:

	December 31, 2017	December 31, 2016
Beginning Balance	428.155	364.449
Foreign Currency Differences on Monetary Assets	-	-
Purchases during year	-	-
Disposals Through Sales and Redemptions	-	-
Impairment Provision	-	-
Change in Amortized Cost (*)	18.978	63.706
Total	447.133	428.155

(*)Represents exchange differences and accrual interest.

7. Information on associates (Net):

The Bank has no associates in the current period.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

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

12. Information on tangible assets (Net):

	Closing Balance December 31, 2016	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2017
Cost:						
Land and buildings	9.174	-	-	-	-	9.174
Leased tangible assets	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Other	236.359	20.997	-	(5.874)	-	251.482
Total Cost	245.533					260.656
Accumulated Depreciation:						
Land and buildings	763	183	-	-	-	946
Leased tangible assets	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Other	115.304	45.836	-	(5.812)	-	155.327
Total Accumulated Depreciation	116.067					156.273
Net Book Value	129.466					104.383

- a) Disclosure for impairment losses or releases individually material for financial statements:
- a.1) Conditions for allocating/releasing any impairment: None.
- a.2) Amount of impairment losses provided or released in financial statements during current period: None.
- b) Other impairment losses provided or released in current period that are immaterial for the financial statement individually: None.
- c) Pledges, Commitments and other restrictions to acquire tangible assets: None.

13. Information on intangible assets:

	Closing Balance December 31, 2016	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2017
Cost:						
Software cost	165.754	24.248	-	-	-	190.002
Other intangible assets	1.129	-	-	-	-	1.129
Total Cost	166.883					191.131
Accumulated Depreciation:						
Software cost	67.724	33.130	-	-	-	100.854
Other intangible assets	352	-	-	-	-	352
Total Accumulated Depreciation	68.076					101.206
Net Book Value	98.807					89.925

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

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of December 31, 2017, the Bank has deferred tax asset amounting to TL 64.664 arising from deductible temporary differences (December 31, 2016: TL 92.593).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

	December 31, 2017		December 31, 2016	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Net Book Value and Tax Value Differences of Financial Assets:				
Free Provision	410.759	90.367	565.275	113.055
Deferred Commissions	257.700	56.694	213.700	42.740
Other provisions	63.296	13.925	76.251	15.250
Reserve for Employee Benefits	25.941	5.207	48.580	9.716
Other	11.002	2.420	14.915	2.983
	12.390	2.536	13.543	2.709
Deferred Tax Assets	781.088	171.149	932.264	186.453
Net Book Value and Tax Value Differences of Financial Liabilities:				
Amortization Differences	432.326	95.112	425.158	85.032
Other	34.696	7.323	33.613	6.723
	19.257	4.050	10.528	2.105
Deferred Tax Liability (-)	486.279	106.485	469.299	93.860
Deferred Tax Asset (Net)	294.809	64.664	462.965	92.593

16. Information on assets held for sale and discontinued operations:

As of December 31, 2017 the Bank has assets held for sale and discontinued operations amounting to TL 170.946 (December 31, 2016: TL 42.094).

17. Information on other assets

- a) Other assets do not exceed 10% of the balance sheet total (excluding off balance sheet commitments).
- b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) December 31, 2017

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	181.982	-	1.972.880	5.832.781	3.461	30.579	16.522	-	8.038.205
Foreign currency deposits	534.925	-	1.467.526	10.623.894	112.731	203.330	48.771	-	12.991.177
Residents in Turkey	500.151	-	1.449.610	10.368.214	112.304	201.136	35.229	-	12.666.644
Residents abroad	34.774	-	17.916	255.680	427	2.194	13.542	-	324.533
Public sector deposits	2.464	-	-	-	11.404	-	-	-	13.868
Commercial deposits	112.401	-	238.861	1.803.250	-	1.995	120	-	2.156.627
Other institutions deposits	827	-	1.993	69.855	-	-	-	-	72.675
Precious metals deposits	43.487	-	-	-	-	-	-	-	43.487
Interbank deposits	160	-	-	562.830	21.237	10.121	-	-	594.348
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	9.413	-	-	-	-	9.413
Foreign Banks	160	-	-	553.417	21.237	10.121	-	-	584.935
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	876.246	-	3.681.260	18.892.610	148.833	246.025	65.413	-	23.910.387

December 31, 2016

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	170.347	-	1.292.278	5.849.142	13.984	139.706	14.293	-	7.479.750
Foreign currency deposits	877.304	-	1.620.742	13.283.063	784.345	627.861	74.822	-	17.268.137
Residents in Turkey	847.527	-	1.616.848	13.198.049	712.361	595.640	19.022	-	16.989.447
Residents abroad	29.777	-	3.894	85.014	71.984	32.221	55.800	-	278.690
Public sector deposits	5.110	-	-	3.677	-	-	-	-	8.787
Commercial deposits	385.723	-	404.566	2.019.869	80.659	1.571	1.153	-	2.893.541
Other institutions deposits	1.069	-	1.610	381.572	-	-	5	-	384.256
Precious metals deposits	17.034	-	-	-	-	-	-	-	17.034
Interbank deposits	17	-	-	645.165	282.843	274.866	-	-	1.202.891
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	17	-	-	645.165	282.843	274.866	-	-	1.202.891
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.456.604	-	3.319.196	22.182.488	1.161.831	1.044.004	90.273	-	29.254.396

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Saving deposits	2.534.217	2.045.154	5.503.988	5.434.596
Foreign currency saving deposits	582.697	364.616	8.130.958	8.856.085
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	3.116.914	2.409.770	13.634.946	14.290.681

(*) Accruals were included to deposits under the guarantee of insurance in accordance with BRSA declaration numbered 1584 dated February 23, 2005.

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

ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	December 31, 2017	December 31, 2016
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	3.261	21.180
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Forward Transactions	5.244	302	44.285	3.203
Swap Transactions	308.446	69.711	383.159	34.976
Futures Transactions	-	-	-	-
Options	16.133	4.635	45.465	34.787
Other	-	-	-	-
Total	329.823	74.648	472.909	72.966

3. Information on borrowings:

a) Information on banks and other financial institutions:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
From Domestic Banks and Institutions	2.940	29.272	8.616	250.598
From Foreign Banks, Institutions and Funds	-	2.910.508	-	3.406.283
Total	2.940	2.939.780	8.616	3.656.881

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

b) Maturity analysis of borrowings:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Short-term	353	904.327	5.861	1.382.742
Medium and long-term	2.587	2.035.453	2.755	2.274.139
Total	2.940	2.939.780	8.616	3.656.881

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

	December 31, 2017		December 31, 2016	
Funds Provided Under Repurchase Agreements	-	-	2.457	-
Total	-	-	2.457	-

5. Marketable Securities Issued (Net):

None.

6. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None.

7. Explanations on lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank: None.
- b) Explanations regarding operational leases: The Bank enters into operating lease agreements for some branches. In operating leases, the lease prepayments are recorded as expense in equal amounts over the leasing period and recognized under prepaid expenses in the account of other assets. The Bank has no liability arising from operating lease agreement.
- c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

8. Information on derivative financial liabilities for hedging purposes: None.

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

9. Information on provisions:

a) Information on general provisions:

	December 31, 2017	December 31, 2016
General Provisions	256.804	254.836
I. Provisions for First Group Loans and Receivables	81.041	203.743
o/w - Provision for extended loans	-	5.318
II. Provisions for Second Group Loans and Receivables	171.656	42.711
o/w - Provision for extended loans	-	32.793
Provisions for Non-cash Loans and Derivative Financial Instruments	4.106	8.382
Total	256.804	254.836

As of the reporting date, based on the new Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published on Official Gazette dated December 14, 2016 and numbered 29918 the Bank has provided excess general provisions. If the Regulation had been applied, the Bank has total excess general provisions of TL 146.447.

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 1.020 on the foreign currency indexed loans are netted off from loans on the balance sheet (December 31, 2016: TL 143).
- c) Provisions for NPL customers' non-cash loans that are not converted into cash: As of December 31, 2017 provision for NPL customers' non-cash loans that are not converted into cash is TL 7.349 (December 31, 2016: TL 5.447).

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

d.1) Information on employee termination benefits and unused vacation accrual:

	December 31, 2017	December 31, 2016
Employee termination benefit provision	5.745	8.459
Unused vacation provision	5.257	6.456
Total of provision for employee benefits	11.002	14.915

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct and reflected to the financial statements in accordance with TAS. The Bank has calculated retirement pay liability for personnels who deserve retirement pay in accordance with legal compliance.

	Current Period	Prior Period
Discount rate in real terms	%2,78	%2,94
Interest rate	%11,00	%9,62
Estimated salary/ Employee termination benefit increase rate	%8,00	%6,48

	Current Period	Prior Period
Balance at the beginning of period	8.459	4.983
Paid in during the period	(5.751)	(523)
The amount of provision	3.037	3.999
Balance at the end of period	5.745	8.459

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

e) Information on other provisions:

e.1) Provisions for possible losses: TL 257.700 (December 31, 2016: TL 213.700).

e.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions:
Other provisions consist of provision for personnel premium amounting to TL 25.000 (December 31, 2016: TL 47.526) and promotions for credit cards and banking services amounting to TL 941 for the year of 2017 (December 31, 2016: TL 1.053).

f) Liabilities on pension rights: None.

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None.

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None.

10. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of December, 2017, the Bank has corporate income tax provision amounting to TL 62.210, which is netted with prepaid taxes amounting to TL 60.715 and shown in the liabilities amounting to TL 1.495 (December 31, 2016: Tax Asset TL 35.105 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

	December 31, 2017	December 31, 2016
Payroll Tax	9.365	3.973
Withholding taxation on deposits	26.283	25.505
BITT	15.996	18.389
Property Tax	483	481
Value Added Tax Payable	735	1.869
Stamp Tax	273	119
Corporate Taxes Payable	1.495	35.105
Foreign Exchange Transaction Tax	-	-
Other	548	479
Total	55.178	85.920

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

a.3) Information on premiums:

	December 31, 2017	December 31, 2016
Social Security Premiums-Employer	3.417	3.430
Social Security Premiums-Employee	3.085	3.035
Unemployment Insurance-Employer	435	428
Unemployment Insurance-Employee	217	214
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Other	-	-
Total	7.154	7.107

b) Explanations on deferred tax liabilities, if any: None.

11. Information on liabilities regarding assets held for sale and discounted operations: None.

12. Information on Subordinated Loans:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	528.417
From other foreign institutions	-	1.174.992	-	-
Total	-	1.174.992	-	528.417

The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed % 7,625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

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

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of December 31, 2017 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1.

TL	December 31, 2017	December 31, 2016
Common stock(*)	3.288.842	3.288.842
Preferred stock	-	-
Total	3.288.842	3.288.842

(*) Nominal Capital

- b) The registered capital system is not applied in the bank.
- c) Information on share capital increases and their sources: None.
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank takes timely action to strengthen its equity in accordance with previous indicators of the Bank's income, profitability and liquidity and taking into consideration and evaluations made within the frame of those indicators and changes in accounting policies.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund:

	December 31, 2017	December 31, 2016
Valuation Difference	(34.338)	(28.741)
Foreign Exchange Difference	-	-
Total	(34.338)	(28.741)

i) Information on legal reserves:

	December 31, 2017	December 31, 2016
Primary Legal Reserves	9.263	-
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
Total	9.263	-

j) Information on extraordinary reserves:

	December 31, 2017	December 31, 2016
Reserves allocated by the General Assembly	172.738	-
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Capital Exchange Difference	-	-
Total	172.738	-

14. Information on minority shares: None.

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

1. Information on off-balance sheet liabilities:

1. a) Nature and amount of irrevocable loan commitments:

	December 31, 2017	December 31, 2016
Forward asset purchase and sales commitments	298.884	782.136
Loan granting commitments	237.158	630.379
Commitments for checks	72.796	102.372
Credit card limit commitments	883.203	668.931
Other irrevocable commitments	6.689	6.206
Total	1.498.730	2.190.024

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

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

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

	December 31, 2017	December 31, 2016
Letters of guarantee	1.460.185	2.214.062
Letters of credit	845.476	571.553
Bank acceptance loans	142.251	114.523
Other guarantees	129.978	-
Total	2.577.890	2.900.138

b.2) Guarantees, suretyships, and similar transactions:

	December 31, 2017	December 31, 2016
Definite letter of guarantees	1.016.686	1.387.795
Temporary letter of guarantees	40.364	35.430
Other letter of guarantees	403.135	790.837
Total	1.460.185	2.214.062

c) Total amount of non-cash loans:

	December 31, 2017	December 31, 2016
Non-cash loans given to cover cash loans	194.378	183.486
With maturity of 1 year or less than 1 year	194.378	183.486
With maturity of more than 1 year	-	-
Other non-cash loans	2.383.512	2.716.652
Total	2.577.890	2.900.138

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

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2017			
	TL	(%)	FC	(%)
Agricultural	8.965	0,98	21.642	1,30
Farming and raising livestock	8.654	0,95	12.541	0,75
Fores TL	-	0,00	0	0,00
Fishery	311	0,03	9.101	0,55
Manufacturing	165.901	18,18	1.080.296	64,87
Mining	27.587	3,02	17.279	1,04
Production	120.906	13,25	931.512	55,94
Electric, gas and water	17.408	1,91	131.505	7,90
Construction	415.105	45,49	95.312	5,72
Services	310.773	34,05	448.189	26,91
Wholesale and retail trade	192.830	21,13	229.048	13,75
Hotel, food and beverage services	1.846	0,20	43.732	2,63
Transportation and telecommunication	25.108	2,75	108.172	6,50
Financial institutions	3.472	0,38	38.491	2,31
Real estate and renting services	60.025	6,58	14.571	0,87
Self-employment services	6.986	0,77	10.138	0,61
Education services	340	0,04	0	0,00
Health and social services	20.166	2,21	4.037	0,24
Other	11.868	1,30	19.839	1,19
Total	912.612	100,00	1.665.278	100,00

(*)Breakdown of sector classified according to type of principal activity of costumers.

	December 31, 2016			
	TL	(%)	FC	(%)
Agricultural	9.970	0,97	8.232	0,44
Farming and raising livestock	9.470	0,92	8.232	0,44
Fores TL	-	-	-	-
Fishery	500	0,05	-	-
Manufacturing	127.187	12,43	840.665	44,79
Mining	13.199	1,30	17.113	0,91
Production	78.840	7,70	544.006	28,99
Electric, gas and water	35.148	3,43	279.546	14,89
Construction	504.072	49,26	128.383	6,84
Services	368.065	35,97	898.967	47,90
Wholesale and retail trade	240.954	23,55	197.729	10,53
Hotel, food and beverage services	1.499	0,15	22.842	1,23
Transportation and telecommunication	30.122	2,94	570.546	30,40
Financial institutions	25.587	2,50	48.701	2,59
Real estate and renting services	46.736	4,57	18.593	0,99
Self-employment services	7.676	0,75	16.798	0,89
Education services	405	0,04	-	-
Health and social services	15.086	1,47	23.758	1,27
Other	13.963	1,36	634	0,03
Total	1.023.257	100,00	1.876.881	100,00

(*)Breakdown of sector classified according to type of principal activity of costumers.

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

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

Non-cash loans	I st Group		II nd Group	
	TL	FC	TL	FC
Letters of guarantee	892.289	543.357	14.728	9.811
Bank acceptances	5.595	136.656	-	-
Letters of credit	-	843.684	-	1.792
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	-	129.978	-	-
Total	897.884	1.653.675	14.728	11.603

2) Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading	Hedging	Trading	Hedging
	December 31, 2017	December 31, 2017	December 31, 2016	December 31, 2016
Types of trading transactions				
Foreign currency related derivative transactions (I):	38.791.495	-	45.316.912	-
Forward transactions	2.771.445	-	4.330.417	-
Swap transactions	30.390.205	-	27.216.383	-
Futures transactions	-	-	-	-
Option transactions	5.629.845	-	13.770.112	-
Interest related derivative transactions (II) :	12.830.048	-	11.913.190	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	12.395.812	-	11.433.280	-
Interest option transactions	434.236	-	479.910	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	-	-	-	-
A. Total trading derivative transactions (I+II+III)	51.621.543	-	57.230.102	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	51.621.543	-	57.230.102	-

Forward foreign currency and swap transactions include mainly customer deals and proprietary transactions that are qualified as trading and measured at fair value in line with Turkish accounting Standards. Both legs of every derivative transaction are aggregated in the table.

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

As of December 31, 2017 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

December 31, 2017	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Interest Swap Buy	Interest Swap Sell	Interest Option Buy	Interest Option Sell	Total
TL	765.077	359.101	3.961.120	6.857.515	957.383	1.044.772	361.983	361.983	-	-	14.668.934
USD	313.328	860.154	9.759.043	4.590.527	890.679	1.196.851	3.033.614	3.033.613	217.118	217.118	24.112.045
EURO	288.792	144.307	700.359	3.045.302	874.370	509.802	2.802.309	2.802.310	-	-	11.167.551
Other	28.675	12.011	761.171	715.168	71.864	84.124	-	-	-	-	1.673.013
Total	1.395.872	1.375.573	15.181.693	15.208.512	2.794.296	2.835.549	6.197.906	6.197.906	217.118	217.118	51.621.543

December 31, 2016	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Interest Swap Buy	Interest Swap Sell	Interest Option Buy	Interest Option Sell	Total
TL	872.631	570.686	2.997.882	6.426.736	1.494.471	2.042.951	1.208.891	1.208.891	-	-	16.823.139
USD	757.500	790.471	6.455.930	5.160.073	2.449.502	3.124.725	2.115.222	2.115.223	239.955	239.955	23.448.556
EURO	365.785	571.778	3.771.937	1.966.378	2.714.901	1.570.284	2.392.527	2.392.526	-	-	15.746.116
Other	157.959	243.607	312.155	125.292	187.718	185.560	-	-	-	-	1.212.291
Total	2.153.875	2.176.542	13.537.904	13.678.479	6.846.592	6.923.520	5.716.640	5.716.640	239.955	239.955	57.230.102

3. Information related to credit derivatives and risk exposures:

None.

4. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: None.
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

5. Custodian and intermediary services:

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet Contingencies and Commitments.

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	728.594	45.256	615.913	48.979
Medium and long term loans	1.441.356	698.180	934.690	721.640
Interest on non-performing loans	-	-	-	-
Total	2.169.950	743.436	1.550.603	770.619

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest received from banks:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
The Central Bank of Republic of Turkey (CBRT)	23.831	28.319	21.403	13.949
Domestic banks	129.988	3.039	71.531	936
Foreign banks	7	5.826	-	791
Branches and head office abroad	-	-	-	-
Total	153.826	37.184	92.934	15.676

c) Interest received from marketable securities portfolio:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Trading Securities	270	16.168	1.379	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	43.828	34.334	45.143	35.896
Held-to-maturity securities	-	17.205	-	13.553
Total	44.098	67.707	46.522	49.449

d) Information on interest income received from associates and subsidiaries: None.

2. a) Information on interest on funds borrowed:

	December 31, 2017		December 31, 2016	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	510	113.549	384	98.959
The Central Bank of Turkey	-	953	-	364
Domestic banks	510	612	384	188
Foreign banks	-	111.984	-	98.407
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	510	113.549	384	98.959

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

b) Information on interest expense to associates and subsidiaries: None.

c) Information on interest expense to marketable securities issued: As of December 31, 2017; The bank has interest expense to marketable securities issued amounting to TL 40.488 (December 31, 2016: TL 10.393).

d) Distribution of interest expense on deposits based on maturity of deposits:

December 31, 2017								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	501	-	-	-	-	-	501
Saving deposits	237	250.427	762.485	3.293	8.280	2.089	-	1.026.811
Public sector deposits	1	26	655	64	0	-	-	746
Commercial deposits	44	32.782	305.939	6.180	639	99	-	345.683
Other deposits	-	481	28.938	590	1.336	-	-	31.345
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	282	284.217	1.098.017	10.127	10.255	2.188	-	1.405.086
Foreign Currency								
Foreign currency deposits	163	46.054	453.493	10.582	12.986	1.626	-	524.904
Bank deposits	-	17.792	-	-	-	-	-	17.792
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	163	63.846	453.493	10.582	12.986	1.626	-	542.696
Grand Total	445	348.063	1.551.510	20.709	23.241	3.814	-	1.947.782
December 31, 2016								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	855	-	-	-	-	-	855
Saving deposits	292	103.532	645.608	4.921	11.065	1.372	-	766.790
Public sector deposits	-	2	356	-	-	-	-	358
Commercial deposits	41	27.729	230.969	3.807	329	45	-	262.920
Other deposits	1	745	39.948	1.929	-	-	-	42.623
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	334	132.863	916.881	10.657	11.394	1.417	-	1.073.546
Foreign Currency								
Foreign currency deposits	100	19.406	332.987	15.491	6.685	2.137	-	376.806
Bank deposits	-	25.644	-	-	-	-	-	25.644
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	100	45.050	332.987	15.491	6.685	2.137	-	402.450
Grand Total	434	177.913	1.249.868	26.148	18.079	3.554	-	1.475.996

3. Information on Dividend Income: At the end of December, The Bank has TL 14 dividend income collected from share certificates.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

4. Information on net trading income:

	December 31, 2017	December 31, 2016
Income	23.262.509	11.390.689
Gains on capital market operations	227.254	355.397
Gains on derivative financial instruments	1.794.610	1.951.894
Foreign exchange gains	21.240.645	9.083.398
Losses (-)	23.298.672	11.208.873
Losses on capital market operations	479	18.364
Losses on derivative financial instruments	1.927.837	1.792.626
Foreign exchange losses	21.370.356	9.397.883
Net Amount	(36.163)	181.816

5. Information on other operating income: As of December 31, 2017; other operating income includes the adjustment account for previous years' expenses and other operating income.

6. Provision for impairment of loans and other receivables:

	December 31, 2017	December 31, 2016
Specific provisions for loans and other receivables (*)	307.443	280.378
III. Group Loans and Receivables	26.701	18.062
IV. Group Loans and Receivables	117.242	85.543
V. Group Loans and Receivables	163.500	176.773
General loan loss provision expenses / (income)	1.968	36.288
Provision expenses for possible losses (**)	44.000	213.700
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	-	-
Total	353.411	530.366

(*) Includes reversal of provisions relating to collections from non-performing loans.

(**) Includes the TL 120.500 free provision and TL 76.500 reverse of provision in current period by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions in the future.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on other operating expenses:

	December 31, 2017	December 31, 2016
Personnel expenses	307.185	283.472
Employee termination benefit provision	285	3.476
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	46.018	43.852
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	33.130	28.673
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	1.035	665
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	350.129	296.641
Rent expenses	74.845	64.458
Maintenance expenses	4.926	4.757
Advertisement expenses	40.421	41.057
Other expenses (*)	229.937	186.369
Loss on sales of assets	-	-
Total	737.782	656.779

(*)As of December 31, 2017, other operating expenses include IT expenses amounting to TL 51.296, premiums for saving deposit insurance fund amounting to TL 20.661, support services amounting to TL 19.275, taxes and similar disbursements expenses amounting to TL 29.679, communication expenses amounting to TL 11.948 and other expenses amounting to TL 97.078 (31 December 2016: Other operating expenses include IT expenses amounting to TL 35.065, outsource services amounting to TL 36.770, communication expenses amounting to TL 21.507, taxes and similar disbursements expenses amounting to TL 15.121, premiums for saving deposit insurance fund amounting to TL 10.907 and other expenses).

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

As of December 31, 2017, the Bank's profit before tax from continued operations is TL 401.154.

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

As of December 31, 2017, The Bank has deferred tax expense amounting to TL 29.328 through temporary differences current tax expense amounting to TL 51.254 (December 31,2016: 55.310 TL deferred tax income and 119.628 TL current tax expense).

10. Information on net profit/(loss) from continued and discontinued operations:

As of December 31, 2017, the Bank's net profit from continued operations is TL 320.572 (December 31, 2016: TL 200.354).

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

- a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: In 2017, the Bank purchased Certificate of Deposits issued by Central Bank of Lebanon amounting to nominal USD 196.700 thousands under special agreement conditions that generated capital gains of TL 226.667 and accounted under trading income/loss in the income statement.

In the first quarter of 2017, the Bank released free provisions amounting TL 76.500 that was provided in 2016. In the third quarter of 2017, the Bank booked free provisions amounting TL 120.500 resulting an addition of TL 44.000 to the income statement as at December 31, 2017.

- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- c) Profit or loss attributable to minority shares: None.

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

None.

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V. Explanations and Disclosures On Statement of Changes in Shareholders' Equity

- Decrease resulting from revaluation of financial assets available for sale is TL 34.338.
- Increase in cash flow risk hedging items: None.
- The reconciliation related with foreign currency translation reserves at the beginning and end of the period: None.
- Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- Amounts transferred to legal reserves: None.
- Information on shares issued:

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank after the balance sheet date.

VI. Explanations and Disclosures On Statement Of Cash Flows

1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:

"Others" line amounting to TL 38.575 also includes the effect of change in foreign exchange rate on cash and cash equivalents.

"Net increase/decrease in other liabilities" line amounting to TL 133.892 in "Changes in bank operations assets and liabilities" consists of changes in miscellaneous payables, other liabilities and tax liability.

"Net increase/decrease in other assets" line amounting to TL 141.965 consists of changes in temporary accounts.

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

End of the period	December 31, 2017	December 31, 2016
Cash	1.571.107	1.449.740
Cash in TL/foreign currency	182.435	168.547
Central Bank of Republic of Turkey	1.388.672	1.281.193
Cash equivalents	3.026.729	4.528.724
Receivables from banks and other financial institutions	286.729	118.724
Receivables from money market placements	2.740.000	4.410.000
Total cash and cash equivalents	4.597.836	5.978.464
Prior period	December 31, 2016	December 31, 2015
Cash	1.449.740	593.713
Cash in TL/foreign currency	168.547	137.330
Central Bank of Republic of Turkey	1.281.193	456.383
Cash equivalents	4.528.724	4.095.986
Receivables from banks and other financial institutions	118.724	35.986
Receivables from money market placements	4.410.000	4.060.000
Total cash and cash equivalents	5.978.464	4.689.699

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VII. Explanations on the Risk Group of the Bank

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

a) December 31, 2017:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	1.154	16.028	32	80
Balance at end of period	-	-	304	21.257	-	147
Interest and commission income	-	-	1	-	-	-

December 31, 2016:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	-	16.290	30	80
Balance at end of period	-	-	1.154	16.028	32	80
Interest and commission income	-	-	-	-	-	-

b.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	December 31, 2017	December 31, 2017	December 31, 2017
Deposits			
Balance at beginning of period	-	1.202.909	8.623
Balance at end of period	-	584.775	-
Interest on deposits	-	20.344	1.195

December 31, 2016:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	December 31, 2016	December 31, 2016	December 31, 2016
Deposits			
Balance at beginning of period	-	1.027.230	8.105
Balance at end of period	-	1.202.909	8.623
Interest on deposits	-	26.933	1.031

(*) Deposits belonging to the real and commercial shareholders that have the authority to manage and control the Bank.

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VII. Explanations on the Risk Group of the Bank (continued)

b.2) Information on forward and option agreements and other similar agreements made with related parties:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank	Other entities and real persons included in the risk group
Financial assets at fair value through profit and loss	December 31, 2017	December 31, 2017	December 31, 2017
Balance at beginning of period	-	66.908	-
Balance at end of period	-	64.525	-
Total Loss/ Profit	-	(833)	-

December 31, 2016

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank	Other entities and real persons included in the risk group
Financial assets at fair value through profit and loss	December 31, 2016	December 31, 2016	December 31, 2016
Balance at beginning of period	-	-	-
Balance at end of period	-	66.908	-
Total Loss/ Profit	-	(684)	-

b.3) Explanation on the benefits granted to the executive management of the Bank:

Gross payment made to the executive management as of December 31, 2017 is TL 31.981 (December 31, 2016: TL 27.621).

VIII. Explanations And Disclosures Related To Subsequent Events

As of January 18, 2018 Mr. Guy Charles HARINGTON resigned and was replaced by Mrs. Dragica Pilipovic-CHAFFEY as a member of the Board of Directors.

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SECTION SIX

I. Other Explanations on the Operations of the Bank

None.

SECTION SEVEN

AUDITOR'S REVIEW REPORT

I. Explanations on the Auditor's Review Report

The unconsolidated financial statements for the period ended December 31, 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The auditor's review report dated February 27, 2018 is presented preceding the unconsolidated financial statements.

II. Explanations And Notes Prepared By Independent Auditor

None.