

ODEA BANK A.Ş.

**UNCONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT 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)**

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

Independent auditor report

To the Board of Directors of Odea Bank Anonim Şirketi:

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Odea Bank A.Ş. ("the Bank") as at December 31, 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement 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 Reporting Legislation which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation 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.

Independent Auditor's responsibility

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communiqué "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements 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. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2016 include a general reserve for possible risks amounting to thousand TL 213.700 , which is provided 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 thousand TL 42.740 in the accompanying unconsolidated financial statements as at 31 December 2016.

Qualified Opinion

In our opinion, except for the effect of the matter referred in the preceding paragraph on the unconsolidated financial statements, the accompanying unconsolidated financial statement presents fairly, in all material respects, the financial position of Odea Bank A.Ş. as at December 31, 2016 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 BRSA Accounting and Financial Reporting Legislation.

Reports on arising from other regulatory requirements

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, 2016 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

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.

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

Fatma Ebru Yücel
Partner, SMMM

February 24, 2017
Istanbul, Turkey

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, 2016**

Address : Levent 199, Büyükdere Caddesi No:199 Kat: 33-40
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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 AUDITORS' 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 | Hüseyin ÖZKAYA | Naim HAKIM | Hüseyin ARITKAN |
| Chairman of the Board of Directors | Member of Board of Directors and General Manager | Deputy General Manager and Assistant General Manager in charge of Finance | Financial Reporting Director |
| Ayşe KORKMAZ | | Marwan GHANDOUR | |
| Member 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
Telephone Number : +90 (212) 304 86 58
Fax Number : +90 (212) 304 84 45

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, 2016

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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, 2016 and December 31, 2015, 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-Audi Group | 2.420.930 | 73,610% | 1.403.787 | 93,827% |
| European Bank for Reconstruction and Development | 263.394 | 8,009% | - | - |
| International Finance Corporation | 209.252 | 6,362% | - | - |
| IFC Financial Institutions Growth Fund L.P | 112.674 | 3,426% | - | - |
| H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan | 131.697 | 4,004% | - | - |
| Audi Private Bank sal | 90.698 | 2,758% | 90.698 | 6,062% |
| Mr.Mohammad Hassan Zeidan | 58.532 | 1,780% | - | - |
| Raymond Audi | 555 | 0,017% | 555 | 0,037% |
| Samir Hanna | 555 | 0,017% | 555 | 0,037% |
| Freddie Baz | 555 | 0,017% | 555 | 0,037% |
| | 3.288.842 | 100,00% | 1.496.150 | 100,00% |

(*)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.

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

(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 President of the Executive Board | Marwan GHANDOUR | Member of the Board of Directors/ Member of Audit Committee | PHD 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 | PHD Degree |
| | Elia SAMAHA | Member of the Board of Directors | Bachelor's Degree |
| | Hatem Ali SADEK | Member of the Board of Directors | PHD Degree |
| | Khalil El DEBS | Member of the Board of Directors | Master Degree |
| | Ayşe KORKMAZ | Member of the Board of Directors/Member of Audit Committee | Bachelor's Degree |
| | Philippe Elias Farid EL- KHOURY | Member of the Board of Directors | Master Degree |
| Member of the Board of Directors and General Manager | Hüseyin ÖZKAYA | Member of the Board of Directors and General Manager | Master Degree |
| Deputy General Manager | Naim HAKIM | Finance | Master Degree |
| Assistant General Managers | Alpaslan YURDAGÜL | Financial Institutions and Investment Banking | Master Degree |
| | Aytaç AYDIN | Operations and Support Services | 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 |

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

(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, 2016:

| Name / Commercial Title | Share Amount | Share Ratios | Paid up Shares | Unpaid Shares |
|--------------------------|--------------|--------------|----------------|---------------|
| Bank Audi sal-Audi Group | 2.420.930 | 73,610% | 2.420.930 | - |

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, 2016, there are 50 domestic branches with 1.681 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 2015: 55 domestic branches, 1.538 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.

Translated into English from the original Turkish report and financial statements

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016
(STATEMENT OF FINANCIAL POSITION)
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

| | | | Audited Current Period 31.12.2016 | | | Audited Prior Period 31.12.2015 | | |
|--------------|-----------------------------------------------------------------|-------------------------------|-----------------------------------------|------------|------------|---------------------------------------|------------|------------|
| | | Note Ref (Section Five) | TL | FC | Total | TL | FC | Total |
| I. | CASH AND BALANCES WITH THE CENTRAL BANK | I-1 | 1.364.386 | 3.353.854 | 4.718.240 | 529.585 | 3.544.999 | 4.074.584 |
| II. | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net) | I-2 | 321.278 | 104.655 | 425.933 | 101.001 | 24.724 | 125.725 |
| 2.1 | Financial assets held for trading | | 321.278 | 104.655 | 425.933 | 101.001 | 24.724 | 125.725 |
| 2.1.1 | Public sector debt securities | | 5.905 | - | 5.905 | 24.812 | - | 24.812 |
| 2.1.2 | Share certificates | | - | - | - | - | - | - |
| 2.1.3 | Derivative financial assets held for trading | | 315.373 | 104.655 | 420.028 | 76.189 | 24.724 | 100.913 |
| 2.1.4 | Other marketable securities | | - | - | - | - | - | - |
| 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 | 139 | 118.585 | 118.724 | 114 | 35.872 | 35.986 |
| IV. | MONEY MARKET PLACEMENTS | | 4.412.052 | - | 4.412.052 | 4.061.196 | - | 4.061.196 |
| 4.1 | Interbank money market placements | | - | - | - | - | - | - |
| 4.2 | Istanbul Stock Exchange money market placements | | - | - | - | - | - | - |
| 4.3 | Receivables from reverse repurchase agreements | | 4.412.052 | - | 4.412.052 | 4.061.196 | - | 4.061.196 |
| V. | FINANCIAL ASSETS AVAILABLE FOR SALE (Net) | I-4 | 425.565 | 479.890 | 905.455 | 471.861 | 625.317 | 1.097.178 |
| 5.1 | Share certificates | | - | 1.927 | 1.927 | - | 5.285 | 5.285 |
| 5.2 | Public sector debt securities | | 425.565 | 477.963 | 903.528 | 471.861 | 620.032 | 1.091.893 |
| 5.3 | Other marketable securities | | - | - | - | - | - | - |
| VI. | LOANS AND RECEIVABLES | I-5 | 13.342.398 | 13.105.388 | 26.447.786 | 10.726.013 | 11.080.858 | 21.806.871 |
| 6.1 | Loans and receivables | | 12.955.273 | 13.105.388 | 26.060.661 | 10.426.520 | 11.080.858 | 21.507.378 |
| 6.1.1 | Loans to risk group of the Bank | | 1.186 | - | 1.186 | 30 | - | 30 |
| 6.1.2 | Public sector debt securities | | - | - | - | - | - | - |
| 6.1.3 | Other | | 12.954.087 | 13.105.388 | 26.059.475 | 10.426.490 | 11.080.858 | 21.507.348 |
| 6.2 | Non-performing loans | | 688.443 | - | 688.443 | 487.927 | - | 487.927 |
| 6.3 | Specific provisions (-) | | 301.318 | - | 301.318 | 188.434 | - | 188.434 |
| VII. | FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. | HELD TO MATURITY INVESTMENTS (Net) | I-6 | - | 428.155 | 428.155 | - | 364.449 | 364.449 |
| 8.1 | Public sector debt securities | | - | 428.155 | 428.155 | - | 364.449 | 364.449 |
| 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 | 129.466 | - | 129.466 | 142.902 | - | 142.902 |
| XV. | INTANGIBLE ASSETS (Net) | I-13 | 98.807 | - | 98.807 | 99.028 | - | 99.028 |
| 15.1 | Goodwill | | - | - | - | - | - | - |
| 15.2 | Other | | 98.807 | - | 98.807 | 99.028 | - | 99.028 |
| XVI. | INVESTMENT PROPERTY (Net) | I-14 | - | - | - | - | - | - |
| XVII. | TAX ASSET | I-15 | 92.593 | - | 92.593 | 40.881 | - | 40.881 |
| 17.1 | Current tax asset | | - | - | - | 15 | - | 15 |
| 17.2 | Deferred tax asset | | 92.593 | - | 92.593 | 40.866 | - | 40.866 |
| XVIII. | ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | I-16 | 42.094 | - | 42.094 | 29.879 | - | 29.879 |
| 18.1 | Held for sale | | 42.094 | - | 42.094 | 29.879 | - | 29.879 |
| 18.2 | Discontinued operations | | - | - | - | - | - | - |
| XIX. | OTHER ASSETS | I-17 | 230.979 | 228.116 | 459.095 | 137.978 | 66.051 | 204.029 |
| TOTAL ASSETS | | | 20.459.757 | 17.818.643 | 38.278.400 | 16.340.438 | 15.742.270 | 32.082.708 |

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

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016
(STATEMENT OF FINANCIAL POSITION)

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

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

| | | Audited Current Period 31.12.2016 | | | Audited Prior Period 31.12.2015 | | |
|----------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|-------------------|-------------------|------------------------------------|-------------------|-------------------|
| | Note Ref. (Section Five) | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | II-1 | 10.774.307 | 18.480.089 | 29.254.396 | 9.568.571 | 15.764.925 | 25.333.496 |
| 1.1 Deposits from risk group of the Bank | | 16.644 | 1.194.888 | 1.211.532 | 12.715 | 1.022.619 | 1.035.334 |
| 1.2 Other | | 10.757.663 | 17.285.201 | 28.042.864 | 9.555.856 | 14.742.306 | 24.298.162 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | II-2 | 472.909 | 72.966 | 545.875 | 124.230 | 18.489 | 142.719 |
| III. FUNDS BORROWED | II-3 | 8.616 | 3.427.573 | 3.436.189 | 5.130 | 3.128.339 | 3.133.469 |
| IV. MONEY MARKET BALANCES | | 2.457 | 229.308 | 231.765 | 156.858 | - | 156.858 |
| 4.1 Interbank money market takings | | - | 229.308 | 229.308 | - | - | - |
| 4.2 Istanbul Stock Exchange money market takings | | - | - | - | - | - | - |
| 4.3 Funds provided under repurchase agreements | II-4 | 2.457 | - | 2.457 | 156.858 | - | 156.858 |
| V. MARKETABLE SECURITIES ISSUED (Net) | II-5 | - | - | - | 154.995 | - | 154.995 |
| 5.1 Bills | | - | - | - | 154.995 | - | 154.995 |
| 5.2 Asset backed securities | | - | - | - | - | - | - |
| 5.3 Bonds | | - | - | - | - | - | - |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | 9.179 | 722 | 9.901 | 4.579 | 191 | 4.770 |
| VIII. OTHER LIABILITIES | II-6 | 162.257 | 35.941 | 198.198 | 180.985 | 15.037 | 196.022 |
| 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 | 414.936 | 122.541 | 537.477 | 159.030 | 96.025 | 255.055 |
| 12.1 General loan loss provisions | | 132.295 | 122.541 | 254.836 | 100.199 | 96.025 | 196.224 |
| 12.2 Restructuring reserves | | - | - | - | - | - | - |
| 12.3 Reserve for employee benefits | | 14.915 | - | 14.915 | 10.146 | - | 10.146 |
| 12.4 Insurance technical reserves (Net) | | - | - | - | - | - | - |
| 12.5 Other provisions | | 267.726 | - | 267.726 | 48.685 | - | 48.685 |
| XIII. TAX LIABILITY | II-10 | 93.027 | - | 93.027 | 47.976 | - | 47.976 |
| 13.1 Current tax liability | | 93.027 | - | 93.027 | 47.976 | - | 47.976 |
| 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 | - | 528.417 | 528.417 | - | 1.310.209 | 1.310.209 |
| XVI. SHAREHOLDERS' EQUITY | II-13 | 3.452.080 | (8.925) | 3.443.155 | 1.375.266 | (28.127) | 1.347.139 |
| 16.1 Paid-in capital | | 3.288.842 | - | 3.288.842 | 1.496.150 | - | 1.496.150 |
| 16.2 Supplementary capital | | (22.014) | (8.925) | (30.939) | (14.944) | (28.127) | (43.071) |
| 16.2.1 Share premium | | - | - | - | - | - | - |
| 16.2.2 Share cancellation profits | | - | - | - | - | - | - |
| 16.2.3 Marketable securities value increase fund | | (19.816) | (8.925) | (28.741) | (14.944) | (28.127) | (43.071) |
| 16.2.4 Tangible assets revaluation differences | | - | - | - | - | - | - |
| 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) | - | - | - |
| 16.3 Profit reserves | | - | - | - | - | - | - |
| 16.3.1 Legal reserves | | - | - | - | - | - | - |
| 16.3.2 Statutory reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary reserves | | - | - | - | - | - | - |
| 16.3.4 Other profit reserves | | - | - | - | - | - | - |
| 16.4 Profit or loss | | 185.252 | - | 185.252 | (105.940) | - | (105.940) |
| 16.4.1 Prior years' income/ (losses) | | (15.102) | - | (15.102) | (156.230) | - | (156.230) |
| 16.4.2 Current year income/ (losses) | | 200.354 | - | 200.354 | 50.290 | - | 50.290 |
| 16.5 Minority shares | II-14 | - | - | - | - | - | - |
| TOTAL LIABILITIES AND EQUITY | | 15.389.768 | 22.888.632 | 38.278.400 | 11.777.620 | 20.305.088 | 32.082.708 |

(*) 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.

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
CONTINGENCIES AND COMMITMENTS AS OF 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 31.12.2016 | | | Audited Prior Period 31.12.2015 | | |
|------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------|-------------------|--------------------|---------------------------------------|-------------------|-------------------|
| | Note Ref. (Section Five) | TL | FC | Total | TL | FC | Total |
| A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III) | | 18,985,010 | 43,335,254 | 62,320,264 | 13,418,057 | 20,464,345 | 33,882,402 |
| I. GUARANTEES | III-1 | 1,023,257 | 1,876,881 | 2,900,138 | 1,073,154 | 1,223,624 | 2,296,778 |
| 1.1 Letters of guarantee | | 1,013,390 | 1,200,672 | 2,214,062 | 1,065,579 | 683,151 | 1,748,730 |
| 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 | | 1,013,390 | 1,200,672 | 2,214,062 | 1,065,579 | 683,151 | 1,748,730 |
| 1.2 Bank loans | | 9,867 | 104,656 | 114,523 | 7,575 | 60,462 | 68,037 |
| 1.2.1 Import letter of acceptance | | 9,867 | 104,656 | 114,523 | 7,575 | 60,462 | 68,037 |
| 1.2.2 Other bank acceptances | | - | - | - | - | - | - |
| 1.3 Letters of credit | | - | 571,553 | 571,553 | - | 480,011 | 480,011 |
| 1.3.1 Documentary letters of credit | | - | 571,553 | 571,553 | - | 480,011 | 480,011 |
| 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 | | - | - | - | - | - | - |
| 1.9 Other collaterals | | - | - | - | - | - | - |
| II. COMMITMENTS | III-1 | 1,138,614 | 1,051,410 | 2,190,024 | 656,703 | 244,747 | 901,450 |
| 2.1 Irrevocable commitments | | 1,138,614 | 1,051,410 | 2,190,024 | 656,703 | 244,747 | 901,450 |
| 2.1.1 Forward asset purchase and sales commitments | | 144,856 | 637,280 | 782,136 | 70,769 | 146,901 | 217,670 |
| 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 | | 222,455 | 407,924 | 630,379 | 176,464 | 92,604 | 269,068 |
| 2.1.5 Securities underwriting commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7 Payment commitment for checks | | 102,372 | - | 102,372 | 95,023 | - | 95,023 |
| 2.1.8 Tax and fund liabilities from export commitments | | - | - | - | - | - | - |
| 2.1.9 Commitments for credit card expenditure limits | | 668,931 | - | 668,931 | 314,447 | - | 314,447 |
| 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 | | - | 6,206 | 6,206 | - | 5,242 | 5,242 |
| 2.2 Revocable commitments | | - | - | - | - | - | - |
| 2.2.1 Revocable loan granting commitments | | - | - | - | - | - | - |
| 2.2.2 Other revocable commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | III-2 | 16,823,139 | 40,406,963 | 57,230,102 | 11,688,200 | 18,995,974 | 30,684,174 |
| 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 | | 16,823,139 | 40,406,963 | 57,230,102 | 11,688,200 | 18,995,974 | 30,684,174 |
| 3.2.1 Forward foreign currency buy/sell transactions | | 1,443,317 | 2,887,100 | 4,330,417 | 1,372,690 | 2,266,972 | 3,639,662 |
| 3.2.1.1 Forward foreign currency transactions-buy | | 872,631 | 1,281,244 | 2,153,875 | 796,564 | 1,032,074 | 1,828,638 |
| 3.2.1.2 Forward foreign currency transactions-sell | | 570,686 | 1,605,856 | 2,176,542 | 576,126 | 1,234,898 | 1,811,024 |
| 3.2.2 Swap transactions related to foreign currency, and interest rates | | 11,842,400 | 26,807,263 | 38,649,663 | 6,957,968 | 11,412,454 | 18,370,422 |
| 3.2.2.1 Foreign currency swaps-buy | | 2,997,882 | 10,540,022 | 13,537,904 | 1,136,845 | 5,295,631 | 6,432,476 |
| 3.2.2.2 Foreign currency swaps-sell | | 6,426,736 | 7,251,743 | 13,678,479 | 4,570,705 | 1,966,973 | 6,537,678 |
| 3.2.2.3 Interest rate swaps-buy | | 1,208,891 | 4,507,749 | 5,716,640 | 625,209 | 2,074,925 | 2,700,134 |
| 3.2.2.4 Interest rate swaps-sell | | 1,208,891 | 4,507,749 | 5,716,640 | 625,209 | 2,074,925 | 2,700,134 |
| 3.2.3 Foreign currency, interest rate and securities options | | 3,537,422 | 10,712,600 | 14,250,022 | 3,357,542 | 5,316,548 | 8,674,090 |
| 3.2.3.1 Foreign currency options-buy | | 1,494,471 | 5,352,121 | 6,846,592 | 1,604,114 | 2,487,852 | 4,091,966 |
| 3.2.3.2 Foreign currency options-sell | | 2,042,951 | 4,880,569 | 6,923,520 | 1,753,428 | 2,372,188 | 4,125,616 |
| 3.2.3.3 Interest rate options-buy | | - | 239,955 | 239,955 | - | 228,254 | 228,254 |
| 3.2.3.4 Interest rate options-sell | | - | 239,955 | 239,955 | - | 228,254 | 228,254 |
| 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) | | 59,204,924 | 28,957,022 | 88,161,946 | 41,270,364 | 20,339,860 | 61,610,224 |
| IV. ITEMS HELD IN CUSTODY | | 593,366 | 384,751 | 978,117 | 687,373 | 658,554 | 1,345,927 |
| 4.1 Assets under management | | 197,238 | - | 197,238 | 184,697 | - | 184,697 |
| 4.2 Investment securities held in custody | | 16,921 | 38,986 | 55,907 | 10,722 | 19,233 | 29,955 |
| 4.3 Checks received for collection | | 46,741 | 239,459 | 286,200 | 7,954 | 264,894 | 272,848 |
| 4.4 Commercial notes received for collection | | 332,466 | 106,306 | 438,772 | 484,000 | 374,427 | 858,427 |
| 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 | | 58,611,558 | 28,572,271 | 87,183,829 | 40,582,991 | 19,681,306 | 60,264,297 |
| 5.1 Marketable securities | | - | - | - | - | - | - |
| 5.2 Guarantee notes | | 21,099,168 | 3,555,888 | 24,655,056 | 14,022,866 | 2,047,436 | 16,070,302 |
| 5.3 Commodities | | 4,137,127 | - | 4,137,127 | 2,314,283 | - | 2,314,283 |
| 5.4 Warrants | | - | - | - | - | - | - |
| 5.5 Properties | | 24,665,080 | 14,654,317 | 39,319,397 | 17,233,229 | 9,964,727 | 27,197,956 |
| 5.6 Other pledged items | | 8,710,183 | 10,362,066 | 19,072,249 | 7,012,613 | 7,669,143 | 14,681,756 |
| 5.7 Pledged items-depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET ACCOUNTS (A+B) | | 78,189,934 | 72,292,276 | 150,482,210 | 54,688,421 | 40,804,205 | 95,492,626 |

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

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED
DECEMBER 31, 2016

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

III. STATEMENT OF INCOME

| | | Note (Section Five) | Audited Current Period 01.01-31.12.2016 | Audited Prior Period 01.01-31.12.2015 |
|---------------|---------------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------|---------------------------------------------|
| I. | INTEREST INCOME | IV-1 | 2.756.207 | 2.352.473 |
| 1.1 | Interest on loans | | 2.321.170 | 1.948.124 |
| 1.2 | Interest received from reserve deposits | | 35.352 | 15.173 |
| 1.3 | Interest received from banks | | 73.258 | 93.076 |
| 1.4 | Interest received from money market placements | | 215.106 | 191.093 |
| 1.5 | Interest received from marketable securities portfolio | | 95.971 | 92.850 |
| 1.5.1 | Held-for-trading financial assets | | 1.379 | 2.043 |
| 1.5.2 | Financial assets at fair value through profit and loss | | - | - |
| 1.5.3 | Available-for-sale financial assets | | 81.039 | 77.737 |
| 1.5.4 | Investments held-to-maturity | | 13.553 | 13.070 |
| 1.6 | Finance lease income | | - | - |
| 1.7 | Other interest income | | 15.350 | 12.157 |
| II. | INTEREST EXPENSE | IV-2 | 1.605.035 | 1.376.088 |
| 2.1 | Interest on deposits | | 1.475.996 | 1.269.788 |
| 2.2 | Interest on funds borrowed | | 96.817 | 72.562 |
| 2.3 | Interest on money market borrowings | | 17.726 | 12.056 |
| 2.4 | Interest on securities issued | | 9.909 | 18.685 |
| 2.5 | Other interest expense | | 4.587 | 2.997 |
| III. | NET INTEREST INCOME (I - II) | | 1.151.172 | 976.385 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 105.302 | 98.608 |
| 4.1 | Fees and commissions received | | 142.327 | 126.126 |
| 4.1.1 | Non-cash loans | | 31.857 | 24.295 |
| 4.1.2 | Other | IV-12 | 110.470 | 101.831 |
| 4.2 | Fees and commissions paid | | 37.025 | 27.518 |
| 4.2.1 | Non-cash loans | | - | - |
| 4.2.2 | Other | IV-12 | 37.025 | 27.518 |
| V. | DIVIDEND INCOME | IV-3 | - | - |
| VI. | NET TRADING INCOME | IV-4 | 181.816 | (215.908) |
| 6.1 | Securities trading gains/ (losses) | | 337.033 | (1.910) |
| 6.2 | Gain/(losses) from derivative financial instruments | | 159.268 | 269.281 |
| 6.3 | Foreign exchange gains/ (losses) | | (314.485) | (483.279) |
| VII. | OTHER OPERATING INCOME | IV-5 | 13.527 | 6.141 |
| VIII. | NET OPERATING INCOME (III+IV+V+VI+VII) | | 1.451.817 | 865.226 |
| IX. | PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | IV-6 | 530.366 | 258.640 |
| X. | OTHER OPERATING EXPENSES (-) | IV-7 | 656.779 | 532.650 |
| XI. | NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 264.672 | 73.936 |
| 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 | 264.672 | 73.936 |
| XVI. | TAX PROVISION FOR CONTINUED OPERATIONS (±) | IV-9 | (64.318) | (23.646) |
| 16.1 | Provision for current income taxes | | (119.628) | (36.013) |
| 16.2 | Provision for deferred taxes | | 55.310 | 12.367 |
| XVII. | NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI) | IV-10 | 200.354 | 50.290 |
| 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 | 200.354 | 50.290 |

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

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 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 31.12.2016 | Audited Prior Period 31.12.2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|
| I. Additions to marketable securities revaluation differences for available for sale financial assets | 17.912 | (50.503) |
| 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 | (3.582) | 10.101 |
| X. Total Net Profit/Loss accounted under equity (I+II+...+IX) | 14.330 | (40.402) |
| XI. Profit/Loss | 200.354 | 50.290 |
| 1.1 Change in fair value of marketable securities (Transfer to Profit/Loss) | 355.646 | 2.410 |
| 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 | (155.292) | 47.880 |
| XII. Total Profit/Loss accounted for in the period (X±XI) | 214.684 | 9.888 |

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

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 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 31/12/2015 | | | | | | | | | | | | | | | | | | | |
| I. Period Opening Balance | | 1.496.150 | - | - | - | - | - | - | - | 347 | (156.577) | (2.669) | - | - | - | - | 1.337.251 | - | 1.337.251 |
| II. 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 | - | - | - | - | - | - | - | 347 | (156.577) | (2.669) | - | - | - | - | 1.337.251 | - | 1.337.251 |
| Changes in the period | | | | | | | | | | | | | | | | | | | |
| IV. Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | (40.402) | - | - | - | - | (40.402) | - | (40.402) |
| 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-12 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.1 Cash Increase | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2 Internal Resources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Share Premium | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Paid-in-capital inflation adjustment difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Other | | - | - | - | - | - | - | - | - | (347) | 347 | - | - | - | - | - | - | - | - |
| XIX. Current Year Income or (Loss) | | - | - | - | - | - | - | - | - | 50.290 | - | - | - | - | - | - | 50.290 | - | 50.290 |
| XX. Profit Distribution | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.1 Dividends Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.2 Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Period End Balance (III+IV+V+.....+XVIII+XIX+XX) | | 1.496.150 | - | - | - | - | - | - | - | 50.290 | (156.230) | (43.071) | - | - | - | - | 1.347.139 | - | 1.347.139 |

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

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2016

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

| THOUSANDS OF TURKISH LIRA(TL) | | | | | | | | | | | | | | | | | | | |
|--------------------------------------------------------------------------------------|---------------------------|--------------------|-----------------------------------|-------------------|----------------------------------|-------------------|--------------------|---------------------------|---------------------------|-------------------------------------------|--------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------|---------------------|-----------------------------------------------------------|-------------------------------------------------|--------------------|----------------------------------|
| CHANGES IN SHAREHOLDERS' EQUITY | 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 |
| I. CURRENT PERIOD 31/12/2016 | | | | | | | | | | | | | | | | | | | |
| Prior Period End Balance | | 1.496.150 | - | - | - | - | - | - | - | 50.290 | (156.230) | (43.071) | - | - | - | - | 1.347.139 | - | 1.347.139 |
| II. Changes in the period | | | | | | | | | | | | | | | | | | | |
| III. Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | 14.330 | - | - | - | - | 14.330 | - | 14.330 |
| 4.1 Hedging Transactions | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Foreign Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Property and Equipment Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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-12 | 1.792.692 | - | - | - | - | - | - | - | - | 90.838 | - | - | - | - | - | 1.883.530 | - | 1.883.530 |
| 12.1 Cash Increase | | 1.883.530 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.883.530 | - | 1.883.530 |
| 12.2 Internal Resources | | (90.838) | - | - | - | - | - | - | - | - | 90.838 | - | - | - | - | - | - | - | - |
| XIII. Share Premium | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Paid-in-capital inflation adjustment difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Current Year Income or(Loss) | | - | - | - | - | - | - | - | (2.198) | (50.290) | 50.290 | - | - | - | - | - | (2.198) | - | (2.198) |
| XVIII. Profit Distribution | | - | - | - | - | - | - | - | - | 200.354 | - | - | - | - | - | - | 200.354 | - | 200.354 |
| 18.1 Dividends Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2 Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.3 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 STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED DECEMBER 31, 2016

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

VI. STATEMENT OF CASH FLOW

| | Note (Section Five) | Reviewed Current Period 31.12.2016 | Reviewed Prior Period 31.12.2015 |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------|----------------------------------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | 550.377 | 360.845 |
| 1.1.1 Interest received | | 2.487.382 | 2.181.151 |
| 1.1.2 Interest paid | | (1.587.887) | (1.375.779) |
| 1.1.3 Dividend received | | - | - |
| 1.1.4 Fees and commissions received | | 151.155 | 193.635 |
| 1.1.5 Other income | | 265.857 | (180.808) |
| 1.1.6 Collections from previously written off loans | | 100.541 | 71.568 |
| 1.1.7 Payments to personnel and service suppliers | | (572.528) | (475.997) |
| 1.1.8 Taxes paid | | (265.783) | (21.152) |
| 1.1.9 Others | VI-1 | (28.360) | (31.773) |
| 1.2 Changes in operating assets and liabilities | | (289.083) | 1.325.933 |
| 1.2.1 Net (increase) decrease in financial assets held for trading | | (18.747) | (18.579) |
| 1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss | | (84.041) | 35.100 |
| 1.2.3 Net (increase) decrease in due from banks and other financial institutions | | 212.554 | (1.058.015) |
| 1.2.4 Net (increase) decrease in loans | | (4.411.917) | (3.515.324) |
| 1.2.5 Net (increase) decrease in other assets | VI-1 | (261.771) | (191.820) |
| 1.2.6 Net increase (decrease) in bank deposits | | 198.686 | 669.474 |
| 1.2.7 Net increase (decrease) in other deposits | | 3.711.021 | 3.612.872 |
| 1.2.8 Net increase (decrease) in funds borrowed | | 371.785 | 1.732.532 |
| 1.2.9 Net increase (decrease) in matured payables | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities | VI-1 | (6.653) | 59.693 |
| I. Net cash provided from banking operations | | 261.294 | 1.686.778 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities | | (498.820) | (146.023) |
| 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 | | (56.634) | (146.023) |
| 2.4 Fixed assets sales | | - | - |
| 2.5 Cash paid for purchase of financial assets available for sale | | (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 | | 845.005 | 17.459 |
| 3.1 Cash obtained from funds borrowed and securities issued (*) | | 190.666 | 375.342 |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | (345.661) | (357.883) |
| 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 | 681.286 | (530.853) |
| V. Net increase / (decrease) in cash and cash equivalents | | 1.288.765 | 1.027.361 |
| VI. Cash and cash equivalents at beginning of the period | VI-2 | 4.689.699 | 3.662.338 |
| VII. Cash and cash equivalents at end of the period | VI-2 | 5.978.464 | 4.689.699 |

(*)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 150.000, maturity of 6 months, discounted and with a simple interest rate of 9% on January 16, 2015, a bill amounting to TL 81.462 with a simple interest rate of 9,75% on February 25, 2015 and a bill with a nominal value of TL 160.160, maturity on January,18,2016 and with a simple interest rate of 10.75 % on July 24,2015 sold to qualified investors in the domestic market.

(**)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.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED
DECEMBER 31, 2016

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

VII. PROFIT DISTRIBUTION TABLE

| | Audited Current Period 31.12.2016(*) | Audited Prior Period 31.12.2015 |
|---------------------------------------------------------------------|--------------------------------------------|---------------------------------------|
| I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS) | | |
| 1.1 CURRENT YEAR INCOME/(LOSS) | 264.672 | 73.936 |
| 1.2 TAXES AND DUTIES PAYABLE (-) | (64.318) | (23.646) |
| 1.2.1 Corporate tax (Income tax) | (119.628) | (36.013) |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties (**) | 55.310 | 12.367 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 200.354 | 50.290 |
| 1.3 PRIOR YEARS' LOSSES (-) | - | - |
| 1.4 FIRST LEGAL RESERVES (-) | - | - |
| 1.5 OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | 200.354 | 50.290 |
| 1.6 FIRST DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.6.1 To owners of ordinary shares | - | - |
| 1.6.2 To owners of preferred shares | - | - |
| 1.6.3 To owners of preferred shares (preemptive rights) | - | - |
| 1.6.4 To profit sharing bonds | - | - |
| 1.6.5 To holders of profit and loss sharing certificates | - | - |
| 1.7 DIVIDENDS TO PERSONNEL (-) | - | - |
| 1.8 DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| 1.9 SECOND DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.9.1 To owners of ordinary shares | - | - |
| 1.9.2 To owners of preferred shares | - | - |
| 1.9.3 To owners of preferred shares (preemptive rights) | - | - |
| 1.9.4 To profit sharing bonds | - | - |
| 1.9.5 To holders of profit and loss sharing certificates | - | - |
| 1.10 SECOND LEGAL RESERVES (-) | - | - |
| 1.11 STATUTORY RESERVES (-) | - | - |
| 1.12 EXTRAORDINARY RESERVES | - | - |
| 1.13 OTHER RESERVES | - | - |
| 1.14 SPECIAL FUNDS | - | - |
| II. 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 | 0.061 | 0.034 |
| 3.2 TO OWNERS OF ORDINARY SHARES (%) | 6.1% | 3.4% |
| 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.

(**) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution, as of December 31, 2016 the Bank has deferred tax benefit amounting to TL 55.310 associated with the deferred tax asset which will not be subject to profit distribution (December 31, 2015: TL 12.367).

(***)It shows with full TL amount.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016

(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 2016, 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. The Bank assesses the impact of TFRS 9 Financial Instruments standard.

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 December 31, 2016. The aforementioned accounting policies and valuation principles are explained in Notes II to XXII below.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2016

(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 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, 2016 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2016

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

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, 2016, the Bank has specific provision amount to TL 301.318 for its non-performing loans (December 31, 2015: TL 188.434).

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, 2016, the Bank has TL 4.412.052 of reverse repo transactions (December 31, 2015: TL 4.061.196).

As of December 31, 2016, the Bank has TL 2.457 funds provided under repurchase agreements (December 31, 2015: TL 156.858).

As of December 31, 2016, the Bank does not have any marketable securities lending transaction (December 31, 2015: 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 and followed in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2006, no.26333.

As of December 31, 2016, the Bank has TL 42.094 assets held for sale (December 31, 2015: TL 29.879).

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, 2016 and December 31, 2015 the Bank does not have any discontinued operations.

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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.

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

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 equipments | 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

Defined Benefit Plans:

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, 2016, the Bank has corporate income tax provision amounting to TL 131.721, which is netted with prepaid taxes amounting to TL 96.616 and shown in the liabilities amounting to TL 35.105 (December 31, 2015: Tax Asset TL 15).

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XVI. Explanations on Taxation (continued)

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.

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.

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 55.310, deferred tax provision amounting to TL 92.593 in the statement of financial position. (December 31, 2015: TL 40.866).

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 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 2016 Bank’s total capital has been calculated as TL 4.073.229, capital adequacy ratio is 14,96%. As of 31 December 2015, Bank’s total capital amounted to TL 2.687.249 capital adequacy ratio was 12,19% calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

a. Information about Total Capital:

| | Current 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)

| | Current 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)

| | Current 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 | 27.226.725 | |
| Capital Adequacy Ratios | | |
| Core Capital Adequacy Ratio | 12,22 | |
| Tier I Capital Adequacy Ratio | 12,09 | |
| Capital Adequacy Ratio | 14,96 | |
| 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 | 7,72 | |
| 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, the Bank deducted stamp tax and competition board fees amounting TL 2.198 from equity that were resulted from capital increase.

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I. Explanations on Equity (continued)

Information related to the components of shareholders' equity:

| Common Equity | Prior Period December 31, 2015(*) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Paid-in capital following all debts in terms of claim in liquidation of the Bank | 1.496.150 |
| Share premium | - |
| Share cancellation profits | - |
| Reserves | - |
| Gains recognized in equity as per TAS | - |
| Profit | 50.637 |
| Current Period Profit | 50.290 |
| Prior Period Profit | 347 |
| Provisions for Possible Risks | - |
| Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit | - |
| Common Equity Before Deductions | 1.546.787 |
| Deductions from Common Equity | |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-) | 199.649 |
| Leasehold improvements (-) | 68.834 |
| Goodwill or other intangible assets and deferred tax liability related to these items (-) | 18.611 |
| Net deferred tax asset/liability (-) | - |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law (-) | - |
| Direct and indirect investments of the Bank in its own Common Equity (-) | - |
| 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 in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) | - |
| Total Deductions From Common Equity | 287.094 |
| Total Common Equity | 1.259.693 |
| ADDITIONAL TIER I CAPITAL | |
| Capital amount and related premiums corresponding to preference shares that are not included in common equity | - |
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014) | - |
| Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)(**) | 873.420 |
| Additional Tier I Capital before Deductions | 873.420 |
| Deductions from Additional Tier I Capital | |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital (-) | - |
| 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 and Tier II Capital 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 (-) | - |
| Other items defined by BRSA (-) | - |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II is not available (-) | - |
| Total Deductions From Additional Tier I Capital | - |
| Total Additional Tier I Capital | 873.420 |
| Deductions from Tier I Capital | |
| Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-) | 74.445 |
| Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-) | - |
| Total Tier I Capital | 2.058.668 |
| TIER II CAPITAL | |
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014) (***) | 436.710 |
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014) | - |
| Sources pledged to the Bank by shareholders to be used in capital increases of the Bank | - |
| General Loan Loss Provisions | 196.224 |
| Tier II Capital Before Deductions | 632.934 |
| Deductions From Tier II Capital | |
| Direct and indirect investments of the Bank in its own Tier II Capital (-) | - |
| Portion of the total of net long positions of investments made in Common 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 and Tier II Capital 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 (-) | - |
| Other items to be defined by the BRSA (-) | - |
| Total Deductions from Tier II Capital | - |
| Total Tier II Capital | 632.934 |
| CAPITAL | 2.691.602 |
| Loans granted contrary to the 50th and 51th Article of the Law (-) | - |
| Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-) | - |
| Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-) | - |
| Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-) | - |
| Other items to be defined by the BRSA (-) | 4.353 |
| Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-) | - |
| Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital 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 not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-) | - |
| Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-) | - |
| TOTAL CAPITAL | 2.687.249 |
| Amounts below the Excess Limits as per the Deduction Principles | |
| Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital | - |
| Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital | - |
| Amounts arising from mortgage servicing rights | - |
| Amounts arising from deferred tax assets based on temporary differences | 40.866 |

| | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (*) | Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation. |
| (**) | The Bank has classified the subordinated loans obtained from its controlling shareholder Bank Audi sal amounting to USD 100 million and USD 200 million respectively which were previously recognized as Tier II capital in the account of additional Tier I capital. Pursuant to the resolution taken by the Board of Directors of Odea Bank and Article 7 of the Regulation on Equity of Banks, the type of both loans were changed to perpetual and interest-free. As of April 1, 2014 including of the both loans to account of additional Tier I capital was approved by BRSA. |
| (***) | 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. 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". |

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

I. Explanations on Equity (continued)

Details on Subordinated Liabilities:

| | |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Lender | Bank Audi sal |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | - |
| Governing law(s) of the instrument | 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) (**) | Tier II-Subordinated Loan |
| Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (***) | 528.225 |
| Per value of instrument (Thousand USD) | 150.000 |
| Accounting classification | Liability-Subordinated Loans |
| Original date of issuance | 31/10/2014 |
| Perpetual or dated | Dated |
| Original maturity date | - |
| Issuer call subject to prior supervisory approval | Yes |
| Optional call date, contingent call dates and redemption amount | Within the first month after 5th year with the condition of new borrowing which is provided same requirements. |
| Subsequent call dates, if applicable | Within the first month after 5th year |
| Coupons / dividends | - |
| Fixed or floating dividend/coupon | - |
| Coupon rate and any related index | 6,5% |
| 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 | Yes |
| If convertible, conversion trigger (s) | Regulation of banks on equity which is numbered 7-2-i |
| If convertible, fully or partially | Remaining principal and interest |
| If convertible, conversion rate | Remaining principal and interest |
| If convertible, mandatory or optional conversion | Optional |
| If convertible, specify instrument type convertible into | Equity |
| If convertible, specify issuer of instrument it converts into | Odea Bank A.Ş |
| Write-down feature | None |
| If write-down, write-down trigger(s) | - |
| If write-down, full or partial | - |
| If write-down, permanent or temporary | - |
| If temporary write-down, description of write-up mechanism | - |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | After claims, deposit holders, other creditors and instruments included in the calculation of supplementary capital |
| Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not | Contains all the items stated in article 7 |
| Details of above mentioned items within article number 7 and 8 of "Own fund regulation" | Contains all the items stated in article 7 |

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

(**) 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. 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".

(***) There are no accrued interests.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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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. 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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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 | 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.

| | Current Period Risk Amount (*) | Average Net Loan Amount After Provisions |
|----------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------|
| Risk Types(*) | | |
| Contingent and Non-Contingent Receivables from central governments or central banks | 5.473.336 | 5.487.586 |
| Contingent and Non-Contingent Receivables from regional or local governments | - | - |
| Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises | 7.646 | 2.474 |
| Contingent and Non-Contingent Receivables from Multilateral Development Banks | - | - |
| Contingent and Non-Contingent Receivables from International Organizations | - | - |
| Contingent and Non-Contingent Receivables from banks and brokerage houses | 489.862 | 2.391.672 |
| Contingent and Non-Contingent Corporates | 14.575.196 | 14.041.158 |
| Contingent and Non-Contingent Retail Receivables | 1.800.139 | 1.856.099 |
| Contingent and Non-Contingent Receivables Secured by Mortgages | 6.843.401 | 5.578.803 |
| Past Due Receivables | 369.480 | 240.023 |
| Receivables defined in high risk category by Regulator | 1.027.455 | 959.377 |
| Secured by mortgages | - | - |
| Securitization positions | - | - |
| Short-Term Receivables from Banks, brokerage houses and corporates | - | - |
| Investments similar to collective investment funds | - | - |
| Other Receivables | 596.544 | 486.090 |
| Total | 31.183.059 | 31.043.282 |

(*) 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 51% and 62% respectively.

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 84% 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 40% and 48% respectively.

The Bank provided a general loan loss provision amounting to TL 254.836 (31 December 2015: TL 196.224).

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II. Explanations on Credit Risk (continued)

Information on loan types and provisions:

| 31 December 2016 | Corporate and Commercial | SME | Retail | Total |
|-------------------------|---------------------------------|------------------|------------------|-------------------|
| Standard Loans | 17.941.696 | 5.015.066 | 2.613.049 | 25.569.811 |
| Close Monitoring Loans | 224.868 | 106.900 | 159.082 | 490.850 |
| Loans Under Follow-up | 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 |

| 31 December 2015 | Corporate and Commercial | SME | Retail | Total |
|-------------------------|---------------------------------|------------------|------------------|-------------------|
| Standard Loans | 15.560.450 | 3.561.931 | 2.082.682 | 21.205.063 |
| Close Monitoring Loans | 44.333 | 139.245 | 118.737 | 302.315 |
| Loans Under Follow-up | 131.670 | 223.046 | 133.211 | 487.927 |
| Specific Provision (-) | (49.314) | (78.678) | (60.442) | (188.434) |
| Total | 15.687.139 | 3.845.544 | 2.274.188 | 21.806.871 |

Information on past due loan and other receivables:

| 31 December 2016 | Corporate and Commercial | SME | Retail | Total |
|-----------------------------------|---------------------------------|------------------|------------------|-------------------|
| Not past due and 30 days past due | 17.941.696 | 4.855.985 | 2.772.130 | 25.569.811 |
| 30-60 days past due | 224.868 | 88.026 | 129.754 | 442.648 |
| 60-90 days past due | - | 16.715 | 24.670 | 41.385 |
| Delayed over +90 days (*) | - | 2.159 | 4.658 | 6.817 |
| Total | 18.166.564 | 4.962.885 | 2.931.212 | 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.

| 31 December 2015 | Corporate and Commercial | SME | Retail | Total |
|-----------------------------------|---------------------------------|------------------|------------------|-------------------|
| Not past due and 30 days past due | 15.560.450 | 3.561.931 | 2.082.682 | 21.205.063 |
| 30-60 days past due | 38.991 | 113.528 | 82.075 | 234.594 |
| 60-90 days past due | 5.371 | 20.846 | 36.439 | 62.656 |
| Delayed over +90 days | - | 5.064 | - | 5.064 |
| Total | 15.604.812 | 3.701.369 | 2.201.196 | 21.507.377 |

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

| Moody's | A1 | BA1 | B2 | Total |
|--------------------------------------------------------------|--------------|----------------|----------------|------------------|
| Financial assets at fair value through profit and loss (net) | - | 5.905 | - | 5.905 |
| Financial assets available for sale (net) | 1.927 | 415.501 | 486.100 | 903.528 |
| Held to maturity investments (net) | - | 428.155 | - | 428.155 |
| Total | 1.927 | 849.561 | 486.100 | 1.337.588 |

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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 2016

| | 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 | Receivable s 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 | 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 |

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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 | Receivable s 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 | 5.003.113 | - | 7.582 | - | - | 150.971 | 12.680.943 | 1.429.276 | 6.799.480 | 369.449 | 1.027.026 | - | - | - | - | 596.470 | 28.064.310 |
| European Union Countries | - | - | - | - | - | 95.969 | 117.414 | 630 | - | 25 | 241 | - | - | - | - | - | 214.279 |
| OECD Countries** | - | - | - | - | - | 605 | - | 525 | - | - | - | - | - | - | - | - | 1.130 |
| Off-shore Banking Regions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| USA, Canada | - | - | - | - | - | 16.887 | - | - | - | - | 109 | - | - | - | - | - | 16.996 |
| Other Countries | 452.756 | - | - | - | - | 21.241 | 455.817 | 3.832 | - | 6 | 79 | - | - | - | - | 74 | 933.805 |
| Associates, Subsidiaries and Jointly Controlled Entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unallocated Assets/ Liabilities *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 5.455.869 | - | 7.582 | - | - | 285.673 | 13.254.174 | 1.434.263 | 6.799.480 | 369.480 | 1.027.455 | - | - | - | - | 596.544 | 29.230.520 |

(*) 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 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 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 | - | - | - | - | - | - | 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 | - | - | - | - | - | - | 1.516.636 | 332.525 | 655.843 | 70.996 | 46.698 | - | - | - | - | - | 2.005.667 | 617.031 | 2.622.698 | |
| 4.2 | Hotel, Tourism, Food and Beverage 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)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2015

| 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 | - | - | - | - | - | - | 93.855 | 18.351 | 28.115 | 390 | 8 | - | - | - | - | - | 110.857 | 29.862 | 140.719 |
| 1.1 | Farming and Raising Livestock | - | - | - | - | - | - | 72.737 | 15.511 | 26.783 | 355 | 8 | - | - | - | - | - | 101.875 | 13.519 | 115.394 |
| 1.2 | Fores TL, Wood and Paper | - | - | - | - | - | - | - | 552 | 777 | 35 | - | - | - | - | - | - | 1.364 | - | 1.364 |
| 1.3 | Fishery | - | - | - | - | - | - | 21.118 | 2.288 | 555 | - | - | - | - | - | - | - | 7.618 | 16.343 | 23.961 |
| 2 | Manufacturing | - | - | - | - | - | - | 4.953.017 | 197.474 | 961.015 | 120.195 | 1.136 | - | - | - | - | - | 2.339.698 | 3.893.139 | 6.232.837 |
| 2.1 | Mining and Quarry | - | - | - | - | - | - | 217.763 | 12.321 | 125.213 | 84.374 | 6 | - | - | - | - | - | 344.175 | 95.502 | 439.677 |
| 2.2 | Production | - | - | - | - | - | - | 3.754.910 | 185.103 | 824.134 | 35.752 | 1.128 | - | - | - | - | - | 1.938.610 | 2.862.417 | 4.801.027 |
| 2.3 | Electricity, Gas and Water | - | - | - | - | - | - | 980.344 | 50 | 11.668 | 69 | 2 | - | - | - | - | - | 56.913 | 935.220 | 992.133 |
| 3 | Construction | - | - | - | - | - | - | 2.975.465 | 108.406 | 2.842.970 | 79.791 | 758 | - | - | - | - | - | 2.219.865 | 3.787.525 | 6.007.390 |
| 4 | Services | - | - | 131 | - | - | - | 285.020 | 3.718.204 | 362.309 | 2.149.473 | 92.350 | 3.115 | - | - | - | - | 3.566.046 | 3.044.556 | 6.610.602 |
| 4.1 | Wholesale and Retail Trade Hotel, Tourism, Food and | - | - | - | - | - | - | 1.492.370 | 278.736 | 625.940 | 83.981 | 2.287 | - | - | - | - | - | 2.043.369 | 439.945 | 2.483.314 |
| 4.2 | Beverage Services Transportation and | - | - | - | - | - | - | 280.376 | 14.729 | 993.654 | 872 | 21 | - | - | - | - | - | 222.069 | 1.067.583 | 1.289.652 |
| 4.3 | Communication | - | - | - | - | - | - | 1.425.225 | 45.170 | 202.829 | 4.709 | 288 | - | - | - | - | - | 551.200 | 1.127.021 | 1.678.221 |
| 4.4 | Financial Institutions | - | - | - | - | - | - | 285.020 | 39.811 | 4.275 | 87.434 | 1.028 | - | - | - | - | - | 230.949 | 186.637 | 417.586 |
| 4.5 | Real Estate and Renting Services. | - | - | - | - | - | - | 100.479 | 8.444 | 69.714 | 84 | 501 | - | - | - | - | - | 89.058 | 90.164 | 179.222 |
| 4.6 | Self-Employment Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.7 | Education Services | - | - | 131 | - | - | - | 117.771 | 3.090 | 47.409 | - | - | - | - | - | - | - | 168.401 | - | 168.401 |
| 4.8 | Health and Social Services | - | - | - | - | - | - | 262.172 | 7.865 | 122.493 | 1.676 | - | - | - | - | - | - | 261.000 | 133.206 | 394.206 |
| 5 | Other | 5.455.869 | - | 7.451 | - | - | 653 | 1.513.633 | 747.723 | 817.907 | 76.754 | 1.022.438 | - | - | - | - | 596.544 | 4.834.456 | 5.404.516 | 10.238.972 |
| Total | | 5.455.869 | - | 7.582 | - | - | 285.673 | 13.254.174 | 1.434.263 | 6.799.480 | 369.480 | 1.027.455 | - | - | - | - | 596.544 | 13.070.922 | 16.159.598 | 29.230.520 |

(*) 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 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 |

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| 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 | 3.482.134 | - | - | - | 1.456.338 | 4.938.472 |
| Regional or Local Government Receivables | - | - | - | - | - | - |
| Receivables on Administrative Units and Non-commercial Enterprises | 1.409 | 5.433 | 635 | 99 | 6 | 7.582 |
| Receivables on Multilateral Development Banks | - | - | - | - | - | - |
| Receivables on International Organizations | - | - | - | - | - | - |
| Receivables on Banks and Brokerage Houses | 59.957 | 15.297 | 4.195 | 77.418 | 37.235 | 194.102 |
| Receivables from Corporates | 872.372 | 879.203 | 942.466 | 2.321.779 | 8.153.828 | 13.169.648 |
| Retail Receivables | 102.314 | 113.492 | 169.800 | 410.960 | 400.657 | 1.197.223 |
| Receivables Secured by Mortgages | 130.883 | 78.435 | 110.398 | 406.704 | 6.072.988 | 6.799.408 |
| Past Due Receivables | - | - | 52 | 291 | 85.238 | 85.581 |
| Receivables defined in high risk category by Regulators | - | - | - | - | 997.275 | 997.275 |
| Secured by mortgages | - | - | - | - | - | - |
| Short-Term Receivables from Banks, brokerage houses and Corporates | - | - | - | - | - | - |
| Investment similar to collective investment funds | - | - | - | - | - | - |
| Other Receivables | 73 | - | - | - | - | 73 |
| Total | 4.649.142 | 1.091.860 | 1.227.546 | 3.217.251 | 17.203.565 | 27.389.364 |

Risk by Risk Weights Balances:

| Risk Weights (*) | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | 250% | 1250% | Deductions from the shareholder's equity | Total |
|------------------------------------------|-----------|-----|---------|-----------|-----------|-----------|------------|---------|------|------|-------|------------------------------------------|------------|
| Amount before the credit risk mitigation | 2.166.411 | - | 420.494 | - | 4.285.888 | 3.900.656 | 25.166.622 | 158.594 | - | - | - | - | 36.098.665 |
| Amount after the credit risk mitigation | 2.166.411 | - | 420.494 | 1.774.028 | 8.792.105 | 3.008.583 | 17.945.518 | 154.762 | - | - | - | - | 34.261.901 |

(*) 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 | | | |
|--------------------------------------|----------------------|----------------------|--------------|----------------|
| | Impaired Receivables | Past Due Receivables | Impairment | Provisions |
| Agricultural | 8.135 | 3.858 | 77 | 4.313 |
| Farming and raising livestock | 8.135 | 3.858 | 77 | 4.313 |
| Forestry | - | - | - | - |
| Fishing | - | - | - | - |
| Manufacturing | 128.842 | 49.246 | 985 | 59.159 |
| Mining | 28.839 | 127 | 3 | 7.492 |
| Production | 77.572 | 48.714 | 974 | 33.365 |
| Electricity, Gas, Water | 22.431 | 405 | 8 | 18.302 |
| Construction | 133.474 | 202.334 | 4.047 | 35.845 |
| Services | 254.348 | 81.048 | 1.622 | 109.044 |
| Wholesale and retail trade | 199.963 | 55.927 | 1.119 | 88.690 |
| Hotel, Food, Beverage services | 21.272 | 39 | 1 | 2.538 |
| Transportation and Telecommunication | 12.084 | 15.356 | 307 | 6.045 |
| Financial Institutions | 2.705 | 2.175 | 44 | 1.764 |
| Real Estate and Lending Service | 103 | 150 | 3 | 13 |
| Self employment service | - | - | - | - |
| Education Service | - | - | - | - |
| Health and social services | 18.221 | 7.401 | 148 | 9.994 |
| Other(**) | 163.644 | 154.364 | 3.086 | 92.957 |
| Total | 688.443 | 490.850 | 9.817 | 301.318 |

(*) 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 | 188.434 | 280.378 | 37.531 | 129.963 | 301.318 |
| 2 General Provisions | 196.224 | 58.612 | - | - | 254.836 |

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

(**) As of December 31, 2016 with the decision of Board of Directors and in accordance with laws of "Regulations of Provisions", retail loans with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been removed from the assets, by the bank (December 31, 2015: TL 45.618).

The Bank completed the NPL sale of previously written off customers amounting to TL 32.402 and fully provisioned non performing retail loans amounting to TL 48.528 and sold to Güven Varlık (Asset Management Company) on December 22, 2016 for TL 11.800. In addition to that; fully provisioned NPL customers amounting to TL 96.489 have been sold to Hayat Varlık (Asset Management Company) on December 28, 2016 for TL 100 with revenue sharing basis.

Risk involved in counter-cyclical capital buffer calculation:

| December 31, 2016 | | | |
|--------------------------|-------------------------------------------------|---------------------------------------|------------|
| Country of ultimate risk | Private sector credit exposures in banling book | Risk Weighted Equivalent trading book | Total |
| Turkey | 21.350.495 | 193.553 | 21.544.048 |
| Marshall Island | 139.364 | - | 139.364 |
| Iraq | 132.929 | - | 132.929 |
| Saudi Arabia | 84.072 | - | 84.072 |
| Egypt | 66.555 | 960 | 67.515 |
| Malta | 40.441 | - | 40.441 |
| United-Kingdom | - | 37.725 | 37.725 |
| Belgium | 37.227 | - | 37.227 |
| Albania | 35.856 | - | 35.856 |
| Afghanistan | - | 2.933 | 2.933 |
| Azerbaijan | 524 | - | 524 |
| United Arab Emirates | 266 | 6 | 272 |
| Switzerland | 157 | - | 157 |
| Germany | 138 | - | 138 |
| France | 85 | - | 85 |
| Northern Cyprus | 89 | - | 89 |
| Sweden | 52 | - | 52 |
| US | 44 | - | 44 |
| Russian Federation | 24 | - | 24 |
| Slovenia | 1 | - | 1 |
| Other | 782.320 | - | 782.320 |

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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 | 4% |
| Debtor has a good financial position | 2 | 76% |
| Debtor's financial position is at risk within short and medium term | 3 | 9% |
| 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 | 11% |

Collateral Distribution(*)

| 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 |

| 31 December 2015 | Corporate and Commercial | SME | Retail | Total |
|---------------------|--------------------------|------------------|----------------|-------------------|
| Deposit | 1.423.126 | 119.905 | 40.187 | 1.583.218 |
| Mortgage | 6.297.728 | 1.424.046 | 623.781 | 8.345.555 |
| Assignment of claim | 2.718.533 | 102.846 | - | 2.821.379 |
| Cheque | 589.536 | 350.778 | - | 940.314 |
| Pledge of vehicle | 86.727 | 27.788 | 43.658 | 158.173 |
| TOTAL | 11.115.650 | 2.025.363 | 707.626 | 13.848.639 |

(*)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, 2016 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

| | 23 Dec 2016 | 26 Dec 2016 | 27 Dec 2016 | 28 Dec 2016 | 29 Dec 2016 | 30 Dec 2016 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| USD | 3,5117 | 3,5117 | 3,5240 | 3,5463 | 3,5305 | 3,5215 |
| CHF | 3,4204 | 3,4204 | 3,4225 | 3,4428 | 3,4481 | 3,4616 |
| GBP | 4,2985 | 4,2985 | 4,3151 | 4,3290 | 4,3227 | 4,3468 |
| 100 JPY | 2,9917 | 2,9917 | 3,0021 | 3,0119 | 3,0264 | 3,0131 |
| EURO | 3,6649 | 3,6649 | 3,6811 | 3,6868 | 3,6976 | 3,7124 |

| | 24 Dec 2015 | 25 Dec 2015 | 28 Dec 2015 | 29 Dec 2015 | 30 Dec 2015 | 31 Dec 2015 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| USD | 2,9186 | 2,9152 | 2,9105 | 2,9082 | 2,9151 | 2,9114 |
| CHF | 2,9567 | 2,9533 | 2,9450 | 2,9328 | 2,9442 | 2,9152 |
| GBP | 4,3551 | 4,3501 | 4,3361 | 4,3062 | 4,3243 | 4,3086 |
| 100 JPY | 2,4253 | 2,4236 | 2,4181 | 2,4177 | 2,4206 | 2,4210 |
| EURO | 3,1986 | 3,1986 | 3,1969 | 3,1796 | 3,1884 | 3,1691 |

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2016 are as follows:

| | Monthly Average Foreign Exchange Rate |
|----------------|---------------------------------------------|
| USD | 3,5044 |
| CHF | 3,4347 |
| GBP | 4,3703 |
| 100 JPY | 3,0182 |
| EURO | 3,6922 |

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III. Explanations on Currency Risk (continued)

| December 31, 2016 | 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 | 1.215.947 | 2.134.477 | 3.430 | 3.353.854 |
| Banks | 38.592 | 52.350 | 27.643 | 118.585 |
| Financial Assets at Fair Value Through Profit and Loss (***) | - | - | - | - |
| Money Market Placements | - | - | - | - |
| Available-For-Sale Financial Assets | 87 | 479.803 | - | 479.890 |
| Loans (*) | 6.266.196 | 8.532.006 | - | 14.798.202 |
| Subsidiaries, Associates and Jointly Controlled Entities | - | - | - | - |
| Held-To-Maturity Investments | - | 428.155 | - | 428.155 |
| Derivative Financial Assets for Hedging Purposes | - | - | - | - |
| Tangible Assets | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other Assets | 21.547 | 206.569 | - | 228.116 |
| Total Assets | 7.542.369 | 11.833.360 | 31.073 | 19.406.802 |
| Liabilities | | | | |
| Bank Deposits | 764.573 | 430.302 | - | 1.194.875 |
| Other Deposits | 7.844.353 | 9.361.123 | 79.738 | 17.285.214 |
| Derivative financial liabilities(****) | - | - | - | - |
| Money Market Balances | 178.658 | 50.650 | - | 229.308 |
| Funds Provided From Other Financial Institutions | 1.081.833 | 2.293.795 | 51.945 | 3.427.573 |
| Subordinated Loan | - | 528.417 | - | 528.417 |
| Miscellaneous Payables | 150 | 561 | 11 | 722 |
| Derivative Financial Liabilities for Hedging Purposes | - | - | - | - |
| Other Liabilities (***) | 3.054 | 32.757 | 130 | 35.941 |
| 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 |
| December 31, 2015 | | | | |
| Total Assets | 4.917.160 | 12.170.305 | 5.255 | 17.092.720 |
| Total Liabilities | 6.809.876 | 13.330.657 | 78.168 | 20.218.701 |
| Net Balance Sheet Position | (1.892.716) | (1.160.355) | (72.913) | (3.125.981) |
| Net Off-Balance Sheet Position | 2.253.564 | 914.718 | 73.216 | 3.241.498 |
| Financial Derivative Assets | 4.345.123 | 6.354.179 | 419.434 | 11.118.736 |
| Financial Derivative Liabilities | 2.091.559 | 5.439.461 | 346.218 | 7.877.238 |
| Forward deposit purchase commitments | 21.391 | 52.693 | 1.075 | 75.159 |
| Forward deposit sales commitments | 43.575 | 27.730 | 437 | 71.742 |
| Non-Cash Loans (**) | 350.292 | 872.630 | 702 | 1.223.624 |

(*) Foreign currency indexed loans amounting to TL 1.692.814 are included in the loan portfolio.

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

(***) GLLP with FC 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 positions mainly. The following table details the Bank's sensitivity to a 10% increase or decrease in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. 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, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| USD | %10 | (43.512) | (24.564) | (43.512) | (24.564) |
| USD | %(10) | 43.512 | 24.564 | 43.512 | 24.564 |
| EUR | %10 | 64.221 | 36.085 | 64.221 | 36.085 |
| EUR | %(10) | (64.221) | (36.085) | (64.221) | (36.085) |

(*) 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, 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 | 12.327 | 2.994 | 216.444 | - | - | - | 231.765 |
| Miscellaneous Payables | - | - | - | - | - | 9.901 | 9.901 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Subordinated Loans (*) | - | - | - | - | 528.417 | - | 528.417 |
| Funds Provided From Other Financial Institutions | 389.025 | 386.063 | 1.868.947 | 462.743 | 329.411 | - | 3.436.189 |
| 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. 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, TL 93.027 tax liabilities, TL 537.477 provisions and TL 198.198 other liabilities.

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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, 2015 | | | | | | | |
| Assets | | | | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 3.937.140 | - | - | - | - | 137.444 | 4.074.584 |
| Banks | - | - | - | - | - | 35.986 | 35.986 |
| Financial Assets at Fair Value Through Profit and Loss | 17.064 | 20.728 | 41.271 | 21.325 | 25.337 | - | 125.725 |
| Money Market Placements | 4.061.196 | - | - | - | - | - | 4.061.196 |
| Available-For-Sale Financial Assets | 41.042 | 598.091 | 452.760 | - | - | 5.285 | 1.097.178 |
| Loans | 3.688.373 | 5.081.545 | 6.500.236 | 4.674.337 | 1.562.886 | 299.494 | 21.806.871 |
| Held-To-Maturity Investments | - | - | - | 364.449 | - | - | 364.449 |
| Other Assets | - | - | - | - | - | 516.719 | 516.719 |
| Total Assets | 11.744.815 | 5.700.364 | 6.994.267 | 5.060.111 | 1.588.223 | 994.928 | 32.082.708 |
| Liabilities | | | | | | | |
| Bank Deposits | 496.754 | 238.524 | 268.957 | - | - | 175 | 1.004.410 |
| Customer Deposits | 13.530.074 | 9.073.643 | 342.758 | 4.325 | - | 1.378.286 | 24.329.086 |
| Money Market Balances | 156.858 | - | - | - | - | - | 156.858 |
| Miscellaneous Payables | - | - | - | - | - | 4.770 | 4.770 |
| Marketable Securities Issued | 154.995 | - | - | - | - | - | 154.995 |
| Subordinated Loans(*) | - | - | - | - | 436.789 | 873.420 | 1.310.209 |
| Funds Provided From Other Financial Institutions | 560.687 | 1.092.197 | 862.064 | 284.872 | 333.649 | - | 3.133.469 |
| Other Liabilities (**) | 32.478 | 30.802 | 61.650 | 16.265 | 1.524 | 1.846.192 | 1.988.911 |
| Total Liabilities | 14.931.846 | 10.435.166 | 1.535.429 | 305.462 | 771.962 | 4.102.843 | 32.082.708 |
| Balance Sheet Long Position | - | - | 5.634.688 | 4.754.649 | 1.253.051 | - | 11.642.388 |
| Balance Sheet Short Position | (3.187.031) | (5.347.440) | - | - | - | (3.107.917) | (11.642.388) |
| Off-Balance Sheet Long Position | 5.600.129 | 3.349.807 | 3.434.632 | 2.187.155 | 818.828 | - | 15.390.551 |
| Off-Balance Sheet Short Position | (5.635.791) | (3.384.390) | (3.488.817) | (2.183.467) | (818.828) | - | (15.511.293) |
| Total Position | (3.222.693) | (5.382.023) | 5.580.503 | 4.758.337 | 1.253.051 | (3.107.917) | (120.742) |

(*) The Bank has classified the subordinated loans obtained from its controlling shareholder Bank Audi sal amounting to USD 100 million and USD 200 million respectively which were previously recognized as Tier II capital in the account of additional Tier I capital. Pursuant to the resolution taken by the Board of Directors of Odea Bank and Article 7 of the Regulation on Equity of Banks, the type of both loans were changed to perpetual and interest-free. As of April 1, 2014 including of the both loans to account of additional Tier I capital was approved by BRSA. On the other hand 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. 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 1.347.139, TL 47.976 tax liabilities, TL 255.055 provisions and TL 196.022 other liabilities.

Interest rates applied to monetary financial instruments:

| | 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 | - | 0,51 | - | 2,96 |
| 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 |

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IV. Explanations on Interest Rate Risk (continued)

| | EURO % | USD % | JPY % | TL % |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|----------|---------|
| December 31, 2015 | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | - | 0,28 | - | 5,45 |
| Banks | - | - | - | - |
| Financial Assets at Fair Value Through Profit and Loss | - | - | - | 10,37 |
| Money Market Placements | - | - | - | 10,75 |
| Available-For-Sale Financial Assets | - | 6,19 | - | 9,74 |
| Loans | 5,61 | 6,26 | - | 14,74 |
| Held-To-Maturity Investments | - | 3,52 | - | - |
| Liabilities | | | | |
| Bank Deposits | 2,12 | 2,30 | - | 6,52 |
| Customer Deposits | 2,19 | 2,36 | - | 12,36 |
| Money Market Borrowings | - | - | - | 7,24 |
| Subordinated Loans | - | 6,50 | - | - |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | 10,40 |
| Funds Provided From Other Financial Institutions | 2,13 | 2,08 | - | 6,70 |

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 | (477.969) | (11,73)% |
| | (400) | 456.281 | 11,20% |
| EUR | 200 | (37.759) | (0,93)% |
| | (200) | (4.412) | (0,11)% |
| USD | 200 | (55.140) | (1,35)% |
| | (200) | 55.540 | 1,36% |
| Total (For Positive Shock) | | (570.868) | (14,02)% |
| Total (For Negative Shock) | | 507.408 | 12,46% |

* 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 is the risk that the Bank's financial condition is adversely affected as a result of its inability to meet both expected and unexpected current and future cash flow and collateral needs in a timely and cost efficient manner.
- Market liquidity risk is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption ultimately leading to loss.

Management of Bank's liquidity risk is carried out in scope of responsibilities of Board of Directors, Audit 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.

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

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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 50% for foreign currency assets and liabilities and 70% for total assets and liabilities for the year 2016. 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 year end of 2016 is as follows:

| Current 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.

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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 2015 is as follows:

| Prior Period-31.12.2015 | | 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 | | | | 6.064.442 | 2.945.037 |
| 1 | High quality liquid assets | 7.349.775 | 4.230.369 | 6.064.442 | 2.945.037 |
| CASH OUTFLOWS | | | | | |
| 2 | Retail and Small Business Customer Deposits | 13.500.995 | 7.605.381 | 1.301.172 | 750.517 |
| 3 | Stable deposits | 978.555 | 200.420 | 48.928 | 10.021 |
| 4 | Less stable deposits | 12.522.440 | 7.404.961 | 1.252.244 | 740.496 |
| 5 | Unsecured Funding other than Retail and Small Business Customer Deposits | 9.721.066 | 7.103.915 | 4.724.319 | 3.504.049 |
| 6 | Operational deposits | 27.329 | 159 | 6.832 | 40 |
| 7 | Non-Operational Deposits | 8.836.495 | 6.538.928 | 3.860.244 | 2.939.181 |
| 8 | Other Unsecured Funding | 857.242 | 564.828 | 857.243 | 564.828 |
| 9 | Secured funding | - | - | - | - |
| 10 | Other Cash Outflows | 4.045.331 | 2.514.290 | 541.783 | 1.210.476 |
| 11 | Liquidity needs related to derivatives and market | 162.948 | 1.051.338 | 162.948 | 1.051.338 |
| 12 | Debts related to the structured financial products | - | - | - | - |
| 13 | Commitment related to debts to financial markets and other off balance sheet liabilities | 3.882.383 | 1.462.952 | 378.835 | 159.138 |
| 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 | | | 6.567.274 | 5.465.042 |
| CASH INFLOWS | | | | | |
| 17 | Secured Lending Transactions | 2.346.846 | - | - | - |
| 18 | Unsecured Lending Transactions | 2.776.275 | 1.129.796 | 2.226.959 | 911.834 |
| 19 | Other contractual cash inflows | 53.162 | 2.455.946 | 53.162 | 2.455.946 |
| 20 | TOTAL CASH INFLOWS | 5.176.283 | 3.585.742 | 2.280.121 | 3.367.780 |
| | | Upper limit applied amounts | | | |
| 21 | TOTAL HQLA | - | - | 6.064.442 | 2.945.037 |
| 22 | TOTAL NET CASH OUTFLOWS | - | - | 4.287.153 | 2.117.458 |
| 23 | Liquidity Coverage Ratio (%) | - | - | 142,74 | 144,14 |

(*) 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.

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 -31/12/2016 | | Prior Period -31/12/2015 | |
|--------------|----------------------------|----------------------|--------------------------|----------------------|
| | TL+FC | FC | TL+FC | FC |
| Lowest Week | 97,63 30.09.2016 | 53,15 30.09.2016 | 114,40 25.12.2015 | 109,96 20.11.2015 |
| Highest Week | 171,50 04.11.2016 | 168,69 04.11.2016 | 178,36 09.10.2015 | 217,73 16.10.2015 |
| Average | 126,40 | 117,03 | 142,74 | 144,14 |

Translated into English from the original Turkish report and financial statements

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

Presentation of assets and liabilities according to their remaining maturities:

| December 31, 2016 | 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 | 4.718.240 | - | - | - | - | - | - | 4.718.240 |
| Banks | 118.724 | - | - | - | - | - | - | 118.724 |
| Financial Assets at Fair Value Through Profit and Loss | - | 60.840 | 89.661 | 124.722 | 140.810 | 9.900 | - | 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 | - | 1.804.356 | 1.026.192 | 4.911.106 | 11.291.862 | 7.027.145 | 387.125 | 26.447.786 |
| Held-To-Maturity Investments | - | - | - | - | 428.155 | - | - | 428.155 |
| Other Assets | - | - | - | - | - | - | 822.055 | 822.055 |
| 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 |
| Liabilities | | | | | | | | |
| Bank Deposits | 17 | 613.966 | 322.212 | 3.919 | 262.777 | - | - | 1.202.891 |
| Customer Deposits | 1.456.587 | 17.128.918 | 8.699.777 | 756.149 | 10.074 | - | - | 28.051.505 |
| Funds Provided From Other Financial Institutions | - | 389.025 | 386.063 | 1.419.475 | 462.743 | 778.883 | - | 3.436.189 |
| Money Market Borrowings | - | 12.327 | 2.994 | 216.444 | - | - | - | 231.765 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Subordinated Loans(**) | - | - | - | - | - | 528.417 | - | 528.417 |
| Miscellaneous Payables | - | - | - | - | - | - | 9.901 | 9.901 |
| Other Liabilities (***) | - | 174.001 | 61.716 | 187.656 | 118.184 | 4.318 | 4.271.857 | 4.817.732 |
| 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) | - |
| Net Off-Balance Sheet Position | - | (178.975) | (6.210) | (71.886) | 17.103 | (204) | - | (240.172) |
| Financial Derivative Assets | - | 9.725.256 | 7.038.046 | 5.329.233 | 5.814.241 | 588.189 | - | 28.494.965 |
| Financial Derivative Liabilities | - | 9.904.231 | 7.044.256 | 5.401.119 | 5.797.138 | 588.393 | - | 28.735.137 |
| Non-Cash Loans | - | 1.167.193 | 240.923 | 1.492.022 | - | - | - | 2.900.138 |
| Prior period | | | | | | | | |
| Total Assets | 4.110.570 | 5.376.491 | 905.642 | 4.128.239 | 9.893.018 | 6.847.250 | 821.498 | 32.082.708 |
| Total Liabilities | 1.378.461 | 14.929.513 | 10.434.953 | 1.533.686 | 308.721 | 772.992 | 2.724.382 | 32.082.708 |
| Liquidity Gap | 2.732.109 | (9.553.022) | (9.529.311) | 2.594.553 | 9.584.297 | 6.074.258 | (1.902.884) | - |
| (*) | 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 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. 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, TL 93.027 tax liabilities, TL 537.477 provisions and TL 198.198 other liabilities. | | | | | | | |

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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, 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 Institutions | - | 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 |

(*) Shows 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, 2015 | | | | | | | | |
| Bank Deposits | 175 | 497.228 | 239.541 | 271.753 | - | - | - | 1.008.697 |
| Customer deposits | 1.378.286 | 13.559.994 | 9.164.838 | 347.025 | 4.457 | - | - | 24.454.600 |
| Subordinated Loans | - | - | - | - | - | 1.562.215 | - | 1.562.215 |
| Funds Provided From Other Financial Institution | - | 561.925 | 1.099.569 | 916.013 | 339.993 | 377.019 | - | 3.294.519 |
| Funds From interbank money market | - | 157.026 | - | - | - | - | - | 157.026 |
| Total | 1.378.461 | 14.776.173 | 10.503.948 | 1.534.791 | 344.450 | 1.939.234 | - | 30.477.057 |

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, 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 |

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
|---------------------------------------|--------------------------|-------------------|------------------------|----------------------|-------------------------|-------------------|
| As of December 31, 2015 | | | | | | |
| Gross settled | | | | | | |
| Foreign exchange forward contracts | 1.634.972 | 1.076.593 | 927.425 | 672 | - | 3.639.662 |
| Currency swaps | 5.514.190 | 3.501.742 | 3.056.019 | 898.203 | - | 12.970.154 |
| Interest rate swap agreement | 245.848 | - | 595.430 | 3.377.840 | 1.181.150 | 5.400.268 |
| Foreign currency sell and buy options | 3.623.239 | 2.155.862 | 2.344.575 | 93.906 | - | 8.217.582 |
| Interest rate sell and buy options | - | - | - | - | 456.508 | 456.508 |
| Total | 11.018.249 | 6.734.197 | 6.923.449 | 4.370.621 | 1.637.658 | 30.684.174 |

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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 7,75 % (December 31, 2015: 5,82%). According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

| | Current Period 31 December 2016(*) | Prior Period 31 December 2015(*) |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------|
| Balance sheet transactions | | |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals) | 36.798.395 | 31.865.370 |
| 2 (Assets deducted from Core capital) | (94.706) | (80.499) |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2) | 36.703.689 | 31.784.871 |
| Derivative financial assets and credit derivatives | | |
| 4 Cost of replenishment for derivative financial assets and credit derivatives | 296.802 | 292.073 |
| 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) | 296.802 | 292.073 |
| Financing transactions secured by marketable security or commodity | | |
| Risk amount of financing transactions secured by marketable security or commodity | | |
| 7 (excluding Balance sheet) | - | - |
| 8 Risk amount arising from intermediary transactions | - | - |
| Total risk amount of financing transactions secured by marketable security or commodity | | |
| 9 (sum of lines 7 and 8) | - | - |
| Off-balance sheet transactions | | |
| 10 Gross notional amount of off-balance sheet transactions | 5.112.865 | 3.654.590 |
| 11 (Correction amount due to multiplication with credit conversion rates) | - | - |
| 12 Total risk of off-balance sheet transactions (sum of lines 10 and 11) | 5.112.865 | 3.654.590 |
| Capital and total risk | | |
| 13 Core Capital | 3.264.903 | 2.078.091 |
| 14 Total risk amount(sum of lines 3, 6, 9 and 12) | 42.113.356 | 35.731.534 |
| Leverage ratio | | |
| 15 Leverage ratio | 7,75 | 5,82 |

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

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

| | Book Value December 31, 2016 | Fair Value December 31, 2016 | Book Value December 31, 2015 | Fair Value December 31, 2015 |
|--------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Financial Assets | 32.312.172 | 33.279.788 | 27.365.680 | 27.522.505 |
| Money Market Placements | 4.412.052 | 4.412.052 | 4.061.196 | 4.061.196 |
| Banks | 118.724 | 118.724 | 35.986 | 35.986 |
| Available-For-Sale Financial Assets | 905.455 | 905.455 | 1.097.178 | 1.097.178 |
| Held-To-Maturity Investments | 428.155 | 422.999 | 364.449 | 360.260 |
| Loans | 26.447.786 | 27.420.558 | 21.806.871 | 21.967.885 |
| Financial Liabilities | 33.228.903 | 33.239.162 | 29.936.939 | 29.959.673 |
| Bank Deposits | 1.202.891 | 1.202.891 | 1.004.410 | 1.004.410 |
| Other Deposits | 28.051.505 | 28.053.045 | 24.329.086 | 24.331.418 |
| Funds Borrowed From Other Financial Institutions | 3.436.189 | 3.437.775 | 3.133.469 | 3.137.794 |
| Subordinated Loans | 528.417 | 535.550 | 1.310.209 | 1.326.198 |
| Issued Bonds | - | - | 154.995 | 155.083 |
| Miscellaneous Payables | 9.901 | 9.901 | 4.770 | 4.770 |

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

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

TFRS 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, 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 |

| December 31, 2015 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------------------------|------------------|----------------|----------------|------------------|
| Financial Assets | 1.116.705 | 100.913 | 5.285 | 1.222.903 |
| Financial Assets at Fair Value through Profit and Loss | 24.812 | 100.913 | - | 125.725 |
| Available-For-Sale Financial Assets | 1.091.893 | - | 5.285 | 1.097.178 |
| Financial Liabilities | - | 142.719 | - | 142.719 |
| Derivative financial liabilities held for trading | - | 142.719 | - | 142.719 |

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 31 December 2016 | Prior Period 31 December 2015 | Current Period 31 December 2016 |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 25.095.066 | 21.024.610 | 2.007.605 |
| 2 | Standardised approach (SA) | 25.095.066 | 21.024.610 | 2.007.605 |
| 3 | Internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 574.171 | 4.542 | 45.934 |
| 5 | Standardised approach for counterparty credit risk (SA-CCR) | 574.171 | 4.542 | 45.934 |
| 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 | 530.200 | 487.375 | 42.416 |
| 17 | Standardised approach (SA) | 530.200 | 487.375 | 42.416 |
| 18 | Internal model approaches (IMM) | - | - | - |
| 19 | Operational Risk | 1.027.288 | 525.161 | 82.183 |
| 20 | Basic Indicator Approach | 1.027.288 | 525.161 | 82.183 |
| 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) | 27.226.725 | 22.041.688 | 2.178.138 |

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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 | 688.443 | 26.060.804 | 301.461 | 26.447.786 |
| 2 Debt Securities | - | 1.337.588 | - | 1.337.588 |
| 3 Off-balance sheet exposures | 9.491 | 5.080.671 | 5.447 | 5.084.715 |
| 4 Total | 697.934 | 32.479.063 | 306.908 | 32.870.089 |

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

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

| | 31.12.2016 |
|-----------------------------------------------------------------------------------------|-------------------|
| 1 Defaulted loans and debt securities at end of the previous reporting period | 487.927 |
| 2 Loans and debt securities that have defaulted since the last reporting period | 473.855 |
| 3 Returned to non-defaulted status | - |
| 4 Amounts written off (*) | 43.393 |
| 5 Other changes (**) | 229.946 |
| 6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 688.443 |

(*) In 2016 with the decision of Board of Directors and in accordance with laws of "Regulations of Provisions", retail loans with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been removed from the assets, by the bank (December 31, 2015: TL 45.618).

(**)The Bank completed the NPL sale of previously written off customers amounting to TL 32.402 and fully provisioned non performing retail loans amounting to TL 48.528 and sold to Güven Varlık (Asset Management Company) on December 22, 2016 for TL 11.800. In addition to that; fully provisioned NPL customers amounting to TL 96.489 have been sold to Hayat Varlık (Asset Management Company) on December 28, 2016 for TL 100 with revenue sharing basis.

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:

| | 31.12.2016 |
|---------------------------|-------------------|
| Domestic | 25.689.044 |
| European Union Countries | 43.077 |
| OECD Countries (*) | - |
| Off-Shore Banking Regions | - |
| USA, Canada | - |
| Other | 328.540 |
| Total | 26.060.661 |

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

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

Breakdown by sector:

| | 31.12.2016 |
|--------------------------------------|-------------------|
| Agricultural | 636.968 |
| Farming and raising live stock | 625.887 |
| Forestry | - |
| Fishing | 11.081 |
| Manufacturing | 6.733.695 |
| Mining | 514.242 |
| Production | 4.450.373 |
| Electricity, Gas, Water | 1.769.080 |
| Construction | 7.314.754 |
| Services | 8.171.596 |
| Wholesale and Retail Trade | 2.433.977 |
| Hotel, Food, Beverage Services | 1.385.894 |
| Transportation and Telecommunication | 1.735.114 |
| Financial Institutions | 390.451 |
| Real Estate and Lending Service | 33.079 |
| Self Employment Service | - |
| Education Service | 1.105.571 |
| Health and Social Services | 1.087.510 |
| Other | 3.203.648 |
| Total | 26.060.661 |

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

Breakdown by outstanding maturity:

| 31 December 2016 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|------------------|---------------|------------|-------------|------------|------------------|------------|
| Loans | 1.804.356 | 1.026.192 | 4.911.106 | 11.291.862 | 7.027.145 | 26.060.661 |

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

Breakdown by geographical area:

| 31 December 2016 | Loans Under Follow-Up | Provisions |
|---------------------------|-----------------------|----------------|
| Domestic | 687.728 | 301.115 |
| European Union Countries | 23 | 23 |
| OECD Countries (*) | - | - |
| Off-Shore Banking Regions | - | - |
| USA, Canada | - | - |
| Other | 692 | 180 |
| Total | 688.443 | 301.318 |

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

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

Breakdown by sector:

| 31.12.2016 | Loans Under Follow-Up | Provisions |
|--------------------------------------|------------------------------|-------------------|
| Agricultural | 8.135 | 4.313 |
| Farming and raising live stock | 8.135 | 4.313 |
| Forestry | - | - |
| Fishing | - | - |
| Manufacturing | 128.842 | 59.159 |
| Mining | 28.839 | 7.492 |
| Production | 77.572 | 33.365 |
| Electricity, Gas, Water | 22.431 | 18.302 |
| Construction | 133.474 | 35.845 |
| Services | 254.348 | 109.044 |
| Wholesale and Retail Trade | 199.963 | 88.690 |
| Hotel, Food, Beverage Services | 21.272 | 2.538 |
| Transportation and Telecommunication | 12.084 | 6.045 |
| Financial Institutions | 2.705 | 1.764 |
| Real Estate and Lending Service | 103 | 13 |
| Self Employment Service | - | - |
| Education Service | - | - |
| Health and Social Services | 18.221 | 9.994 |
| Other | 163.644 | 92.957 |
| Total | 688.443 | 301.318 |

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

The Bank completed the NPL sale of previously written off customers amounting to TL 32.402 and fully provisioned non performing retail loans amounting to TL 48.528 and sold to Güven Varlık (Asset Management Company) on December 22, 2016 for TL 11.800. In addition to that; fully provisioned NPL customers amounting to TL 96.489 have been sold to Hayat Varlık (Asset Management Company) on December 28, 2016 for TL 100 with revenue sharing basis.

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.

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.

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

| | | Exposures unsecured: carrying amount | Exposures secured by collateral | Exposures secured by 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 (*) | 23.079.832 | 3.367.954 | 1.810.183 | - | - | - | - |
| 2 | Debt securities | 1.337.588 | - | - | - | - | - | - |
| 3 | Total | 24.417.420 | 3.367.954 | - | - | - | - | - |
| 4 | Of which defaulted | 318.855 | 369.588 | 338.241 | - | - | - | - |

(*) 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 Year - 31.12.2016 | | 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 | 6.068.710 | 1 | 6.068.710 | - | 2.322.714 | 38% |
| 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 | - | 10 | - | 2 | - | - |
| 6 | Exposures to institutions | 915.058 | 826.929 | 915.057 | 42.400 | 369.343 | 39% |
| 7 | Exposures to corporates | 15.346.123 | 2.993.257 | 13.659.905 | 1.420.737 | 15.080.642 | 100% |
| 8 | Retail exposures | 3.041.561 | 949.172 | 2.962.559 | 77.540 | 2.287.953 | 75% |
| 9 | Exposures secured by residential property | 1.736.992 | 172.092 | 1.692.054 | 81.974 | 620.910 | 35% |
| 10 | Exposures secured by commercial real estate | 6.082.065 | 148.702 | 6.082.065 | 89.477 | 3.912.236 | 63% |
| 11 | Past-due loans | 271.999 | - | 271.985 | - | 313.958 | 115% |
| 12 | Higher-risk categories by the Agency Board | 135.184 | - | 135.173 | - | 130.305 | 96% |
| 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 | 762.263 | - | 762.263 | - | 497.099 | 65% |
| 17 | Investments in equities | - | - | - | - | - | - |
| 18 | Total | 34.359.955 | 5.090.163 | 32.549.771 | 1.712.130 | 25.535.160 | 75% |

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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 | 1.901.245 | - | - | - | - | 477.963 | - | - | 3.689.502 | 6.068.710 |
| Exposures to regional governments or local authorities | - | - | - | - | - | - | - | - | - | - |
| Exposures to public sector entities | - | - | - | - | - | - | - | - | - | - |
| Exposures to multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| Exposures to international organisations | 2 | - | - | - | - | - | - | - | - | 2 |
| Exposures to institutions | - | - | 420.494 | - | - | 33.525 | - | - | 503.438 | 957.457 |
| Exposures to corporates | - | - | - | - | - | 15.080.642 | - | - | - | 15.080.642 |
| Retail exposures | - | - | - | - | 3.008.583 | 31.516 | - | - | - | 3.040.099 |
| Exposures secured by residential property | - | - | - | - | - | - | - | - | 1.774.028 | 1.774.028 |
| Exposures secured by commercial real estate | - | - | - | 4.518.612 | - | 1.652.930 | - | - | - | 6.171.542 |
| Past-due loans | - | - | - | - | - | 51.916 | 152.007 | - | 68.062 | 271.985 |
| Higher-risk categories by the Agency Board | - | - | - | - | - | 119.927 | 2.755 | - | 12.491 | 135.173 |
| 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 | 265.164 | - | - | - | - | 497.099 | - | - | - | 762.263 |
| Total | 2.166.411 | - | 420.494 | 4.518.612 | 3.008.583 | 17.945.518 | 154.762 | - | 6.047.521 | 34.261.901 |

(*) Collateralized with the Real Estate Mortgage

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

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

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

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.

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 – 31.12.2016 | Revaluation n Cost | Potential credit risk exposure | EBPRT(*) | Alpha | Exposure after credit risk mitigation | Risk Weighte d Amounts |
|----------|------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------|----------|-------|---------------------------------------------------|---------------------------------|
| 1 | Starndart Approach-CCR | 416.902 | 310.257 | - | 1,4 | 727.159 | 439.697 |
| 2 | Internal Model Approach | - | - | - | - | - | - |
| 3 | Simplified Standardised Approach for Credit Risk Mitigation | - | - | - | - | - | - |
| 4 | Comprehensive Method for Credit Risk Mitigation | - | - | - | - | 1.857 | 396 |
| 5 | Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions | - | - | - | - | 1.857 | 396 |
| 6 | Total | - | - | - | - | - | 440.093 |

(*) Effective expected positive risk amount

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

3.Credit valuation adjustment (CVA) capital charge

| Current Year – 31.12.2016 | | 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 | 704.119 | 134.078 |
| 4 | Total amount of CVA capital adequacy | 704.119 | 134.078 |

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 | | | | 504 | - | - | - | - | 252 |
| Central governments and central banks receivables | - | - | - | - | - | - | - | - | - |
| Local governments and municipalities receivables | - | - | - | - | - | - | - | - | - |
| Administrative and non commercial receivables | - | - | - | - | - | - | - | - | - |
| Multilateral Development Bank receivables | - | - | - | - | - | - | - | - | - |
| International Organisations receivables | - | - | - | - | - | - | - | - | - |
| Banks and Intermediary Institutions receivables | - | - | 114.882 | 362.373 | - | 501 | - | - | 204.664 |
| Corporate receivables | - | - | - | - | - | 188.447 | - | - | 188.447 |
| Retail receivables | - | - | - | - | 62.307 | - | - | - | 46.730 |
| 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 | - | - | 114.882 | 362.877 | 62.307 | 188.949 | - | - | 440.093 |

(*)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"

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.

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

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) | 350.500 |
| 2 Equity risk (general and specific) | - |
| 3 Foreign exchange risk | 151.475 |
| 4 Commodity risk | - |
| Options | |
| 5 Simplified approach | - |
| 6 Delta-plus method | 28.225 |
| 7 Scenario approach | - |
| 8 Securitisation | - |
| 9 Total | 530.200 |

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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 | 188.661 | 589.767 | 865.225 | 547.884 | 15 | 82.183 |
| The amount subject to operational risk (Total*12,5) | | | | | | 1.027.288 |

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 2016) | Corporate, Commercial,SME | Retail Banking | Treasury | Other and Unallocated (*) | Bank's Total Activities |
|--------------------------------------------------------|--------------------------------------|---------------------------|------------------|------------------------------------------|------------------------------------|
| Net Interest Income | 640.447 | 197.690 | 10.491 | 302.545 | 1.151.172 |
| Net Fee and Commission Income | 74.068 | 26.521 | (1.948) | 6.661 | 105.302 |
| Other Operating Income and Net Profit/Loss | (3.329) | 16.993 | 47.815 | 133.864 | 195.343 |
| Operating Income | 711.186 | 241.204 | 56.358 | 443.070 | 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 | 5.133.007 | 38.278.400 |
| Segment Liability | 11.391.220 | 17.520.639 | 4.233.535 | 1.161.435 | 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.

| Prior Year (1 January-31 December 2015) | Corporate, Commercial,SME | Retail Banking | Treasury | Other and Unallocated (*) | Bank's Total Activities |
|----------------------------------------------------|--------------------------------------|---------------------------|------------------|------------------------------------------|------------------------------------|
| Net Interest Income | 587.795 | 194.670 | 34.922 | 158.998 | 976.386 |
| Net Fee and Commission Income | 99.850 | 6.990 | - | (8.232) | 98.608 |
| Other Operating Income and Net Profit/Loss | 11.262 | 17.363 | 44.252 | (282.644) | (209.767) |
| Operating Income | 698.908 | 219.023 | 79.174 | (131.878) | 865.227 |
| Other Operating Expenses | - | - | - | (532.650) | (532.650) |
| Credit and Other Provisions | (106.583) | (110.380) | - | (41.677) | (258.640) |
| Profit Before Tax | - | - | - | 73.936 | 73.936 |
| Tax Provision | - | - | - | (23.646) | (23.646) |
| Net profit | - | - | - | 50.290 | 50.290 |
| Total Asset | 19.385.055 | 2.275.222 | 5.384.785 | 5.037.645 | 32.082.708 |
| Segment Assets | 19.385.055 | 2.275.222 | 5.384.785 | 5.037.645 | 32.082.708 |
| Total Liability | 10.353.723 | 14.617.999 | 3.144.937 | 3.966.050 | 32.082.708 |
| Segment Liability | 10.353.723 | 14.617.999 | 3.144.937 | 1.308.702 | 29.425.360 |
| Subordinated Loan | - | - | - | 1.310.209 | 1.310.209 |
| Equity | - | - | - | 1.347.139 | 1.347.139 |

(*) 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, 2016 | | December 31, 2015 | |
|------------------------------------------|--------------------------|------------------|--------------------------|------------------|
| | TL | FC | TL | FC |
| Cash in Vault | 75.080 | 93.467 | 65.252 | 72.078 |
| Balances with the Central Bank of Turkey | 1.289.306 | 3.260.387 | 464.333 | 3.472.921 |
| Other | - | - | - | - |
| Total | 1.364.386 | 3.353.854 | 529.585 | 3.544.999 |

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

| | December 31, 2016 | | December 31, 2015 | |
|------------------------------|--------------------------|------------------|--------------------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted demand deposits | 1.289.306 | 104 | 464.333 | 84 |
| Unrestricted time deposits | - | - | - | - |
| Restricted time deposits | - | 3.260.283 | - | 3.472.837 |
| Total | 1.289.306 | 3.260.387 | 464.333 | 3.472.921 |

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 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4,5% and 24,5% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2016 (31 December 2015: 5% and 25% for all foreign currency liabilities).

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

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, 2016 | | December 31, 2015 | |
|----------------------------------|-------------------|----------|-------------------|----------|
| | TL | FC | TL | FC |
| Classified as unrestricted | 5.905 | - | 24.812 | - |
| Subject to repurchase agreements | - | - | - | - |
| Given as collateral/blocked | - | - | - | - |
| | - | - | - | - |
| Total | 5.905 | - | 24.812 | - |

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, 2016 | | December 31, 2015 | |
|----------------------|-------------------|----------------|-------------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 17.278 | 8.941 | 19.104 | 4.952 |
| Swap Transactions | 240.288 | 79.108 | 37.022 | 16.135 |
| Futures Transactions | - | - | - | - |
| Options | 57.807 | 16.606 | 20.063 | 3.637 |
| Other | - | - | - | - |
| Total | 315.373 | 104.655 | 76.189 | 24.724 |

3. a) Information on banks:

| | December 31, 2016 | | December 31, 2015 | |
|---------------------------------|-------------------|----------------|-------------------|---------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 139 | - | 114 | - |
| Foreign | - | 118.585 | - | 35.872 |
| Branches and head office abroad | - | - | - | - |
| Total | 139 | 118.585 | 114 | 35.872 |

b) Information on foreign bank accounts:

| | Unrestricted Amount | | Restricted Amount | |
|--------------------------|---------------------|-------------------|-------------------|-------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| European Union Countries | 65.694 | 18.335 | - | - |
| USA and Canada | 52.422 | 16.887 | - | - |
| OECD Countries (*) | 419 | 597 | - | - |
| Other | 50 | 53 | - | - |
| Total | 118.585 | 35.872 | - | - |

(*)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, 2016 | | December 31, 2015 | |
|--------------------------------------------|-------------------|----------|-------------------|----------|
| | TL | FC | TL | FC |
| Share certificates | - | - | - | - |
| Bond, Treasury bill and similar securities | 193.752 | - | 285.673 | - |
| Other | - | - | - | - |
| Total | 193.752 | - | 285.673 | - |

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

As of December 31, 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 2.466 (31 December 2015: TL 157.575).

b) Information on financial assets available for sale portfolio:

| | December 31, 2016 | December 31, 2015 |
|-----------------------------------|-------------------|-------------------|
| Debt securities | 903.528 | 1.091.893 |
| Quoted on a stock exchange | 903.528 | 1.091.893 |
| Not quoted | - | - |
| Share certificates | 1.927 | 5.285 |
| Quoted on a stock exchange | - | - |
| Not quoted | 1.927 | 5.285 |
| Value Decrease (-) / Increase (+) | - | - |
| Total | 905.455 | 1.097.178 |

5. Information on loans:

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

| | December 31, 2016 | | December 31, 2015 | |
|----------------------------------------|-------------------|---------------|-------------------|---------------|
| | Cash | Non-cash | Cash | Non-cash |
| Direct loans granted to shareholders | - | - | - | - |
| Corporate shareholders | - | - | - | - |
| Real person shareholders | - | - | - | - |
| Indirect loans granted to shareholders | - | 16.028 | - | 16.290 |
| Loans granted to employees | 7.941 | - | 7.071 | - |
| Total | 7.941 | 16.028 | 7.071 | 16.290 |

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

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

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

| Cash Loans | Standard Loans and Other Receivables | | | Loans and Other Receivables Under Close Monitoring | | |
|---------------------------------|--------------------------------------|-----------------------------|----------|----------------------------------------------------|-----------------------------|----------|
| | Loans and Other Receivables Total(*) | Restructured or Rescheduled | Other | Loans and Other Receivables Total | Restructured or Rescheduled | Other |
| Non-specialized loans | 24.668.053 | 153.097 | - | 490.850 | 748.661 | - |
| Business Loans | - | - | - | - | - | - |
| Export loans | 1.543.100 | - | - | 936 | 27.558 | - |
| Import loans | - | - | - | - | - | - |
| Loans given to financial sector | 45.339 | - | - | 1.998 | - | - |
| Foreign loans | 336.497 | - | - | 34.990 | 130 | - |
| Consumer loans | 2.234.944 | 228 | - | 131.779 | 99.093 | - |
| Credit cards | 302.680 | - | - | 18.566 | - | - |
| Precious metals loans | - | - | - | - | - | - |
| Other | 20.205.493 | 152.869 | - | 302.581 | 621.880 | - |
| Specialized loans | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - |
| Total | 24.668.053 | 153.097 | - | 490.850 | 748.661 | - |

(*) As of reporting period, the Bank has fully cash covered exposure, by the parent bank, amounting to USD 74.4 million given to main partner of an institution carrying out its activities in telecommunication sector and having strategic importance which is followed under Loans and Other Receivables with Standard Qualification. Discussions among shareholders of the entity, creditor banks and related public institutions regarding restructuring of current main partner including change of shareholder have been commenced and it is expected that aforementioned discussions shall result in a positive development.

- 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 | 153.097 | 748.661 |
| Extended by 3,4 or 5 times | - | - |
| Extended by more than 5 times | - | - |
| Total | 153.097 | 748.661 |

| Extension periods | Standard loans and other receivables | Loans and other receivables under close monitoring |
|-------------------|--------------------------------------|----------------------------------------------------|
| 0 - 6 Months | 80.974 | 227.087 |
| 6 - 12 Months | 30.698 | 32.890 |
| 1 - 2 Years | 7.446 | 125.704 |
| 2 - 5 Years | 33.979 | 358.092 |
| 5 Years and over | - | 4.888 |
| Total | 153.097 | 748.661 |

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

- d) Loans according to their maturity structure:

| Cash Loans | 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 |
| Short term loans and other receivables | 5.426.313 | 25.160 | 85.984 | 28.642 |
| Non-Specialized loans | 5.426.313 | 25.160 | 85.984 | 28.642 |
| Specialized loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium and long-term loans and other receivables | 19.241.740 | 127.937 | 404.866 | 720.019 |
| Non-Specialized loans | 19.241.740 | 127.937 | 404.866 | 720.019 |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| Total | 24.668.053 | 153.097 | 490.850 | 748.661 |

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

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

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 | 125.189 | 2.231.503 | 2.356.692 |
| Housing Loans | 104 | 648.558 | 648.662 |
| Car Loans | 331 | 42.660 | 42.991 |
| General Purpose Loans | 124.754 | 1.540.285 | 1.665.039 |
| Other | - | - | - |
| Consumer Loans - Indexed to FC | - | - | - |
| Housing Loans | - | - | - |
| Car Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Consumer Loans - FC | - | 83.667 | 83.667 |
| Housing Loans | - | 83.667 | 83.667 |
| Car Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Individual Credit Cards - TL | 303.491 | 511 | 304.002 |
| With Installments | 97.377 | 511 | 97.888 |
| Without Installments | 206.114 | - | 206.114 |
| Individual Credit Cards-FC | 75 | - | 75 |
| With Installments | 4 | - | 4 |
| Without Installments | 71 | - | 71 |
| Personnel Loans - TL | 473 | 5.458 | 5.931 |
| Housing Loans | - | - | - |
| Car Loans | - | - | - |
| General Purpose Loans | 473 | 5.458 | 5.931 |
| 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 | 2.008 | 2 | 2.010 |
| With Installments | 715 | 2 | 717 |
| Without Installments | 1.293 | - | 1.293 |
| Personnel Credit Cards - FC | - | - | - |
| With Installments | - | - | - |
| Without Installments | - | - | - |
| Overdraft Accounts – TL (Real Persons) | 19.754 | - | 19.754 |
| Overdraft Accounts – FC (Real Persons) | - | - | - |
| Total | 450.990 | 2.321.141 | 2.772.131 |

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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 | 406.056 | 5.080.217 | 5.486.273 |
| Business Loans | - | 8.954 | 8.954 |
| Car Loans | 1.277 | 38.239 | 39.516 |
| General Purpose Loans | 404.779 | 5.033.024 | 5.437.803 |
| Other | - | - | - |
| Commercial loans with installment facility-Indexed to FC | 74.428 | 982.427 | 1.056.855 |
| Business Loans | - | - | - |
| Car Loans | - | 4.783 | 4.783 |
| General Purpose Loans | 74.428 | 977.644 | 1.052.072 |
| Other | - | - | - |
| Commercial loans with installment facility -FC | 327.301 | 11.677.153 | 12.004.454 |
| Business Loans | - | - | - |
| Car Loans | - | - | - |
| General Purpose Loans | 327.301 | 11.677.153 | 12.004.454 |
| Other | - | - | - |
| Corporate Credit Cards-TL | 15.096 | - | 15.096 |
| With Installments | 1.480 | - | 1.480 |
| Without Installments | 13.616 | - | 13.616 |
| Corporate Credit Cards-FC | 63 | - | 63 |
| With Installments | - | - | - |
| Without Installments | 63 | - | 63 |
| Overdraft Accounts-TL (Legal Entities) | 145.920 | - | 145.920 |
| Overdraft Accounts-FC (Legal Entities) | - | - | - |
| Total | 968.864 | 17.739.797 | 18.708.661 |

g) Loans according to types of borrowers:

| | December 31, 2016 | December 31, 2015 |
|--------------|-------------------|-------------------|
| Private | 26.060.661 | 21.507.378 |
| Public | - | - |
| Total | 26.060.661 | 21.507.378 |

h) Distribution of domestic and foreign loans:

| | December 31, 2016 | December 31, 2015 |
|----------------|-------------------|-------------------|
| Domestic loans | 25.689.044 | 21.061.787 |
| Foreign loans | 371.617 | 445.591 |
| Total | 26.060.661 | 21.507.378 |

i) Loans granted to subsidiaries and associates: None.

j) Specific provisions provided against loans:

| | December 31, 2016 | December 31, 2015 |
|----------------------------------------------------|-------------------|-------------------|
| Specific provisions | | |
| Loans and receivables with limited collectability | 15.723 | 16.516 |
| Loans and receivables with doubtful collectability | 73.261 | 72.275 |
| Uncollectible loans and receivables | 212.334 | 99.643 |
| Total | 301.318 | 188.434 |

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

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 | 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, 2015 balance | 120.268 | 217.916 | 149.743 |
| Additions (+) | 473.855 | - | - |
| Transfers from other categories of non-performing loans (+) | - | 450.507 | 431.668 |
| Transfers to other categories of non-performing loans (-) | 450.507 | 431.668 | - |
| Collections (-) | 33.068 | 26.744 | 25.117 |
| Write-offs (-) (*) | - | - | 43.393 |
| Corporate and commercial loans | - | - | - |
| Retail loans | - | - | 34.748 |
| Credit cards | - | - | 8.645 |
| Other (-) (**) | - | - | 145.017 |
| Corporate and commercial loans | - | - | 96.489 |
| Retail loans | - | - | 40.504 |
| Credit cards | - | - | 8.024 |
| December 31, 2016 balance | 110.548 | 210.011 | 367.884 |
| Specific provision (-) | 15.723 | 73.261 | 212.334 |
| Net Balances on Balance Sheet | 94.825 | 136.750 | 155.550 |

(*) In 2016 with the decision of Board of Directors and in accordance with laws of "Regulations of Provisions", retail loans with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been removed from the assets, by the bank (December 31, 2015: TL 45.618).

(**) The Bank completed the NPL sale of previously written off customers amounting to TL 32.402 and fully provisioned non performing retail loans amounting to TL 48.528 and sold to Güven Varlık (Asset Management Company) on December 22, 2016 for TL 11.800. In addition to that; fully provisioned NPL customers amounting to TL 96.489 have been sold to Hayat Varlık (Asset Management Company) on December 28, 2016 for TL 100 with revenue sharing basis.

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, 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) | - | - | - |
| December 31, 2015 (Net) | 103.752 | 145.641 | 50.100 |
| Loans to Real Persons and Legal Entities (Gross) | 120.268 | 217.916 | 149.743 |
| Specific provision (-) | 16.516 | 72.275 | 99.643 |
| Loans to Real Persons and Legal Entities (Net) | 103.752 | 145.641 | 50.100 |
| Banks (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other Loans and Receivables (Net) | - | - | - |

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

l) Main principles of liquidation policies of nonperforming 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, 2016, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 155.550 (December 31, 2015: TL 50.100).

m) Explanations on write-off policy:

In 2016 with the decisions of Board of Directors and in accordance with laws of “Regulations of Provisions”, retail loans and credit cards with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been moved to off- balance sheet by means of renounce and removed from the assets, by the bank (December 31, 2015: TL 45.618).

The Bank completed the NPL sale of previously written off customers amounting to TL 32.402 and fully provisioned non performing retail loans amounting to TL 48.528 and sold to Güven Varlık (Asset Management Company) on December 22, 2016 for TL 11.800. In addition to that; fully provisioned NPL customers amounting to TL 96.489 have been sold to Hayat Varlık (Asset Management Company) on December 28, 2016 for TL 100 with revenue sharing basis.

6. Information on held-to-maturity investments:

a) Information on held-to-maturity investments given as collateral or blocked: As of December 31, 2016, held-to-maturity investments given as collateral is amounting to TL 304.071 (December 31, 2015: None).

b) Held-to-maturity investments subject to repurchase agreements: None.

c) The Bank has TL 428.155 held-to-maturity investments as of December 31, 2016 (December 31, 2015: TL 364.449)

d) Movement on held-to-maturity investments:

| | December 31, 2016 | December 31, 2015 |
|-------------------------------------------------|-------------------|-------------------|
| Beginning Balance | 364.449 | 300.091 |
| Foreign Currency Differences on Monetary Assets | - | - |
| Purchases during year | - | - |
| Disposals Through Sales and Redemptions | - | - |
| Impairment Provision | - | - |
| Change in Amortized Cost (*) | 63.706 | 64.358 |
| Total | 428.155 | 364.449 |

(*)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, 2015 | Additions | Disposals | Other | Change in estimate | Ending Balance December 31, 2016 |
|---------------------------------------|--------------------------------------------|-----------|-----------|-------|-----------------------|----------------------------------------|
| Cost: | | | | | | |
| Land and buildings | 9.174 | - | - | - | - | 9.174 |
| Leased tangible assets | - | - | - | - | - | - |
| Vehicles | - | - | - | - | - | - |
| Other | 208.233 | 30.394 | (2.268) | - | - | 236.359 |
| Total Cost | 217.407 | | | | | 245.533 |
| Accumulated Depreciation: | | | | | | |
| Land and buildings | 580 | 183 | - | - | - | 763 |
| Leased tangible assets | - | - | - | - | - | - |
| Vehicles | - | - | - | - | - | - |
| Other | 73.925 | 43.613 | (2.234) | - | - | 115.304 |
| Total Accumulated Depreciation | 74.505 | | | | | 116.067 |
| Net Book Value | 142.902 | | | | | 129.466 |

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, 2015 | Additions | Disposals | Other | Change in estimate | Ending Balance December 31, 2016 |
|---------------------------------------|-----------------------------------------|-----------|-----------|-------|-----------------------|----------------------------------------|
| Cost: | | | | | | |
| Software cost | 137.247 | 28.507 | - | - | - | 165.754 |
| Other intangible assets | 1.129 | - | - | - | - | 1.129 |
| Total Cost | 138.376 | | | | | 166.883 |
| Accumulated Depreciation: | | | | | | |
| Software cost | 38.996 | 28.728 | - | - | - | 67.724 |
| Other intangible assets | 352 | - | - | - | - | 352 |
| Total Accumulated Depreciation | 39.348 | | | | | 68.076 |
| Net Book Value | 99.028 | | | | | 98.807 |

14. Investment Property (Net): None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

15. Explanations on deferred tax assets:

- a) As of December 31, 2016, the Bank has deferred tax asset amounting to TL 92.593 arising from deductible temporary differences (December 31, 2015: TL 40.866).
- 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, 2016 | | December 31, 2015 | |
|---------------------------------------------|-------------------|----------------|-------------------|---------------|
| | Tax Base | Deferred Tax | Tax Base | Deferred Tax |
| Net Book Value and Tax Value Differences of | | | | |
| Financial Assets: | 565.275 | 113.055 | 162.062 | 32.412 |
| Free Provision | 213.700 | 42.740 | - | - |
| Deferred Commissions | 76.251 | 15.250 | 67.422 | 13.484 |
| Other provisions | 48.580 | 9.716 | 45.185 | 9.038 |
| Reserve for Employee Benefits | 14.915 | 2.983 | 10.146 | 2.029 |
| Other | 13.543 | 2.709 | 56.459 | 11.292 |
| Deferred Tax Assets | 932.264 | 186.453 | 341.274 | 68.255 |
| Net Book Value and Tax Value Differences of | | | | |
| Financial Liabilities: | 425.158 | 85.032 | 100.913 | 20.183 |
| Amortization Differences | 33.613 | 6.723 | 29.862 | 5.972 |
| Other | 10.528 | 2.105 | 6.169 | 1.234 |
| Deferred Tax Liability (-) | 469.299 | 93.860 | 136.944 | 27.389 |
| Deferred Tax Asset (Net) | 462.965 | 92.593 | 204.330 | 40.866 |

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

As of December 31, 2016 the Bank has assets held for sale and discontinued operations amounting to TL 42.094 (December 31, 2015 : TL 29.879).

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

II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) 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 |

December 31, 2015

| | 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 | 93.895 | - | 440.258 | 5.549.307 | 1.257 | 11.308 | 21.058 | - | 6.117.083 |
| Foreign currency deposits | 786.076 | - | 1.769.195 | 11.736.065 | 313.341 | 87.283 | 72.100 | - | 14.764.060 |
| Residents in Turkey | 760.665 | - | 1.668.163 | 11.633.646 | 313.117 | 84.331 | 56.456 | - | 14.516.378 |
| Residents abroad | 25.411 | - | 101.032 | 102.419 | 224 | 2.952 | 15.644 | - | 247.682 |
| Public sector deposits | 24.861 | - | - | 403 | - | - | - | - | 25.264 |
| Commercial deposits | 472.221 | - | 508.143 | 2.025.806 | 4.843 | 18.475 | 1.120 | - | 3.030.608 |
| Other institutions deposits | 312 | - | 3.931 | 386.907 | - | - | - | - | 391.150 |
| Precious metals deposits | 921 | - | - | - | - | - | - | - | 921 |
| Interbank deposits | 175 | - | 106.319 | 572.602 | 49.578 | 275.736 | - | - | 1.004.410 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 175 | - | 106.319 | 572.602 | 49.578 | 275.736 | - | - | 1.004.410 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 1.378.461 | - | 2.827.846 | 20.271.090 | 369.019 | 392.802 | 94.278 | - | 25.333.496 |

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, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| Saving deposits | 2.045.154 | 1.263.479 | 5.434.596 | 4.853.604 |
| Foreign currency saving deposits | 364.616 | 298.778 | 8.856.085 | 7.717.182 |
| 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 | 2.409.770 | 1.562.257 | 14.290.681 | 12.570.786 |

(*) 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, 2016 | December 31, 2015 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 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 | 21.180 | 21.159 |
| 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, 2016 | | December 31, 2015 | |
|----------------------|-------------------|---------------|-------------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 44.285 | 3.203 | 10.350 | 2.978 |
| Swap Transactions | 383.159 | 34.976 | 81.239 | 10.258 |
| Futures Transactions | - | - | - | - |
| Options | 45.465 | 34.787 | 32.641 | 5.253 |
| Other | - | - | - | - |
| Total | 472.909 | 72.966 | 124.230 | 18.489 |

3. Information on borrowings:

a) Information on banks and other financial institutions:

| | December 31, 2016 | | December 31, 2015 | |
|--------------------------------------------|-------------------|------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| From Domestic Banks and Institutions | 8.616 | 21.290 | 5.130 | 39.792 |
| From Foreign Banks, Institutions and Funds | - | 3.406.283 | - | 3.088.547 |
| Total | 8.616 | 3.427.573 | 5.130 | 3.128.339 |

b) Maturity analysis of borrowings:

| | December 31, 2016 | | December 31, 2015 | |
|----------------------|-------------------|------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| Short-term | 5.861 | 1.153.434 | 4.666 | 1.822.297 |
| Medium and long-term | 2.755 | 2.274.139 | 464 | 1.306.042 |
| Total | 8.616 | 3.427.573 | 5.130 | 3.128.339 |

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

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

| | December 31, 2016 | December 31, 2015 |
|--------------------------------------------|----------------------|----------------------|
| Funds Provided Under Repurchase Agreements | 2.457 | 156.858 |
| Total | 2.457 | 156.858 |

5. Marketable Securities Issued (Net):

| | December 31, 2016 | December 31, 2015 |
|--------------|----------------------|----------------------|
| Bank Bills | - | 154.995 |
| Total | - | 154.995 |

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 101.420, maturity on July 15, 2016 and with a simple interest rate of 11.68% on January 18, 2016, a bill with a nominal value of TL 42.700, maturity on October 24, 2016 and with a simple interest rate of 11.00% on April 28, 2016 and a bill with a nominal value of TL 51.030, maturity on September 23, 2016 and with a simple interest rate of 11.00% on June 21, 2016 sold to qualified investors in the domestic market.

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, 2016 | December 31, 2015 |
|--------------------------------------------------------------------|--------------------------|--------------------------|
| General Provisions | 254.836 | 196.224 |
| I. Provisions for First Group Loans and Receivables | 203.743 | 160.744 |
| - Provision for extended loans | 5.318 | 1.786 |
| II. Provisions for Second Group Loans and Receivables | 42.711 | 30.159 |
| - Provision for extended loans | 32.793 | 23.793 |
| Provisions for Non-cash Loans and Derivative Financial Instruments | 8.382 | 5.321 |
| Total | 254.836 | 196.224 |

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 excess general provisions amounting of TL 133.000.

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 143 on the foreign currency indexed loans are netted off from loans on the balance sheet (December 31, 2015: TL 7.068).

c) Provisions for NPL customers' non-cash loans that are not converted into cash: As of December 31, 2016 provision for NPL customers' non-cash loans that are not converted into cash is TL 5.447 (December 31, 2015: TL 3.501).

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

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

| | December 31, 2016 | December 31, 2015 |
|-------------------------------------------------|--------------------------|--------------------------|
| Employee termination benefit provision | 8.459 | 4.983 |
| Unused vacation provision | 6.456 | 5.163 |
| Total of provision for employee benefits | 14.915 | 10.146 |

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 | % 2,94 | % 3,24 |
| Interest rate | % 9,62 | % 8,04 |
| Estimated salary/ Employee termination benefit increase rate | % 6,48 | % 5,00 |

| | Current Period | Prior Period |
|-------------------------------------------|-----------------------|---------------------|
| Balance at the beginning of period | 4.983 | 2.689 |
| Paid in during the period | (523) | (200) |
| The amount of provision | 3.999 | 2.494 |
| Balance at the end of period | 8.459 | 4.983 |

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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 213.700 (December 31, 2015: None).

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 48.579 for the year of 2016 (December 31, 2015: TL 44.477).

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 31, 2016, the Bank has corporate income tax provision amounting to TL 131.721, which is netted with prepaid taxes amounting to TL, 96.616 and shown in the liabilities amounting to TL 35.105 (December 31, 2015: Tax Asset TL 15).

a.2) Explanations on taxes payable:

| | December 31, 2016 | December 31, 2015 |
|----------------------------------|-------------------|-------------------|
| Payroll Tax | 3.973 | 3.622 |
| Taxation on Securities | 25.505 | 23.767 |
| BITT | 18.389 | 15.637 |
| Property Tax | 481 | 260 |
| Value Added Tax Payable | 1.869 | 1.163 |
| Stamp Tax | 119 | 106 |
| Corporate Taxes Payable | 35.105 | - |
| Foreign Exchange Transaction Tax | - | - |
| Other | 479 | 534 |
| Total | 85.920 | 45.089 |

a.3) Information on premiums:

| | December 31, 2016 | December 31, 2015 |
|------------------------------------------------------|-------------------|-------------------|
| Social Security Premiums-Employer | 3.430 | 1.393 |
| Social Security Premiums-Employee | 3.035 | 1.233 |
| Unemployment Insurance-Employer | 428 | 174 |
| Unemployment Insurance-Employee | 214 | 87 |
| 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 | 7.107 | 2.887 |

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

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

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

12. Information on Subordinated Loans:

| | December 31, 2016 | | December 31, 2015 | |
|---------------------|--------------------------|----------------|--------------------------|------------------|
| | TL | FC | TL | FC |
| From domestic banks | - | - | - | - |
| From foreign banks | - | 528.417 | - | 1.310.209 |
| Total | - | 528.417 | - | 1.310.209 |

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. 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”. On the other hand, 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.

13. Information on Shareholders’ Equity:

a) Presentation of Paid-in capital:

As of December 31, 2016 the Bank’s paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1.

| TL | December 31, 2016 | December 31, 2015 |
|-----------------|--------------------------|--------------------------|
| Common stock(*) | 3.288.842 | 1.496.150 |
| Preferred stock | - | - |
| Total | 3.288.842 | 1.496.150 |

(*) Nominal Capital

b) The registered capital system is not applied in the bank.

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

- c) Information on share capital increases and their sources: 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 by TL 1.000.000 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.

- d) 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.
- e) 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.

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

| | December 31, 2016 | December 31, 2015 |
|-----------------------------|-------------------|-------------------|
| Valuation Difference | (28.741) | (43.071) |
| Foreign Exchange Difference | - | - |
| Total | (28.741) | (43.071) |

- h) Information on legal reserves : None.
- i) Information on extraordinary reserves: None.

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:

a) Nature and amount of irrevocable loan commitments:

| | December 31, 2016 | December 31, 2015 |
|----------------------------------------------|-------------------|-------------------|
| Forward asset purchase and sales commitments | 782.136 | 217.670 |
| Loan granting commitments | 630.379 | 269.068 |
| Commitments for checks | 102.372 | 95.023 |
| Credit card limit commitments | 668.931 | 314.447 |
| Other irrevocable commitments | 6.206 | 5.242 |
| Total | 2.190.024 | 901.450 |

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, 2016 | December 31, 2015 |
|----------------------------------|-------------------|-------------------|
| Other guarantees and collaterals | 2.214.062 | 1.748.730 |
| Letters of credit | 571.553 | 480.011 |
| Bank acceptance loans | 114.523 | 68.037 |
| Total | 2.900.138 | 2.296.778 |

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

| | December 31, 2016 | December 31, 2015 |
|--------------------------------|-------------------|-------------------|
| Definite letter of guarantees | 1.387.795 | 1.019.448 |
| Temporary letter of guarantees | 35.430 | 32.949 |
| Other letter of guarantees | 790.837 | 696.333 |
| Total | 2.214.062 | 1.748.730 |

c) c.1) Total amount of non-cash loans:

| | December 31, 2016 | December 31, 2015 |
|---------------------------------------------|-------------------|-------------------|
| Non-cash loans given to cover cash loans | 183.486 | 40.687 |
| With maturity of 1 year or less than 1 year | 183.486 | 40.687 |
| With maturity of more than 1 year | - | - |
| Other non-cash loans | 2.716.652 | 2.256.091 |
| Total | 2.900.138 | 2.296.778 |

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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, 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.

| | December 31, 2015 | | | |
|--------------------------------------|-------------------|---------------|------------------|---------------|
| | TL | (%) | FC | (%) |
| Agricultural | 13.211 | 1,23 | 1.019 | 0,08 |
| Farming and raising livestock | 10.211 | 0,95 | 1.019 | 0,08 |
| Fores TL | - | - | - | - |
| Fishery | 3.000 | 0,28 | - | - |
| Manufacturing | 160.734 | 14,98 | 712.336 | 58,22 |
| Mining | 3.017 | 0,28 | 19.583 | 1,60 |
| Production | 111.611 | 10,40 | 392.496 | 32,08 |
| Electric, gas and water | 46.106 | 4,30 | 300.257 | 24,54 |
| Construction | 562.675 | 52,43 | 138.161 | 11,29 |
| Services | 330.506 | 30,80 | 362.500 | 29,63 |
| Wholesale and retail trade | 190.587 | 17,76 | 111.551 | 9,13 |
| Hotel, food and beverage services | 4.874 | 0,45 | - | - |
| Transportation and telecommunication | 37.910 | 3,53 | 174.874 | 14,29 |
| Financial institutions | 26.243 | 2,45 | 22.182 | 1,81 |
| Real estate and renting services | 51.666 | 4,81 | 9.668 | 0,79 |
| Self-employment services | 17.977 | 1,68 | 20.068 | 1,64 |
| Education services | 306 | 0,03 | - | - |
| Health and social services | 943 | 0,09 | 24.157 | 1,97 |
| Other | 6.028 | 0,56 | 9.608 | 0,79 |
| Total | 1.073.154 | 100,00 | 1.223.624 | 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 | 1.003.480 | 1.199.709 | 9.910 | 963 |
| Bank acceptances | 9.867 | 104.656 | - | - |
| Letters of credit | - | 571.553 | - | - |
| Endorsements | - | - | - | - |
| Securities issue purchase and guarantees | - | - | - | - |
| Factoring Commitments | - | - | - | - |
| Other commitments and contingencies | - | - | - | - |
| Total | 1.013.347 | 1.875.918 | 9.910 | 963 |

2) Information related to derivative financial instruments:

| | Derivative transactions according to purposes | | | |
|-------------------------------------------------------|-----------------------------------------------|-------------------|-------------------|-------------------|
| | Trading | Hedging | Trading | Hedging |
| | December 31, 2016 | December 31, 2016 | December 31, 2015 | December 31, 2015 |
| Types of trading transactions | | | | |
| Foreign currency related derivative transactions (I): | 45.316.912 | - | 24.827.398 | - |
| Forward transactions | 4.330.417 | - | 3.639.662 | - |
| Swap transactions | 27.216.383 | - | 12.970.154 | - |
| Futures transactions | - | - | - | - |
| Option transactions | 13.770.112 | - | 8.217.582 | - |
| Interest related derivative transactions (II) : | 11.913.190 | - | 5.856.776 | - |
| Forward rate transactions | - | - | - | - |
| Interest rate swap transactions | 11.433.280 | - | 5.400.268 | - |
| Interest option transactions | 479.910 | - | 456.508 | - |
| Futures interest transactions | - | - | - | - |
| Other derivative transactions for trade (III) | - | - | - | - |
| A. Total trading derivative transactions (I+II+III) | 57.230.102 | - | 30.684.174 | - |
| Types of hedging transactions | | | | |
| Fair value hedges | - | - | - | - |
| Cash flow hedges | - | - | - | - |
| Net investment hedges | - | - | - | - |
| B. Total hedging related derivatives | - | - | - | - |
| Total Derivative Transactions (A+B) | 57.230.102 | - | 30.684.174 | - |

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, 2016 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

| 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 |

| December 31, 2015 | 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 | 796.564 | 576.126 | 1.136.845 | 4.570.705 | 1.604.114 | 1.753.428 | 625.209 | 625.209 | - | - | 11.688.200 |
| USD | 455.433 | 836.446 | 3.049.603 | 1.399.530 | 1.523.370 | 1.877.700 | 1.097.517 | 1.097.517 | 228.254 | 228.254 | 11.793.624 |
| EURO | 509.529 | 328.880 | 1.913.652 | 310.740 | 944.534 | 474.541 | 977.408 | 977.408 | - | - | 6.436.692 |
| Other | 67.112 | 69.572 | 332.376 | 256.703 | 19.948 | 19.947 | - | - | - | - | 765.658 |
| Total | 1.828.638 | 1.811.024 | 6.432.476 | 6.537.678 | 4.091.966 | 4.125.616 | 2.700.134 | 2.700.134 | 228.254 | 228.254 | 30.684.174 |

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, 2016 | | December 31, 2015 | |
|----------------------------------|--------------------------|----------------|--------------------------|----------------|
| | TL | FC | TL | FC |
| Interest on loans (*) | | | | |
| Short term loans | 615.908 | 48.944 | 616.627 | 45.652 |
| Medium and long term loans | 934.678 | 721.640 | 728.654 | 557.191 |
| Interest on non-performing loans | - | - | - | - |
| Total | 1.550.586 | 770.584 | 1.345.281 | 602.843 |

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

b) Information on interest received from banks:

| | December 31, 2016 | | December 31, 2015 | |
|-----------------------------------------------|--------------------------|---------------|--------------------------|--------------|
| | TL | FC | TL | FC |
| The Central Bank of Republic of Turkey (CBRT) | 21.403 | 13.949 | 10.140 | 5.034 |
| Domestic banks | 71.531 | 936 | 92.049 | 732 |
| Foreign banks | - | 791 | 9 | 286 |
| Branches and head office abroad | - | - | - | - |
| Total | 92.934 | 15.676 | 102.198 | 6.052 |

c) Interest received from marketable securities portfolio:

| | December 31, 2016 | | December 31, 2015 | |
|--------------------------------------------------------|--------------------------|---------------|--------------------------|---------------|
| | TL | FC | TL | FC |
| Trading securities | 1.379 | - | 2.043 | - |
| Financial assets at fair value through profit and loss | - | - | - | - |
| Available-for-sale securities | 45.143 | 35.896 | 40.980 | 36.757 |
| Held-to-maturity securities | - | 13.553 | - | 13.070 |
| Total | 46.522 | 49.449 | 43.023 | 49.827 |

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

2. a) Information on interest on funds borrowed:

| | December 31, 2016 | | December 31, 2015 | |
|---------------------------------|--------------------------|---------------|--------------------------|---------------|
| | TL | FC | TL | FC |
| Interest on funds borrowed | | | | |
| Banks | 384 | 96.433 | 504 | 72.058 |
| The Central Bank of Turkey | - | 364 | - | - |
| Domestic banks | 384 | 188 | 504 | 313 |
| Foreign banks | - | 95.881 | - | 71.745 |
| Branches and head office abroad | - | - | - | - |
| Other financial institutions | - | - | - | - |
| Total | 384 | 96.433 | 504 | 72.058 |

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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, 2016; The bank has interest expense to marketable securities issued amounting to TL 9.909 (December 31, 2015: TL 18.685)
- d. Distribution of interest expense on deposits based on maturity of deposits:**

| 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 |

| December 31, 2015 | | | | | | | | |
|---------------------------|-----------------|----------------|------------------|----------------|---------------|------------------|-----------------------|------------------|
| 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 | - | 2.135 | - | - | - | - | - | 2.135 |
| Saving deposits | 83 | 40.999 | 538.680 | 12.151 | 10.388 | 1.846 | - | 604.147 |
| Public sector deposits | - | - | 2.050 | - | - | - | - | 2.050 |
| Commercial deposits | 53 | 29.799 | 204.913 | 7.357 | 5.251 | 86 | - | 247.459 |
| Other deposits | - | 1.371 | 52.060 | 2.976 | 3.910 | - | - | 60.317 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Precious metal deposits | - | - | - | - | - | - | - | - |
| Total | 136 | 74.304 | 797.703 | 22.484 | 19.549 | 1.932 | - | 916.108 |
| Foreign Currency | | | | | | | | |
| Foreign currency deposits | 4 | 34.056 | 280.015 | 13.797 | 3.904 | 1.934 | - | 333.710 |
| Bank deposits | - | 19.970 | - | - | - | - | - | 19.970 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Precious metal deposits | - | - | - | - | - | - | - | - |
| Total | 4 | 54.026 | 280.015 | 13.797 | 3.904 | 1.934 | - | 353.680 |
| Grand Total | 140 | 128.330 | 1.077.718 | 36.281 | 23.453 | 3.866 | - | 1.269.788 |

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

3. Information on Dividend Income: None.

4. Information on net trading income:

| | December 31, 2016 | December 31, 2015 |
|--------------------------------------------|-------------------|-------------------|
| Income | 11.390.689 | 9.252.326 |
| Gains on capital market operations | 355.397 | 5.936 |
| Gains on derivative financial instruments | 1.951.894 | 1.557.670 |
| Foreign exchange gains | 9.083.398 | 7.688.720 |
| Losses (-) | 11.208.873 | 9.468.234 |
| Losses on capital market operations | 18.364 | 7.846 |
| Losses on derivative financial instruments | 1.792.626 | 1.288.389 |
| Foreign exchange losses | 9.397.883 | 8.171.999 |
| Net Amount | 181.816 | (215.908) |

5. Information on other operating income: As of December 31, 2016; other operating income includes the adjustment account for previous years' expenses and other operating income. Also, further to the sale of Visa Europe Ltd. to Visa Inc., the Bank in exchange of the EUR 10 nominal of Visa Europe Ltd. shares, received EUR 1.323.747,95 in cash and 480 Series C of preferred stock. Above mentioned closing cash consideration, stock and the deferred cash proceeds resulted in TL 6.216 of gain that was reported under "Other Operating Income"

6. Provision for impairment of loans and other receivables:

| | December 31, 2016 | December 31, 2015 |
|---------------------------------------------------------|-------------------|-------------------|
| Specific provisions for loans and other receivables (*) | 280.378 | 216.961 |
| III. Group Loans and Receivables | 18.062 | 18.771 |
| IV. Group Loans and Receivables | 85.543 | 72.275 |
| V. Group Loans and Receivables | 176.773 | 125.915 |
| General loan loss provision expenses / (income) | 36.288 | 41.679 |
| Provision expenses for possible losses | 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 | 530.366 | 258.640 |

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

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

7. Information on other operating expenses:

| | December 31, 2016 | December 31, 2015 |
|-------------------------------------------------------------------------|------------------------------|------------------------------|
| Personnel expenses | 283.472 | 249.428 |
| Employee termination benefit provision | 3.476 | 2.294 |
| Taxes and duties | - | - |
| Bank social aid fund deficit provision | - | - |
| Impairment expenses of fixed assets | - | - |
| Depreciation expenses of fixed assets | 43.852 | 36.457 |
| Impairment expenses of intangible assets | - | - |
| Impairment expense of goodwill | - | - |
| Amortization expenses of intangible assets | 28.673 | 18.689 |
| Impairment for investments accounted for under equity method | - | - |
| Impairment expenses of assets to be disposed | - | - |
| Depreciation expenses of assets to be disposed | 665 | 125 |
| Impairment expenses of assets held for sale and discontinued operations | - | - |
| Other operating expenses | 296.641 | 225.657 |
| Rent expenses | 64.458 | 55.081 |
| Maintenance expenses | 4.757 | 3.228 |
| Advertisement expenses | 41.057 | 36.077 |
| Other expenses (*) | 186.369 | 131.271 |
| Loss on sales of assets | - | - |
| Total | 656.779 | 532.650 |

(*)As of December 31, 2016, other operating expenses include taxes and similar disbursements expenses amounting to TL 35.065, IT expenses amounting to TL 36.770, support services amounting to TL 21.507, premiums for saving deposit insurance fund amounting to TL 15.121, communication and other expenses amounting to TL 10.907. (31 December 2015: Other operating expenses include IT expenses amounting to TL 29.818, outsource services amounting to TL 16.935, communication expenses amounting to TL 10.704, taxes and similar disbursements expenses amounting to TL 10.851, premiums for saving deposit insurance fund amounting to TL 10.625 and other expenses.)

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

As of December 31, 2016, the Bank's profit before tax from continued operations is TL 264.672.

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

As of December 31, 2016, The Bank has deferred tax income amounting to TL 55.310 through temporary difference and The Bank has current tax expense TL 119.628. (December 31, 2015: TL 12.367 deferred tax income and TL 36.013 current tax expense.)

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

As of December 31, 2016 the Bank's net profit from continued operations is TL 200.354. (December 31, 2015: TL 50.290)

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

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 the 2016, Odeabank purchased USD denominated Eurobonds through sale of LBP T-Bills (nominal amount of LBP 595 billion) with the Central Bank of Lebanon that generated capital gains of TL 349.555.

As at December 31, 2016 , the Bank constituted TL 213.700 of free provisions above the regulatory general provisions requirements for possible results of the circumstances which may arise from possible changes in the economy or market conditions.

- 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.

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

- a) Decrease resulting from revaluation of financial assets available for sale is TL 28.741.
- b) Increase in cash flow risk hedging items: None.
- c) The reconciliation related with foreign currency translation reserves at the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Amounts transferred to legal reserves: None.
- f) 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.

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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:

“Other Income” line amounting to TL consists of fees and commissions paid, other operating incomes except for collection of non-cash provisions and other operating expenses except for personnel expenses and “Others” line amounting to TL 28.360 consist of effect of change in foreign exchange rate on cash and cash equivalents in “Bank Operating profit before changes in operating assets and liabilities”.

“Net increase/decrease in other liabilities” line amounting to TL 6.653 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 261.771 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, 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 |

| Prior period | December 31, 2015 | December 31, 2014 |
|---------------------------------------------------------|--------------------------|--------------------------|
| Cash | 593.713 | 415.338 |
| Cash in TL/foreign currency | 137.330 | 113.236 |
| Central Bank of Republic of Turkey | 456.383 | 302.102 |
| Cash equivalents | 4.095.986 | 3.247.000 |
| Receivables from banks and other financial institutions | 35.986 | 1.012.000 |
| Receivables from money market placements | 4.060.000 | 2.235.000 |
| Total cash and cash equivalents | 4.689.699 | 3.662.338 |

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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, 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 | | | | | | |

December 31, 2015 :

| 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 | - | - | - | 18.221 | 3 | 120 |
| Balance at end of period | - | - | - | 16.290 | 30 | 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 |
|--------------------------------|----------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------|
| | | | |
| Deposits | December 31, 2016 | December 31, 2016 | December 31, 2016 |
| 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 |

December 31, 2015:

| 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 |
|--------------------------------|----------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------|
| | | | |
| Deposits | December 31, 2015 | December 31, 2015 | December 31, 2015 |
| Balance at beginning of period | - | 575.564 | 5.695 |
| Balance at end of period | - | 1.027.230 | 8.105 |
| Interest on deposits | - | 18.257 | 852 |

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

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. 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".

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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 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 | - | - | - |

December 31, 2015:

| 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, 2015 | December 31, 2015 | December 31, 2015 |
| Balance at beginning of period | - | - | - |
| Balance at end of period | - | - | - |
| Total Loss/ Profit | - | - | - |

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, 2016 is TL 27.621. (December 31, 2015: TL 23.046)

VIII. Explanations And Disclosures Related To Subsequent Events

None.

Translated into English from the original Turkish report and financial statements

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank

None.

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. Explanations on the Independent Auditor’s Report

The unconsolidated financial statements for the year ended December 31, 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor’s report dated February 24, 2017 is presented preceding the unconsolidated financial statements.

II. Explanations And Notes Prepared By Independent Auditor

None.