

ODEA BANK A.Ş.

**UNCONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(Convenience translation of unconsolidated financial statements and independent
auditor's report originally issued in Turkish, See Note I. 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, 2015 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 communique "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.

Opinion

In our opinion, the accompanying unconsolidated financial statements the financial statement presents fairly, in all material respects, the financial position of Odea Bank A.Ş. as at December 31, 2015 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 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, 2015 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

March 16, 2016
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, 2015**

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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 THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON 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 HAKİM	Hüseyin ARITKAN
Chairman of the Board of Directors	Member of Board of Directors and General Manager	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
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Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

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ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

As of December 31, 2015 and December 31, 2014, 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	1.403.787	93,827%	1.403.787	93,827%
Audi Private Bank sal	90.698	6,062%	90.698	6,062%
Raymond Audi	555	0,037%	555	0,037%
Samir Hanna	555	0,037%	555	0,037%
Freddie Baz	555	0,037%	555	0,037%
	1.496.150	100,00%	1.496.150	100,00%

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ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

(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	Raymond AUDI	Member of the Board of Directors	High School
	Imad ITANI	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Freddie BAZ	Member of the Board of Directors	PHD 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
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	Erol SAKALLIOĞLU	Commercial Banking	Bachelor's 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
	Naim HAKİM	Finance	Master Degree
	Yalçın AVCI	Corporate Banking	Master Degree

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ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

(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, 2015:

Name / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	1.403.787	93,827%	1.403.787	-
Audi Private Bank sal	90.698	6,062%	90.698	-

Among the Board of Directors, senior management and auditors, only Raymond Audi, Samir Hanna and Freddie Baz have shareholding in the bank at the rate of 0,037% separately.

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, 2015, there are 55 domestic branches with 1.538 employees. The Bank is organized to operate in all operational aspects of corporate, commercial and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector.

Translated into English from the original Turkish report and financial statements

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
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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, 2015
(STATEMENT OF FINANCIAL POSITION)

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

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

	Note Ref (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	529.585	3.544.999	4.074.584	358.908	2.471.754	2.830.662
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	101.001	24.724	125.725	10.007	37.107	47.114
2.1 Financial assets held for trading		101.001	24.724	125.725	10.007	37.107	47.114
2.1.1 Public sector debt securities		24.812	-	24.812	1.778	1.379	3.157
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		76.189	24.724	100.913	8.229	35.728	43.957
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	114	35.872	35.986	866.973	145.590	1.012.563
IV. MONEY MARKET PLACEMENTS		4.061.196	-	4.061.196	2.235.688	-	2.235.688
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		4.061.196	-	4.061.196	2.235.688	-	2.235.688
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	471.861	625.317	1.097.178	485.884	377.170	863.054
5.1 Share certificates		-	5.285	5.285	-	-	-
5.2 Public sector debt securities		471.861	620.032	1.091.893	485.884	377.170	863.054
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	10.726.013	11.080.858	21.806.871	9.991.194	8.020.266	18.011.460
6.1 Loans and receivables		10.426.520	11.080.858	21.507.378	9.834.606	8.020.266	17.854.872
6.1.1 Loans to risk group of the Bank		64	-	64	53	-	53
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		10.426.456	11.080.858	21.507.314	9.834.553	8.020.266	17.854.819
6.2 Non-performing loans		487.927	-	487.927	264.175	-	264.175
6.3 Specific provisions (-)		188.434	-	188.434	107.587	-	107.587
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	-	364.449	364.449	-	300.091	300.091
8.1 Public sector debt securities		-	364.449	364.449	-	300.091	300.091
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	142.902	-	142.902	116.962	-	116.962
XV. INTANGIBLE ASSETS (Net)	I-13	99.028	-	99.028	57.442	-	57.442
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		99.028	-	99.028	57.442	-	57.442
XVI. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII. TAX ASSET	I-15	40.881	-	40.881	18.398	-	18.398
17.1 Current tax asset		15	-	15	-	-	-
17.2 Deferred tax asset		40.866	-	40.866	18.398	-	18.398
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	29.879	-	29.879	6.132	-	6.132
18.1 Held for sale		29.879	-	29.879	6.132	-	6.132
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	137.978	66.051	204.029	85.440	37.131	122.571
TOTAL ASSETS		16.340.438	15.742.270	32.082.708	14.233.028	11.389.109	25.622.137

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, 2015
(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)

	Note Ref. (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	9,568,571	15,764,925	25,333,496	9,605,029	11,456,011	21,061,040
1.1 Deposits from risk group of the Bank		24,695	1,023,367	1,048,062	17,137	566,336	583,473
1.2 Other		9,543,876	14,741,558	24,285,434	9,587,892	10,889,675	20,477,567
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	124,230	18,489	142,719	19,841	30,822	50,663
III. FUNDS BORROWED	II-3	5,130	3,128,339	3,133,469	8,760	1,402,363	1,411,123
IV. MONEY MARKET BALANCES		156,858	-	156,858	138,889	-	138,889
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	156,858	-	156,858	138,889	-	138,889
V. MARKETABLE SECURITIES ISSUED (Net)	II-5	154,995	-	154,995	137,483	-	137,483
5.1 Bills		154,995	-	154,995	137,483	-	137,483
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		4,579	191	4,770	3,663	-	3,663
VIII. OTHER LIABILITIES	II-6	180,985	15,037	196,022	155,849	33,860	189,709
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	159,030	96,025	255,055	127,957	69,839	197,796
12.1 General loan loss provisions		100,199	96,025	196,224	84,706	69,839	154,545
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		10,146	-	10,146	6,303	-	6,303
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		48,685	-	48,685	36,948	-	36,948
XIII. TAX LIABILITY	II-10	47,976	-	47,976	41,385	-	41,385
13.1 Current tax liability		47,976	-	47,976	41,385	-	41,385
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-11	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-12	-	1,310,209	1,310,209	-	1,053,135	1,053,135
XVI. SHAREHOLDERS' EQUITY	II-13	1,375,266	(28,127)	1,347,139	1,340,796	(3,545)	1,337,251
16.1 Paid-in capital		1,496,150	-	1,496,150	1,496,150	-	1,496,150
16.2 Supplementary capital		(14,944)	(28,127)	(43,071)	876	(3,545)	(2,669)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(14,944)	(28,127)	(43,071)	876	(3,545)	(2,669)
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		-	-	-	-	-	-
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		(105,940)	-	(105,940)	(156,230)	-	(156,230)
16.4.1 Prior years' income/ (losses)		(156,230)	-	(156,230)	(156,577)	-	(156,577)
16.4.2 Current year income/ (losses)		50,290	-	50,290	347	-	347
16.5 Minority shares	II-14	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		11,777,620	20,305,088	32,082,708	11,579,652	14,042,485	25,622,137

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, 2015
 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		13.418.057	20.464.345	33.882.402	7.401.890	14.055.246	21.457.136
I. GUARANTEES	III-1	1.073.154	1.223.624	2.296.778	810.498	681.787	1.492.285
1.1 Letters of guarantee		1.065.579	683.151	1.748.730	804.578	201.336	1.005.914
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		1.065.579	683.151	1.748.730	804.578	201.336	1.005.914
1.2 Bank loans		7.575	60.462	68.037	5.920	48.766	54.686
1.2.1 Import letter of acceptance		7.575	60.462	68.037	5.920	48.766	54.686
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	480.011	480.011	-	431.685	431.685
1.3.1 Documentary letters of credit		-	480.011	480.011	-	431.685	431.685
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	656.703	244.747	901.450	685.649	457.452	1.143.101
2.1 Irrevocable commitments		656.703	244.747	901.450	685.649	457.452	1.143.101
2.1.1 Forward asset purchase and sales commitments		70.769	146.901	217.670	207.616	377.848	585.464
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		176.464	92.604	269.068	179.303	71.642	250.945
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		95.023	-	95.023	81.805	-	81.805
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		314.447	-	314.447	216.925	-	216.925
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		-	5.242	5.242	-	7.962	7.962
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	11.688.200	18.995.974	30.684.174	5.905.743	12.916.007	18.821.750
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		11.688.200	18.995.974	30.684.174	5.905.743	12.916.007	18.821.750
3.2.1 Forward foreign currency buy/sell transactions		1.372.690	2.266.972	3.639.662	541.081	799.181	1.340.262
3.2.1.1 Forward foreign currency transactions-buy		796.564	1.032.074	1.828.638	290.067	379.279	669.346
3.2.1.2 Forward foreign currency transactions-sell		576.126	1.234.898	1.811.024	251.014	419.902	670.916
3.2.2 Swap transactions related to foreign currency, and interest rates		6.957.968	11.412.454	18.370.422	2.695.790	6.042.615	8.738.405
3.2.2.1 Foreign currency swaps-buy		1.136.845	5.295.631	6.432.476	440.221	2.624.363	3.064.584
3.2.2.2 Foreign currency swaps-sell		4.570.705	1.966.973	6.537.678	1.964.221	1.111.706	3.075.927
3.2.2.3 Interest rate swaps-buy		625.209	2.074.925	2.700.134	145.674	1.153.273	1.298.947
3.2.2.4 Interest rate swaps-sell		625.209	2.074.925	2.700.134	145.674	1.153.273	1.298.947
3.2.3 Foreign currency, interest rate and securities options		3.357.542	5.316.548	8.674.090	2.668.872	6.074.211	8.743.083
3.2.3.1 Foreign currency options-buy		1.604.114	2.487.852	4.091.966	1.447.649	1.882.838	3.330.487
3.2.3.2 Foreign currency options-sell		1.753.428	2.372.188	4.125.616	1.221.223	2.141.897	3.363.120
3.2.3.3 Interest rate options-buy		-	228.254	228.254	-	1.024.738	1.024.738
3.2.3.4 Interest rate options-sell		-	228.254	228.254	-	1.024.738	1.024.738
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)		41.270.364	20.339.860	61.610.224	19.463.122	10.996.416	30.459.538
IV. ITEMS HELD IN CUSTODY		687.373	658.554	1.345.927	578.957	314.104	893.061
4.1 Assets under management		184.697	-	184.697	236.022	-	236.022
4.2 Investment securities held in custody		10.722	19.233	29.955	46.429	12.952	59.381
4.3 Checks received for collection		7.954	264.894	272.848	10.640	215.532	226.172
4.4 Commercial notes received for collection		484.000	374.427	858.427	285.866	85.620	371.486
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		40.582.991	19.681.306	60.264.297	18.884.165	10.682.312	29.566.477
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		14.022.866	2.047.436	16.070.302	1.910.336	158.469	2.068.805
5.3 Commodities		2.314.283	-	2.314.283	2.105.178	-	2.105.178
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		17.233.229	9.964.727	27.197.956	12.686.224	7.080.922	19.767.146
5.6 Other pledged items		7.012.613	7.669.143	14.681.756	2.182.427	3.442.921	5.625.348
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		54.688.421	40.804.205	95.492.626	26.865.012	25.051.662	51.916.674

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, 2015

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

III. STATEMENT OF INCOME

	Note (Section Five)	Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
I. INTEREST INCOME	IV-1	2.352.473	1.637.812
1.1 Interest on loans		1.948.124	1.409.240
1.2 Interest received from reserve deposits		15.173	881
1.3 Interest received from banks		93.076	44.432
1.4 Interest received from money market placements		191.093	96.648
1.5 Interest received from marketable securities portfolio		92.850	82.752
1.5.1 Held-for-trading financial assets		2.043	278
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		77.737	76.125
1.5.4 Investments held-to-maturity		13.070	6.349
1.6 Finance lease income		-	-
1.7 Other interest income		12.157	3.859
II. INTEREST EXPENSE	IV-2	1.376.088	1.057.937
2.1 Interest on deposits		1.269.788	994.688
2.2 Interest on funds borrowed		72.562	34.831
2.3 Interest on money market borrowings		12.056	16.334
2.4 Interest on securities issued		18.685	11.697
2.5 Other interest expense		2.997	387
III. NET INTEREST INCOME (I - II)		976.385	579.875
IV. NET FEES AND COMMISSIONS INCOME		98.608	42.327
4.1 Fees and commissions received		126.126	56.915
4.1.1 Non-cash loans		24.295	15.216
4.1.2 Other	IV-12	101.831	41.699
4.2 Fees and commissions paid		27.518	14.588
4.2.1 Non-cash loans		-	-
4.2.2 Other	IV-12	27.518	14.588
V. DIVIDEND INCOME	IV-3	-	-
VI. NET TRADING INCOME	IV-4	(215.908)	(36.069)
6.1 Securities trading gains/ (losses)		(1.910)	19.762
6.2 Gain/(losses) from derivative financial instruments		269.281	(64.404)
6.3 Foreign exchange gains/ (losses)		(483.279)	8.573
VII. OTHER OPERATING INCOME	IV-5	6.141	3.636
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		865.226	589.769
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	258.640	167.823
X. OTHER OPERATING EXPENSES (-)	IV-7	532.650	404.646
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		73.936	17.300
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	73.936	17.300
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(23.646)	(16.953)
16.1 Provision for current income taxes		(36.013)	(18.501)
16.2 Provision for deferred taxes		12.367	1.548
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	IV-10	50.290	347
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	50.290	347

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, 2015

(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 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
I. Additions to marketable securities revaluation differences for available for sale financial assets	(50.503)	7.347
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	10.101	(1.470)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(40.402)	5.877
XI. Profit/Loss	50.290	347
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	2.410	18.811
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	47.880	(18.464)
XII. Total Profit/Loss accounted for in the period (X±XI)	9.888	6.224

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, 2015

(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																			
31/12/2014																			
I. Period Opening Balance		1.496.150	-	-	-	-	-	-	-	(137.005)	(19.572)	(8.546)	-	-	-	-	1.331.027	-	1.331.027
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	-	-	-	-	-	-	-	(137.005)	(19.572)	(8.546)	-	-	-	-	1.331.027	-	1.331.027
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	5.877	-	-	-	-	5.877	-	5.877
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		-	-	-	-	-	-	-	-	137.005	(137.005)	-	-	-	-	-	-	-	-
XIX. Current Year Income or (Loss)		-	-	-	-	-	-	-	-	347	-	-	-	-	-	-	347	-	347
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	-	-	-	-	-	-	-	347	(156.577)	(2.669)	-	-	-	-	1.337.251	-	1.337.251

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, 2015

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

	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr..	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD																			
31/12/2015																			
I. Prior Period End Balance		1.496.150	-	-	-	-	-	-	-	347	(156.577)	(2.669)	-	-	-	-	1.337.251	-	1.337.251
Changes in the period																			
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(40.402)	-	-	-	-	(40.402)	-	(40.402)
IV. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash Increase	II-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Year Income or (Loss)		-	-	-	-	-	-	-	-	(347)	347	-	-	-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	-	-	-	-	50.290	-	-	-	-	-	-	50.290	-	50.290
18.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		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 STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED
DECEMBER 31, 2015

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

VI. STATEMENT OF CASH FLOW

	Note (Section Five)	Reviewed Current Period 31.12.2015	Reviewed Prior Period 31.12.2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		360.845	70.383
1.1.1 Interest received		2.181.151	1.595.326
1.1.2 Interest paid		(1.375.779)	(1.006.035)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		193.635	78.392
1.1.5 Other income		(180.808)	(14.628)
1.1.6 Collections from previously written off loans		71.568	19.364
1.1.7 Payments to personnel and service suppliers		(475.997)	(355.056)
1.1.8 Taxes paid		(21.152)	(227.031)
1.1.9 Others	VI-1	(31.773)	(19.949)
1.2 Changes in operating assets and liabilities		1.325.933	1.609.430
1.2.1 Net (increase) decrease in financial assets held for trading		(18.579)	(458)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		35.100	1.924
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(1.058.015)	(796.182)
1.2.4 Net (increase) decrease in loans		(3.515.324)	(6.537.786)
1.2.5 Net (increase) decrease in other assets	VI-1	(191.820)	11.958
1.2.6 Net increase (decrease) in bank deposits		669.474	294.959
1.2.7 Net increase (decrease) in other deposits		3.612.872	8.355.635
1.2.8 Net increase (decrease) in funds borrowed		1.732.532	159.248
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	59.693	120.132
I. Net cash provided from banking operations		1.686.778	1.679.813
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(146.023)	(294.330)
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		(146.023)	(65.664)
2.4 Fixed assets sales		-	-
2.5 Cash paid for purchase of financial assets available for sale		-	(381.409)
2.6 Cash obtained from sale of financial assets available for sale		-	450.414
2.7 Cash paid for purchase of investment securities		-	(297.671)
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		17.459	488.972
3.1 Cash obtained from funds borrowed and securities issued (*)		375.342	289.232
3.2 Cash used for repayment of funds borrowed and securities issued		(357.883)	(150.000)
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	349.740
IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities	VI-1	(530.853)	19.949
V. Net increase / (decrease) in cash and cash equivalents		1.027.361	1.894.404
VI. Cash and cash equivalents at beginning of the period	VI-2	3.662.338	1.767.934
VII. Cash and cash equivalents at end of the period	VI-2	4.689.699	3.662.338

(*) 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.

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED
DECEMBER 31, 2015

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

VII. PROFIT DISTRIBUTION TABLE

	Audited Current Period 31.12.2015(*)	Audited Prior Period 31.12.2014
I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS)		
1.1 CURRENT YEAR INCOME/(LOSS)	73.936	17.300
1.2 TAXES AND DUTIES PAYABLE (-)	(23.646)	(16.953)
1.2.1 Corporate tax (Income tax)	(36.013)	(18.501)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	12.367	1.548
A. NET INCOME FOR THE YEAR (1.1-1.2)	50.290	347
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)]	50.290	347
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	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) 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, 2015 the Bank has deferred tax benefit amounting to TL 12.367 associated with the deferred tax asset which will not be subject to profit distribution (December 31, 2014: TL 1.548).

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

(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", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué.

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 which have entered into force as of 1 January 2015 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, which have been published as of reporting date but have not been effective yet, 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 (Version 2011).

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, 2014. 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, 2015

(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, 2015 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.

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2015

(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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2015

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

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.

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, 2015, the Bank has specific provision amount to TL 188.434 for its non-performing loans (December 31, 2014: TL 107.587).

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.

Translated into English from the original Turkish report and financial statements

ODEA BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2015

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

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.

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, 2015, the Bank has TL 4.061.196 of reverse repo transactions (December 31, 2014: TL 2.235.688).

As of December 31, 2015, the Bank has TL 156.858 funds provided under repurchase agreements (December 31, 2014: TL 138.889).

As of December 31, 2015, the Bank does not have any marketable securities lending transaction (December 31, 2014: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Banks are obliged to dispose the assets they had to acquire due to receivables within three years following the day of acquisition. Assets subject to amortization to be disposed which are possible to be disposed in one year following the date of acquisition may not be subject to amortization, providing that a sale plan and an active study to carry out the plan has been made by the bank during this period and that the asset has been put up for sale at a price close to its market price. Assets subject to amortization unlikely to be disposed in one year following the date of acquisition or assets which cannot be disposed in one year, though likely to be disposed in such period of time are subject to amortization separately in a way to begin as of the date of acquisition and according to the quality by using the life cycles and amortization ratios defined by the Ministry of Finance pursuant to the Tax Procedure Law dated January 4, 1961 and Nr. 213. Assets subject to amortization which cannot be disposed after the expiration of three-year period are subject to amortization twice the amortization ratio following the expiration of this date and within the procedures and principles set forth in the third paragraph. In the event that assets which are not subject to amortization cannot be disposed following the acquisition date are subject to amortization by setting aside provisions at five percent for each year as of the date of acquisition. Pursuant to the Regulation on Equities of Banks, assets which cannot be disposed in five years following the acquisition date are considered as the value decreased from capital in equity account on net book values. Assets acquired due to receivables may not be valued, under any circumstances.

As of December 31, 2015, the Bank has TL 29.879 assets held for sale (December 31, 2014: TL 6.132).

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, 2015 and December 31, 2014 the Bank does not have any discontinued operations.

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

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, 2015, the Bank has corporate income tax provision amounting to TL 42.489, which is netted with prepaid taxes amounting to TL 42.504 and shown as TL 15 in the current taxes (December 31, 2014: Tax Provision TL 4.090).

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.

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XVI. Explanations on Taxation (continued)

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 deferred tax provision amounting to TL 40.866 in the statement of income (December 31, 2014: TL 18.398).

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

Since the Bank is not listed, disclosure requirements of Turkish Financial Reporting Standards 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

None, other than above explanations.

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 ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio, the capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” (the “Regulation”), “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” published in the Official Gazette No. 28337 dated June 28, 2012 (“Regulation”) and “Regulation Regarding Banks’ Shareholders’ Equity” published in the Official Gazette No. 28756 as of September 5, 2013. As of December 31, 2015 the Bank’s capital adequacy ratio is 12,19% (December 31, 2014: 13,70%).

In the computation of capital adequacy standard ratio, the information prepared in accordance with statutory accounting requirements is used. The credit risk amount and market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

In the computation of credit risk amount, the Bank classifies its loans in relevant risk weighted assets taking into considerations its risk class, and the remaining risk mitigating items. In taking into consideration of risk mitigation items, “comprehensive financial collateral” method is used.

The values deducted from the capital base in the shareholders’ equity computation are excluded while calculating credit risk-weighted assets. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the 3rd clause of Article 5 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the Article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial the receivables from counterparties are multiplied by the rates defined in the Appendix-2 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the Article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

I. Information related to the capital adequacy ratio:

	Risk Weights									
	Bank									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
The amount subject to credit risk	-	-	31.318	2.901.891	1.026.437	14.964.502	899.354	1.205.650	-	-
Risk Types	4.651.138	-	156.588	5.803.781	1.368.583	14.964.502	599.569	602.825	-	-
Contingent and Non-Contingent Receivables from central governments or central banks	4.471.304	-	-	531.809	-	452.756	-	-	-	-
Contingent and Non-Contingent Receivables on Regional or Local governments	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	7.582	-	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	-	-	156.588	107.844	-	21.241	-	-	-	-
Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	12.260.500	-	-	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-	1.368.583	16.077	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	5.110.235	-	1.689.245	-	-	-	-
Past Due Receivables	-	-	-	51.539	-	90.459	227.473	-	-	-
Receivables defined in high risk category by Regulator	-	-	-	2.354	-	9.932	372.096	602.825	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other Receivables	179.834	-	-	-	-	416.710	-	-	-	-

Summary information related to the capital adequacy ratio:

	December 31, 2015	December 31, 2014
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	1.682.332	1.377.249
Capital requirement for market risk (II)(Value at Market Risk*0,08) (MRCR)	38.990	21.417
Capital requirement for operational risk (III) (ORCR)	42.013	18.787
Equity	2.687.249	2.427.261
Tier I Capital/((CRCR+CRMR+CROR)*12,5*100)	9,34%	10,85%
Common Equity/((CRCR+CRMR+CROR)*12,5*100)	5,72%	7,15%
Equity/((CRCR+CRMR+CROR) * 12,5) * 100	12,19%	13,70%

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

Common Equity	December 31, 2015	December 31, 2014
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.496.150	1.496.150
Share premium	-	-
Share cancellation profits	-	-
Reserves	-	-
Gains recognized in equity as per TAS	-	(2.669)
Profit	50.637	347
Current Period Profit	50.290	347
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	1.493.828
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	156.577
Leasehold improvements (-)	68.834	59.194
Goodwill or other intangible assets and deferred tax liability related to these items (-)	18.611	10.912
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	226.683
Total Common Equity	1.259.693	1.267.145
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	699.480
Additional Tier I Capital before Deductions	873.420	699.480
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	699.480
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	43.649
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	1.922.976
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)**)	436.710	349.740
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	154.545
Tier II Capital Before Deductions	632.934	504.285
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	504.285
CAPITAL	2.691.602	2.427.261
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	2.427.261
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	18.398

(*) 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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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Details on Subordinated Liabilities:

Details on Subordinated Loans			
Lender	Bank Audi sal	Bank Audi sal	Bank Audi sal
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Tier I Capital	Tier I Capital	Tier II Capital
Whether the sub-loan is subject to 10% decrease starting from 1/1/2015	No	No	No
Eligible at stand-alone / consolidated (*)	Stand Alone	Stand Alone	Stand Alone
Instrument type (types to be specified by each jurisdiction) (**)	Tier I-Subordinated Loan	Tier I-Subordinated Loan	Tier II-Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (***)	291.140	582.280	436.710
Per value of instrument (Thousand USD)	100.000	200.000	150.000
Accounting classification	Liability-Subordinated Loans	Liability-Subordinated Loans	Liability-Subordinated Loans
Original date of issuance	27/12/2012	24/09/2013	31/10/2014
Perpetual or dated	Perpetual	Perpetual	Dated
Original maturity date	-	-	-
Issuer call subject to prior supervisory approval	Yes	Yes	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.	Within the first month after 5th year with the condition of new borrowing which is provided same requirements.	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	Within the first month after 5th year	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	Noncumulative	Noncumulative
Convertible or non-convertible	Yes	Yes	Yes
If convertible, conversion trigger (s)	Regulation of banks on equity which is numbered 7-2-i	Regulation of banks on equity which is numbered 7-2-i	Regulation of banks on equity which is numbered 7-2-i
If convertible, fully or partially	Remaining principal and interest	Remaining principal and interest	Remaining principal and interest
If convertible, conversion rate	Remaining principal and interest	Remaining principal and interest	Remaining principal and interest
If convertible, mandatory or optional conversion	Optional	Optional	Optional
If convertible, specify instrument type convertible into	Equity	Equity	Equity
If convertible, specify issuer of instrument it converts into	Odea Bank A.Ş	Odea Bank A.Ş	Odea Bank A.Ş
Write-down feature	None	None	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	After claims, deposit holders, other creditors and instruments included in the calculation of supplementary capital	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	Contains all the items stated in article 7	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	Contains all the items stated in article 7	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 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".

(***) There are no accrued interests.

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I. Explanations Related to the Capital Adequacy Standard Ratio (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 Related to Credit Risk

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

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

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

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

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II. Explanations Related to Credit Risk (continued)

	Current Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types(*)		
Contingent and Non-Contingent Receivables from central governments or central banks	5.473.336	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 64% respectively.

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 60% and 67%.

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 37% and 46% respectively.

The Bank provided a general loan loss provision amounting to TL 196.224 (31 December 2014: TL 154.545).

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II. Explanations Related to Credit Risk (continued)

Information on loan types and provisions:

31 December 2015	Corporate	Commercial	Retail	Total
Standard Loans	10.182.432	8.939.833	2.082.798	21.205.063
Close Monitoring Loans	-	183.695	118.620	302.315
Loans Under Follow-up	16.632	231.980	239.315	487.927
Specific Provision (-)	(12.739)	(106.029)	(69.666)	(188.434)
Total	10.186.325	9.249.479	2.371.067	21.806.871

31 December 2014	Corporate	Commercial	Retail	Total
Standard Loans	7.807.258	8.012.946	1.537.266	17.357.470
Close Monitoring Loans	42.338	367.194	87.870	497.402
Loans Under Follow-up	12.877	160.357	90.941	264.175
Specific Provision (-)	(2.139)	(71.964)	(33.484)	(107.587)
Total	7.860.334	8.468.533	1.682.593	18.011.460

Information on past due loan and other receivables:

31 December 2015	Corporate	Commercial	Retail	Total
Not past due and 30 days past due	10.182.432	8.939.833	2.082.798	21.205.063
30-60 days past due	-	119.885	71.460	191.345
60-90 days past due	-	63.810	47.160	110.970
Total	10.182.432	9.123.528	2.201.418	21.507.378

31 December 2014	Corporate	Commercial	Retail	Total
Not past due and 30 days past due	7.807.258	8.012.946	1.537.266	17.357.470
30-60 days past due	40.470	265.699	51.591	357.760
60-90 days past due	1.868	101.495	36.279	139.642
Total	7.849.596	8.380.140	1.625.136	17.854.872

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

Moody's	A1	BAA3	B2	Total
Financial assets at fair value through profit and loss (net)	-	24.812	-	24.812
Financial assets available for sale (net)	5.285	619.040	472.853	1.097.178
Held to maturity investments (net)	-	364.449	-	364.449
Total	5.285	1.008.301	472.853	1.486.439

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II. Explanations Related to Credit Risk (continued)

Significant Risks that are significant on the profile of the regions

Risk Classifications (*)

31 Dec 2015

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	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

31 Dec 2014

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	3.540.382	-	-	-	-	1.201.134	11.247.949	1.403.734	4.849.777	134.294	734.689	-	-	-	-	421.739	23.533.698
European Union Countries	-	-	-	-	-	33.454	46.690	207	707	-	4.101	-	-	-	-	-	85.159
OECD Countries**	-	-	-	-	-	181	-	205	-	-	-	-	-	-	-	-	386
Off-shore Banking Regions	-	-	-	-	-	-	-	168	-	-	-	-	-	-	-	-	168
USA, Canada	-	-	-	-	-	8.261	-	-	-	-	-	-	-	-	-	-	8.261
Other Countries	377.170	-	-	-	-	17.826	177.302	1.796	-	-	-	-	-	-	-	-	574.094
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3.917.552	-	-	-	-	1.260.856	11.471.941	1.406.110	4.850.484	134.294	738.790	-	-	-	-	421.739	24.201.766

(*) 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 Related to 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 Beverage Services	-	-	-	-	-	-	1.492.370	278.736	625.940	83.981	2.287	-	-	-	-	-	2.043.369	439.945	2.483.314
4.2 Transportation and Communication	-	-	-	-	-	-	280.376	14.729	993.654	872	21	-	-	-	-	-	222.069	1.067.583	1.289.652
4.3 Financial Institutions	-	-	-	-	-	-	1.425.225	45.170	202.829	4.709	288	-	-	-	-	-	551.200	1.127.021	1.678.221
4.4 Real Estate and Renting Services.	-	-	-	-	-	-	39.811	4.275	87.434	1.028	18	-	-	-	-	-	230.949	186.637	417.586
4.5 Self-Employment Services	-	-	-	-	-	-	100.479	8.444	69.714	84	501	-	-	-	-	-	89.058	90.164	179.222
4.6 Education Services	-	-	131	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Health and Social Services	-	-	-	-	-	-	117.771	3.090	47.409	-	-	-	-	-	-	-	168.401	-	168.401
4.8 Other	-	-	-	-	-	-	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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III. Explanations Related to Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2014

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	-	-	-	-	-	-	97.586	16.232	21.090	-	-	-	-	-	-	-	106.900	28.008	134.908	
1.1 Farming and Raising Livestock	-	-	-	-	-	-	83.072	13.794	20.681	-	-	-	-	-	-	-	102.650	14.897	117.547	
1.2 Fores TL, Wood and Paper	-	-	-	-	-	-	-	268	-	-	-	-	-	-	-	-	268	-	268	
1.3 Fishery	-	-	-	-	-	-	14.514	2.170	409	-	-	-	-	-	-	-	3.982	13.111	17.093	
2 Manufacturing	-	-	-	-	-	-	3.951.579	226.541	947.606	19.582	5.227	-	-	-	-	-	2.257.945	2.892.590	5.150.535	
2.1 Mining and Quarry	-	-	-	-	-	-	169.960	22.528	90.193	-	-	-	-	-	-	-	187.066	95.615	282.681	
2.2 Production	-	-	-	-	-	-	3.404.198	203.100	847.303	19.582	5.227	-	-	-	-	-	1.910.141	2.569.269	4.479.410	
2.3 Electricity, Gas and Water	-	-	-	-	-	-	377.421	913	10.110	-	-	-	-	-	-	-	160.738	227.706	388.444	
3 Construction	-	-	-	-	-	-	2.877.801	124.701	1.615.744	4.163	3.349	-	-	-	-	-	2.051.765	2.573.993	4.625.758	
4 Services	-	-	-	-	-	1.260.856	3.751.201	340.588	1.558.547	28.039	12.544	-	-	-	-	-	4.611.183	2.340.592	6.951.775	
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	1.692.154	258.091	447.369	21.669	10.969	-	-	-	-	-	2.086.722	343.530	2.430.252	
Hotel, Tourism, Food and	-	-	-	-	-	-	294.583	15.460	665.129	-	-	-	-	-	-	-	212.632	762.540	975.172	
4.2 Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transportation and	-	-	-	-	-	-	1.161.789	44.463	132.823	155	149	-	-	-	-	-	613.329	726.050	1.339.379	
4.3 Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.4 Financial Institutions	-	-	-	-	-	1.260.856	109.738	1.239	99.050	1.154	12	-	-	-	-	-	1.144.923	327.126	1.472.049	
Real Estate and Renting	-	-	-	-	-	-	72.858	5.264	58.783	2.368	1.396	-	-	-	-	-	93.300	47.369	140.669	
4.5 Services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.7 Education Services	-	-	-	-	-	-	167.032	3.400	55.548	188	4	-	-	-	-	-	226.172	-	226.172	
4.8 Health and Social Services	-	-	-	-	-	-	253.047	12.671	99.845	2.505	14	-	-	-	-	-	234.105	133.977	368.082	
5 Other	3.917.552	-	-	-	-	-	793.774	698.048	707.497	82.510	717.670	-	-	-	-	-	421.739	3.641.412	3.697.378	7.338.790
Total	3.917.552	-	-	-	-	1.260.856	11.471.941	1.406.110	4.850.484	134.294	738.790	-	-	-	-	-	421.739	12.669.205	11.532.561	24.201.766

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

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II. Explanations Related to Credit Risk (continued)

Maturity Distribution of Remaining Maturities of time exposures:

31 December 2015

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

31 December 2014

Risk Types	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	2.415.653	-	-	-	1.164.994	3.580.647
Regional 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	1.117.200	7.623	25.041	26.032	67.410	1.243.306
Receivables from Corporates	972.911	799.894	1.044.794	2.572.121	6.011.691	11.401.411
Retail Receivables	76.904	100.439	163.218	444.526	397.607	1.182.694
Receivables Secured by Mortgages	150.453	78.410	179.859	380.829	4.060.890	4.850.441
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	716.315	716.315
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	1	-	-	-	-	1
Total	4.733.122	986.366	1.412.912	3.423.508	12.418.907	22.974.815

Risk by Risk Weights Balances:

Risk Weights (*)		0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from the shareholders' equity	Total
2	Amount after the credit risk mitigation	4.651.138	-	156.588	5.803.781	1.368.583	14.964.502	599.569	602.825	-	-	4.353	28.151.339

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

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II. Explanations Related to Credit Risk (continued)

Important sectors or type of information according to counterparty

Sectors/Counterparties	Loans (*)			
	Impaired Receivables	Past Due Receivables	Impairment	Provisions
Agricultural	2.581	853	17	1.197
Farming and raising livestock	2.581	853	17	1.197
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	67.841	33.763	675	32.843
Mining	1.342	3.230	65	853
Production	55.299	26.314	526	29.360
Electricity, Gas, Water	11.200	4.219	84	2.630
Construction	105.225	26.573	531	25.057
Services	161.362	79.892	1.599	65.794
Wholesale and retail trade	136.125	63.330	1.267	49.935
Hotel, Food, Beverage services	946	-	-	68
Transportation and Telecommunication	10.611	13.944	279	5.496
Financial Institutions	2.856	-	-	1.726
Real Estate and Lending Service	-	-	-	-
Self employment service	-	-	-	-
Education Service	-	586	12	-
Health and social services	10.824	2.032	41	8.569
Other(*)	150.918	161.234	3.224	63.543
Total	487.927	302.315	6.046	188.434

(*) 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	107.587	254.915	(37.954)	(136.114)	188.434
2 General Provisions	154.545	41.679	-	-	196.224

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

(**) As of December 31, 2015 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 45.618 have been removed from the assets, by the bank (December 31, 2014: TL 5.510).

The Bank completed to transfer previously written off and provision at the rate of 100% non performing loans of TL 35.326 to Sumer Varlık (Asset Management Company) on June 24, 2015 for TL 3.800, TL 47.786 to Turkasset Varlık (Asset Management Company) on September 30, 2015 for TL 6.749 and TL 29.148 to Turkasset Varlık (Asset Management Company) on December 23, 2015 for TL 4.757.

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II. Explanations Related to 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 Related to 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	7%
Debtor has a good financial position	2	70%
Debtor's financial position is at risk within short and medium term	3	12%
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 2015	Corporate	Commercial	Retail	Total
Deposit	965.818	577.212	40.187	1.583.217
Mortgage	2.647.658	5.074.117	623.781	8.345.556
Assignment of claim	2.197.583	623.796	-	2.821.379
Cheque	283.829	656.485	-	940.314
Pledge of vehicle	44.588	69.927	43.658	158.173
TOTAL	6.139.476	7.001.537	707.626	13.848.639

31 December 2014	Corporate	Commercial	Retail	Total
Deposit	420.066	1.060.769	44.948	1.525.783
Mortgage	1.925.419	3.569.506	451.813	5.946.738
Assignment of claim	894.983	468.569	-	1.363.552
Cheque	274.724	984.970	-	1.259.694
Pledge of vehicle	85.935	62.735	23.804	172.474
TOTAL	3.601.127	6.146.549	520.565	10.268.241

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

III. Explanations Related to Market Risk

The Bank has defined market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" which was published in the Official Gazette on June 28, 2012 numbered 28337 and "Regulation Regarding Banks' Shareholders' Equity".

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets are measured, and in the computation of capital adequacy, the amount subject to risk calculated by using the standard method (summarized below) is taken into consideration.

The risks of on-balance sheet and off-balance sheet accounts positions depending on fluctuations in the financial markets are measured by the bank. Information regarding market risk which has taken into account in the calculation of the regulatory capital is presented below:

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III. Explanations Related to Market Risk (continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	16.169
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital requirement for specific risk in securitisation positions- Standard Method	-
(IV) Capital Requirement to be Employed For Currency Risk – Standard Method	6.398
(V) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(VI) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VII) Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	3.957
(VIII) Capital requirement for counterparty credit risk - Standard Method	12.466
(IX) Capital requirement for market risk for banks applying Risk Measurement Model	-
(X) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI+VII+VIII)	38.990
(XI) Capital requirement for market risk (12.5 x IX) or (12.5 x X)	487.375

Average market risk table of calculated market risk at month ends:

	December 31, 2015(*)			December 31, 2014(*)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	12.095	16.169	8.832	6.457	8.055	4.316
Common Stock Risk	-	-	-	-	-	-
Currency Risk	7.941	21.644	165	5.604	16.781	1.645
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	972	3.957	307	441	746	155
Counterparty Risk	19.813	32.511	10.674	7.917	12.484	3.716
Total Value Subject to Risk (**)	40.821	56.293	29.100	20.419	33.232	14.457

(*) In alignment with "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated 28/06/2012, from July 2012 on, Basel 2 has been applied in terms of capital adequacy. Up until July 2012, for capital adequacy ratio calculation, "Regulation on Procedures and Principles for Determination of Quantification of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette No.26333 dated November 1, 2006 was applied.

(**) Represents the maximum and minimum amounts in the total balance.

Quantitative Counterparty Risk Information

	Amount
Interest Rate Based Contracts	18.286
Exchange Rate Based Contracts(*)	122.479
Commodity Based Contracts	-
Common Stock Based Contracts	-
Gross Profit Fair Value(**)	72.627
Benefits to Clarify	-
Net Amount of Current Risk	-
Guarantees Held	-
The Net Position of Derivatives(***)	213.393
Other	-

(*) Principal

(**) Positive Replacement Cost

(***) Calculated Counterparty Credit Risk

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III. Explanations Related to Market Risk (continued)

For counterparty credit risks, limits are set by Board of Directors. Counterparty credit risk is managed by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank. Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank's, published in the Official Gazette No. 28337 dated June 28, 2012, "Counterparty Credit Risk Management Policy" is prepared, approved by the Board of Directors and published in the Bank.

Other price risks:

The Bank does not have share certificates quoted on a stock exchange hence it is not subject to share price risk.

IV. Explanations Related to 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	61.830	188.661	589.769	280.086	15	42.013
The amount subject to operational risk (Total*12,5)						525.163

V. Explanations Related to 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.

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V. Explanations Related to Currency Risk (continued)

The announced current foreign exchange buying rates of the Bank at December 31, 2015 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	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	0,0243	0,0242	0,0242	0,0242	0,0242	0,0242
EURO	3,1986	3,1986	3,1969	3,1796	3,1884	3,1691

	24 Dec 2014	25 Dec 2014	26 Dec 2014	27 Dec 2014	30 Dec 2014	31 Dec 2014
USD	2,3197	2,3154	2,3183	2,3217	2,3278	2,3316
CHF	2,3522	2,3478	2,3462	2,3528	2,3565	2,3518
GBP	3,6053	3,5986	3,6057	3,6070	3,6211	3,6282
100 JPY	0,0193	0,0193	0,0193	0,0193	0,0196	0,0195
EURO	2,8305	2,8374	2,8221	2,8309	2,8344	2,8295

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2015 are as follows:

	Monthly Average Foreign Exchange Rate
USD	2,9191
CHF	2,9388
GBP	4,3795
100 JPY	0,0240
EURO	3,1845

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V. Explanations Related to Currency Risk (continued)

December 31, 2015	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	29.782	3.511.658	3.559	3.544.999
Banks	17.311	16.865	1.696	35.872
Financial Assets at Fair Value Through Profit and Loss (***)	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	5.285	620.032	-	625.317
Loans (*)	4.857.612	7.598.420	-	12.456.032
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Held-To-Maturity Investments	-	364.449	-	364.449
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	7.170	58.881	-	66.051
Total Assets	4.917.160	12.170.305	5.255	17.092.720
Liabilities				
Bank Deposits	396.371	603.573	-	999.944
Other Deposits	5.701.056	9.029.800	34.125	14.764.981
Derivative financial liabilities (****)	-	-	-	-
Funds Provided From Other Financial Institutions	704.869	2.379.719	43.751	3.128.339
Subordinated Loan (*****)	-	1.310.209	-	1.310.209
Miscellaneous Payables	38	151	2	191
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	7.542	7.205	290	15.037
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
December 31, 2014				
Total Assets	3.493.555	8.994.730	2.244	12.490.529
Total Liabilities	4.276.585	9.626.897	41.887	13.945.369
Net Balance Sheet Position	(783.030)	(632.167)	(39.643)	(1.454.840)
Net Off-Balance Sheet Position	788.435	383.711	66.500	1.238.646
Financial Derivative Assets	2.310.584	4.521.093	232.813	7.064.490
Financial Derivative Liabilities	1.489.723	4.197.819	163.974	5.851.516
Forward deposit purchase commitments	50.195	151.565	-	201.760
Forward deposit sales commitments	82.621	91.128	2.339	176.088
Non-Cash Loans (**)	210.618	469.664	1.505	681.787

(*) Foreign currency indexed loans amounting to TL 1.375.174 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.

(*****) TIER 1 subordinated loan amounting to TL 873.420 is included.

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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
USD	% 10	(24.564)	(24.846)	(24.564)	(24.846)
USD	%(10)	24.564	24.846	24.564	24.846
EUR	% 10	36.085	541	36.085	541
EUR	%(10)	(36.085)	(541)	(36.085)	(541)

(*) Represents before tax amounts

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VI. Explanations Related to Interest Rate Risk

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

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, 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 Borrowings	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	-	11.650.422
Balance Sheet Short Position	(3.187.031)	(5.347.440)	-	-	-	(3.107.917)	(11.650.422)
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 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.

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VI. Explanations Related to 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, 2014							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	302.555	-	-	-	-	2.528.107	2.830.662
Banks	1.004.428	-	-	-	-	8.135	1.012.563
Financial Assets at Fair Value Through Profit and Loss	12.775	10.171	14.015	5.094	5.059	-	47.114
Money Market Placements	2.235.688	-	-	-	-	-	2.235.688
Available-For-Sale Financial Assets	103.079	258.970	82.212	41.623	377.170	-	863.054
Loans	2.183.851	4.459.815	5.938.515	3.952.861	1.319.830	156.588	18.011.460
Held-To-Maturity Investments	-	-	-	300.091	-	-	300.091
Other Assets	-	-	-	-	-	321.505	321.505
Total Assets	5.842.376	4.728.956	6.034.742	4.299.669	1.702.059	3.014.335	25.622.137
Liabilities							
Bank Deposits	368.753	153.982	8.900	-	-	96.605	628.240
Customer Deposits	12.115.909	6.765.051	370.008	3.587	-	1.178.245	20.432.800
Money Market Borrowings	138.889	-	-	-	-	-	138.889
Miscellaneous Payables	-	-	-	-	-	3.663	3.663
Marketable Securities Issued	-	137.483	-	-	-	-	137.483
Subordinated Loans	-	-	-	-	353.655	699.480	1.053.135
Funds Provided From Other Financial Institutions	476.873	434.666	325.102	117.400	57.082	-	1.411.123
Other Liabilities (*)	7.973	13.990	19.297	9.118	285	1.766.141	1.816.804
Total Liabilities	13.108.397	7.505.172	723.307	130.105	411.022	3.744.134	25.622.137
Balance Sheet Long Position	-	-	5.311.435	4.169.564	1.291.037	-	10.772.036
Balance Sheet Short Position	(7.266.021)	(2.776.216)	-	-	-	(729.799)	(10.772.036)
Off-Balance Sheet Long Position	4.169.166	1.643.491	1.320.579	1.901.511	353.216	-	9.387.953
Off-Balance Sheet Short Position	(4.189.510)	(1.658.673)	(1.386.234)	(1.941.168)	(258.204)	-	(9.433.789)
Total Position	(7.286.365)	(2.791.398)	5.245.780	4.129.907	1.386.049	(729.799)	(45.836)

(*) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 1.337.251 TL 41.385 tax liabilities, TL 197.796 provisions and TL 189.709 other liabilities.

Interest rates applied to monetary financial instruments:

	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

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VI. Explanations Related to Interest Rate Risk (continued)

Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

	EURO %	USD %	JPY %	TL %
December 31, 2014				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	1,51
Banks	-	0,22	-	10,94
Financial Assets at Fair Value Through Profit and Loss	-	4,81	-	8,86
Money Market Placements	-	-	-	11,23
Available-For-Sale Financial Assets	-	6,03	-	8,44
Loans	5,94	5,90	-	13,59
Held-To-Maturity Investments	-	4,95	-	-
Liabilities				
Bank Deposits	2,87	2,65	-	10,10
Customer Deposits	2,62	2,59	-	10,26
Money Market Borrowings	-	-	-	8,25
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	9,93
Funds Provided From Other Financial Institutions	2,17	2,03	-	-

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	(369.108)	(13,73)%
	(400)	356.882	13,28%
EUR	200	(21.722)	(0,81)%
	(200)	(459)	(0,02)%
USD	200	(47.030)	(1,75)%
	(200)	(27.570)	(1,03)%
Total (For Positive Shock)		(437.860)	(16,29)%
Total (For Negative Shock)		328.853	12,24%

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

VII. Explanations Related to Share Certificates Position Risk

The Bank has no outstanding share certificate position.

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VIII. Explanations Related to Liquidity Risk

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; Liquidity Risk Regarding Funding and Liquidity Risk Regarding Market.

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

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 approve 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 Committee (ALC) 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. ALC makes a decision regarding the qualification of liquidity buffer of the Bank in line with risk appetite and liquidity strategy of the Bank. Additionally, ALC 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 ALC, Audit Committee and members of Board of Directors regarding loyalty 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 analyses and early warning signals are reported to the senior management periodically. Additionally, all the analyses including legal and internal rates with respect to liquidity risk are reported to ALC and limit and warning levels approved by the Board of Directors are monitored periodically and reported to related parties.

Funding method of the Bank is carried out in the framework of ALC decisions. Funding and lending strategies are developed through the evaluation of Bank's liquidity. A significant part of Bank's liquidity need is met with deposit when funding and liquidity sources are taken into consideration. On the other hand, when it is deemed necessary, syndication, bond issuance and pre-financing products can be provided in addition to the aforementioned sources.

Almost all the liabilities of the Bank are TL, USD or EUR and fund sources are monitored closely while determining the concentration risk with respect to funding. Concentration analyses related to deposits, establishing funding base of the Bank, 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 exposed by the Bank is closely monitored and managed through a risk reduction appropriate to risk appetite and liquidity risk management policies, diversification of funding sources, keeping high quality liquid assets and limits. It is evaluated to accept current risk level, reduction or termination of activities causing risks for the risks which are subject to limit excess.

The bank has stress liquidity indicators in scope of Liquidity Stress Test, formed through taking high quality liquid assets, deposit, other balance sheet items generating cash outflow, loans and other cash inflows into consideration, in order to meet both a general liquidity stress sourcing from market conditions and also a specific liquidity stress sourcing from internal grounds. There are determined risk limits towards indicators. Compliance to risk and determined risk limits are shared with Senior Management and related business units ensuring to take necessary actions.

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VIII. Explanations Related to Liquidity Risk (continued)

The bank established a Liquidity Contingency Plan to explain actions which are required to be taken during a possible liquidity crisis scenario. Normal market conditions and various stress levels are defined in this scope and action plans for each situation are determined. Additionally, Baseline Risk Indicators and Liquidity Early Warning Signals are defined with Immediate Contingency Plan in scope of Liquidity Risk Management Policy and these indicators are monitored periodically.

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21March 2014 and numbered 28948. Liquidity coverage ratios should be at least 40% for foreign currency assets and liabilities and 60% for total assets and liabilities for the year 2015. Both of the aforementioned rates shall be increased by 10% annually until 2019 and foreign currency shall be applied as 80% while total shall be applied as 100%.

Information regarding weekly solo liquidity coverage ratios realized in the fourth quarter of 2015 is as follows:

Current 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	3.860.245	2.939.182
8	Other Unsecured Funding	857.241	564.828	857.241	564.828
9	Secured funding	-	-	-	-
10	Other Cash Outflows	-	-	-	-
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	5.465.043
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.

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VIII. Explanations Related to Liquidity Risk (continued)

Information regarding weekly solo liquidity coverage ratios realized in the fourth quarter of 2014 is as follows:

Prior Period-31.12.2014		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				4.437.576	2.100.633
1	High quality liquid assets	5.186.699	2.849.756	4.437.576	2.100.633
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	10.251.926	5.207.074	1.014.452	519.103
3	Stable deposits	214.818	32.089	10.741	1.604
4	Less stable deposits	10.037.108	5.174.986	1.003.711	517.499
5	Unsecured Funding other than Retail and Small Business Customer Deposits	7.113.708	4.848.156	3.496.531	2.461.391
6	Operational deposits	2.138	-	534	-
7	Non-Operational Deposits	6.411.154	4.341.182	2.795.580	1.954.417
8	Other Unsecured Funding	700.416	506.974	700.416	506.974
9	Secured funding	-	-	-	-
10	Other Cash Outflows	-	-	-	-
11	Liquidity needs related to derivatives and market	9.322	-	9.322	-
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	2.244.557	672.234	212.959	72.815
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			4.733.264	3.053.308
CASH INFLOWS					
17	Secured Lending Transactions	1.633.152	-	-	-
18	Unsecured Lending Transactions	1.727.174	704.172	1.389.336	617.076
19	Other contractual cash inflows	2.429	810.717	2.429	810.717
20	TOTAL CASH INFLOWS	3.362.756	1.514.889	1.391.765	1.427.793
		Upper limit applied amounts			
21	TOTAL HQLA			4.437.576	2.100.633
22	TOTAL NET CASH OUTFLOWS			3.341.499	1.625.515
23	Liquidity Coverage Ratio (%)			133,71	132,55

(*) 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 Year-31/12/2015	
	TL+FC	FC
Lowest	114,40	109,96
Week	25.12.2015	20.11.2015
Highest	178,36	217,73
Week	09.10.2015	16.10.2015
Average	142,74	144,14

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VIII. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

December 31, 2015	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	4.074.584	-	-	-	-	-	-	4.074.584
Banks	35.986	-	-	-	-	-	-	35.986
Financial Assets at Fair Value Through Profit and Loss	-	14.318	19.586	33.340	25.191	33.290	-	125.725
Money Market Placements	-	4.061.196	-	-	-	-	-	4.061.196
Available-For-Sale Financial Assets	-	-	-	41.042	254.965	795.886	5.285	1.097.178
Loans	-	1.300.977	886.056	4.053.857	9.248.413	6.018.074	299.494	21.806.871
Held-To-Maturity Investments	-	-	-	-	364.449	-	-	364.449
Other Assets	-	-	-	-	-	-	516.719	516.719
Total Assets	4.110.570	5.376.491	905.642	4.128.239	9.893.018	6.847.250	821.498	32.082.708
Liabilities								
Bank Deposits	175	496.754	238.524	268.957	-	-	-	1.004.410
Customer Deposits	1.378.286	13.530.074	9.073.643	342.758	4.325	-	-	24.329.086
Funds Provided From Other Financial Institutions	-	560.687	1.092.197	862.064	284.872	333.649	-	3.133.469
Money Market Borrowings	-	156.858	-	-	-	-	-	156.858
Marketable Securities Issued	-	154.995	-	-	-	-	-	154.995
Subordinated Loans	-	-	-	-	-	436.789	873.420	1.310.209
Miscellaneous Payables	-	-	-	-	-	-	4.770	4.770
Other Liabilities (**)	-	30.145	30.589	59.907	19.524	2.554	1.846.192	1.988.911
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)	-
Prior period								
Total Assets	2.850.724	4.762.798	935.921	4.519.905	6.696.183	5.378.513	478.093	25.622.137
Total Liabilities	1.274.850	13.119.068	7.504.224	715.591	127.551	411.569	2.469.284	25.622.137
Liquidity Gap	1.575.874	(8.356.270)	(6.568.303)	3.804.314	6.568.632	4.966.944	(1.991.191)	-

(*) 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 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.

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VIII. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	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 Institutions	-	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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2014								
Bank Deposits	96.605	465.896	155.076	9.029	-	-	-	726.606
Customer deposits	1.178.245	12.609.460	6.987.429	390.728	3.709	-	-	21.169.571
Subordinated Loans	-	-	-	-	-	1.277.940	-	1.277.940
Funds Provided From Other Financial Institutions	-	479.859	436.815	328.895	145.447	75.608	-	1.466.624
Funds From interbank money market	-	139.264	-	-	-	-	-	139.264
Total	1.274.850	13.694.479	7.579.320	728.652	149.156	1.353.548	-	24.780.005

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of 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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2014						
Gross settled						
Foreign exchange forward contracts	710.187	258.338	371.737	-	-	1.340.262
Currency swaps	3.325.934	2.073.516	456.365	284.696	-	6.140.511
Interest rate swap agreement	10.322	-	256.150	2.107.634	223.788	2.597.894
Foreign currency sell and buy options	4.317.239	970.310	1.383.571	22.487	-	6.693.607
Interest rate sell and buy options	-	-	238.982	1.422.862	387.632	2.049.476
Total	8.363.682	3.302.164	2.706.805	3.837.679	611.420	18.821.750

IX. Explanations Related to Securitization Positions

None.

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X. Explanations Related to Credit Risk Mitigation Techniques

All available financial collaterals, which have been used in comprehensive financial collateral method, are used by the Bank according to the credit risk mitigation technique. As the Bank has only cash blockage, treasury bills and government bonds, as collateral only those types of collaterals are included in the calculation.

Collateral on the basis of risk classes

December 31, 2015

Risk Types	Current period risk amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables from central governments or central banks	5.473.336	-	-	-
Contingent and Non-Contingent Receivables on Regional and Local governments	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	7.646	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and brokerage houses	489.862	-	-	-
Contingent and Non-Contingent receivables from corporates	14.575.196	1.053.745	-	-
Contingent and Non-Contingent Retail Receivables	1.800.139	57.731	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	6.843.401	-	-	-
Past Due Receivables	369.481	10	-	-
Receivables defined in high risk category by Regulator	1.027.455	40.248	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	596.545	-	-	-
Total	31.183.061	1.151.734	-	-

December 31, 2014

Risk Types	Prior period risk amount (*)	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables from central governments or central banks	3.919.478	-	-	-
Contingent and Non-Contingent Receivables on Regional and Local governments	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and brokerage houses	1.852.277	-	-	-
Contingent and Non-Contingent receivables from corporates	12.300.652	1.006.279	-	-
Contingent and Non-Contingent Retail Receivables	1.720.517	34.951	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	4.939.341	-	-	-
Past Due Receivables	134.294	-	-	-
Receivables defined in high risk category by Regulator	738.790	22.067	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	421.739	-	-	-
Total	26.027.088	1.063.297	-	-

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

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XI. 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 5,82% (December 31, 2014: 7,00%). Changes in the Leverage Ratio is mainly due to increase in the amount of balance sheet assets. According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

	Current Period 31 December 2015(*)	Prior Period 31 December 2014(*)
Balance sheet transactions		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.865.370	23.765.318
2 (Assets deducted from Core capital)	(80.499)	(67.073)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.784.871	23.698.245
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	292.073	73.729
5 Potential credit risk amount of derivative financial assets and credit derivatives	-	-
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	292.073	73.729
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	3.654.590	3.548.194
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	3.654.590	3.548.194
Capital and total risk		
13 Core Capital	2.078.091	1.907.296
14 Total risk amount(sum of lines 3, 6, 9 and 12)	35.731.534	27.320.168
Leverage ratio		
15 Leverage ratio	5,82	7,00

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

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XII. Explanations Related to Risk Management Objectives and Policies

Risk management strategies and practices are defined as follows: The Bank's Risk Management Unit was established as an independent unit which reports to the Member of Audit Committee who is responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks (published in the Official Gazette dated July 11, 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks's strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

Risk Management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of, market risk limits, liquidity and interest rate, credit risk analysis and capital adequacy analysis and daily value at risk (VAR) analysis. These reports are also presented to Asset-Liability Management Committee on a weekly and Audit committee on a monthly basis. Financial instruments in the Bank's portfolio are closely monitored and reported on a daily basis against volatility and market values of market risk instruments.

Monthly scenario analyzes on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

Risk Management Group calculates Basel II capital adequacy calculation, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated June 28, 2012 numbered 28337."

At the Bank, by considering Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks published in the Official Gazette No. 29057 dated July 11, 2014 banking processes and policies were established. Consequently, related procedures/policies are formed and then approved by the Board of Directors.

In order to manage operational risks that the Bank is exposed to more effectively and form an integrated risk management point of view, Operational Risk Policy and IT Continuity Plan was updated.

In order to define, measure, limit and report market risk the Bank is exposed to, Market Risk Policy is formed. When the Bank manages its treasury securities portfolio within the limits determined by the Board of Directors, Risk Management Group checks whether Treasury Department is within these risk limits.

Liquidity Risk is the risk that the Bank cannot fulfill its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities similar to the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

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XII. Explanations Related to Risk Management Objectives and Policies (continued)

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define, measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk and Clearing Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes. The limits for counterparties are determined by the Board of Directors.

"Banking Book" includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process which aims at the Bank has capital requirement according to its risk profile, Capital Requirement Internal Management Procedure is prepared. Within internal capital management scope, the Bank has established a stress test based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

Risk Management Procedure is formed in such a way that it includes all the definitions above.

Structure and organization of risk management system, in respect of Risk Management Unit is committed to board of directors. Commitment to the board of directors is realized through Audit Committee.

Hedging Risk and Process of Risk Mitigation Policies and Process Related to Control Their Effectiveness Continuously: Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies. Risks related to market risk are measured and monitored in accordance with application procedures and policies. In this respect the limits are allocated by the Board of Directors. Limits are monitored, reported, in the event of any limit exceed it is reported to relevant committees and units through documentation by electronic mail. In addition, information about limits on use and loan segment concentration is presented to Audit Committee and the Board of Directors on quarterly.

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XIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

	Book Value	Fair Value	Book Value	Fair Value
	December 31,	December 31,	December 31,	December 31,
	2015	2015	2014	2014
Financial Assets	27.365.680	27.522.505	22.422.856	23.128.060
Money Market Placements	4.061.196	4.061.196	2.235.688	2.235.688
Banks	35.986	35.986	1.012.563	1.012.563
Available-For-Sale Financial Assets	1.097.178	1.097.178	863.054	863.054
Held-To-Maturity Investments	364.449	360.260	300.091	301.775
Loans	21.806.871	21.967.885	18.011.460	18.714.980
Financial Liabilities	29.936.939	29.959.673	23.666.444	23.605.256
Bank Deposits	1.004.410	1.004.410	628.240	628.240
Other Deposits	24.329.086	24.331.418	20.432.800	20.456.278
Funds Borrowed From Other Financial Institutions	3.133.469	3.137.794	1.411.123	1.330.155
Subordinated Loans	1.310.209	1.326.198	1.053.135	1.049.220
Issued Bonds	154.995	155.083	137.483	137.700
Miscellaneous Payables	4.770	4.770	3.663	3.663

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, 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
December 31, 2014	Level 1	Level 2	Level 3	Total
Financial Assets	866.211	43.957	-	910.168
Financial Assets at Fair Value through Profit and Loss	3.157	43.957	-	47.114
Available-For-Sale Financial Assets	863.054	-	-	863.054
Financial Liabilities	-	50.663	-	50.663
Derivative financial liabilities held for trading	-	50.663	-	50.663

XIV. Explanations Related To 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.

XV. Explanations Related to Hedge Accounting

None.

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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, 2015		December 31, 2014	
	TL	FC	TL	FC
Cash in Vault	65.252	72.078	56.353	56.883
Balances with the Central Bank of Turkey	464.333	3.472.921	302.555	2.414.871
Other	-	-	-	-
Total	529.585	3.544.999	358.908	2.471.754

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

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Unrestricted demand deposits	464.333	84	302.555	49
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	3.472.837	-	2.414.822
Total	464.333	3.472.921	302.555	2.414.871

c) Explanations related to reserve deposits:

In accordance with the declaration by the T.C. Central Bank on March 10, 2015 numbered 2015-19, as of the February 27, 2015 obligation schedule, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11.5% depending on the maturity of deposits (December 31, 2014 – 5% to 11.5%) and the compulsory rates for the foreign currency liabilities are within an interval from 9% to 13% depending on the maturity of deposits (December 31, 2014 – 6% to 13%), the Banks shall book required reserves at the rate of 5% to 11,5% depending on the structure of the maturity for non-deposit Turkish Lira obligations (December 31, 2014 – 5% to 11.5%) and at the rate of 5% to 25% depending on the structure of the maturity for non-deposit foreign currency obligations (December 31, 2014 – 6% to 18%), which they need to hold as required reserve in the account of the T.C Central Bank's.

Starting from November 2014, the Central Bank of the Republic of Turkey started to pay interest on the TL portion of Reserve Requirements and also interest payment is started on the FC portion of Reserve Requirements starting from May 2015.

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

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

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

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Classified as unrestricted	24.812	-	1.778	1.379
Subject to repurchase agreements	-	-	-	-
Given as collateral/blocked	-	-	-	-
Total	24.812	-	1.778	1.379

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, 2015		December 31, 2014	
	TL	FC	TL	FC
Forward Transactions	19.104	4.952	1.491	4.255
Swap Transactions	37.022	16.135	2.471	18.960
Futures Transactions	-	-	-	-
Options	20.063	3.637	4.267	12.513
Other	-	-	-	-
Total	76.189	24.724	8.229	35.728

3. a) Information on banks:

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Banks				
Domestic	114	-	866.973	137.565
Foreign	-	35.872	-	8.025
Branches and head office abroad	-	-	-	-
Total	114	35.872	866.973	145.590

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
European Union Countries	18.335	3.550	-	-
USA and Canada	16.887	4.325	-	-
OECD Countries (*)	597	130	-	-
Other	53	20	-	-
Total	35.872	8.025	-	-

(*) 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, 2015		December 31, 2014	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	285.673	-	205.577	-
Other	-	-	-	-
Total	285.673	-	205.577	-

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

As of December 31, 2015, available-for-sale financial assets subject to repurchase agreements amount to TL 157.575 (31 December 2014: TL 139.264).

b) Information on financial assets available for sale portfolio:

	December 31, 2015	December 31, 2014
Debt securities	1.091.893	863.054
Quoted on a stock exchange	1.091.893	863.054
Not quoted	-	-
Share certificates	5.285	-
Quoted on a stock exchange	-	-
Not quoted	5.285	-
Value Decrease (-) / Increase (+)	-	-
Total	1.097.178	863.054

5. Information on loans:

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

	December 31, 2015		December 31, 2014	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	7.071	-	4.846	-
Total	7.071	-	4.846	-

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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	Loans and Other Receivables (Total)	Restructured or Rescheduled	Other	
Non-specialized loans	20.667.192	57.030	-	302.315	480.841	-
Discount notes	-	-	-	-	-	-
Export loans	1.287.990	2.396	-	6.934	3.313	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	118.109	-	-	-	-	-
Foreign loans	445.591	-	-	-	-	-
Consumer loans	1.875.707	3.134	-	101.536	36.171	-
Credit cards	178.016	-	-	13.649	-	-
Precious metals loans	-	-	-	-	-	-
Other	16.761.779	51.500	-	180.196	441.357	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	20.667.192	57.030	-	302.315	480.841	-

- 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	57.030	480.841
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	57.030	480.841

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	9.529	395.382
6 - 12 Months	7.445	2.440
1 - 2 Years	30.513	16.030
2 - 5 Years	9.543	56.626
5 Years and over	-	10.363
Total	57.030	480.841

- 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	4.567.636	2.762	130.847	29.194
Non-Specialized loans	4.567.636	2.762	130.847	29.194
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	16.099.556	54.268	171.468	451.647
Non-Specialized loans	16.099.556	54.268	171.468	451.647
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	20.667.192	57.030	302.315	480.841

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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	173.434	1.742.050	1.915.484
Housing Loans	321	670.891	671.212
Car Loans	861	42.052	42.913
General Purpose Loans	172.252	1.029.107	1.201.359
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	80.184	80.184
Housing Loans	-	80.184	80.184
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	183.484	20	183.504
With Installments	41.924	20	41.944
Without Installments	141.560	-	141.560
Individual Credit Cards-FC	11	-	11
With Installments	6	-	6
Without Installments	5	-	5
Personnel Loans-TL	312	5.404	5.716
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	312	5.404	5.716
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	1.353	2	1.355
With Installments	480	2	482
Without Installments	873	-	873
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL(Real Persons)	15.165	-	15.165
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	373.759	1.827.660	2.201.419

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

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

Current Period- 31.12.2015

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	51.706	2.033.070	2.084.776
Business Loans	-	2.835	2.835
Car Loans	835	38.387	39.222
General Purpose Loans	50.871	1.991.848	2.042.719
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	7.997	299.313	307.310
Business Loans	-	-	-
Car Loans	-	10.380	10.380
General Purpose Loans	7.997	288.933	296.930
Other	-	-	-
Commercial loans with installment facility –FC	-	662.315	662.315
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	662.315	662.315
Other	-	-	-
Corporate Credit Cards-TL	6.778	-	6.778
With Installments	-	-	-
Without Installments	6.778	-	6.778
Corporate Credit Cards-FC	17	-	17
With Installments	-	-	-
Without Installments	17	-	17
Overdraft Accounts-TL(Legal Entities)	183.051	-	183.051
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	249.549	2.994.698	3.244.247

g) Loans according to types of borrowers:

	December 31, 2015	December 31, 2014
Private	21.507.378	17.854.872
Public	-	-
Total	21.507.378	17.854.872

h) Distribution of domestic and foreign loans:

	December 31, 2015	December 31, 2014
Domestic loans	21.061.787	17.598.480
Foreign loans	445.591	256.392
Total	21.507.378	17.854.872

i) Loans granted to subsidiaries and associates: None.

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

j) Specific provisions provided against loans :

	December 31, 2015	December 31, 2014
Specific provisions		
Loans and receivables with limited collectability	16.516	15.296
Loans and receivables with doubtful collectability	72.275	39.573
Uncollectible loans and receivables	99.643	52.718
Total	188.434	107.587

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 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, 2014 balance	110.470	95.136	58.569
Additions (+)	467.358	-	-
Transfers from other categories of non-performing loans (+)	-	423.211	266.113
Transfers to other categories of non-performing loans (-)	423.211	266.113	-
Collections (-)	34.349	34.318	22.456
Write-offs (-) (*)	-	-	45.618
Corporate and commercial loans	-	-	-
Retail loans	-	-	32.950
Credit cards	-	-	12.668
Other (-) (**)	-	-	106.865
Corporate and commercial loans	-	-	56.440
Retail loans	-	-	39.201
Credit cards	-	-	11.224
December 31, 2015 balance	120.268	217.916	149.743
Specific provision (-)	16.516	72.275	99.643
Net Balances on Balance Sheet	103.752	145.641	50.100

(*) As of December 31, 2015 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 45.618 have been removed from the assets, by the bank (December 31, 2014: TL 5.510).

(**) The Bank completed to transfer previously written off and provision at the rate of 100% non performing loans of TL 35.326 to Sumer Varlık (Asset Management Company) on June 24, 2015 for TL 3.800, TL 47.786 to Turkasset Varlık (Asset Management Company) on September 30, 2015 for TL 6.749 and TL 29.148 to Turkasset Varlık (Asset Management Company) on December 23, 2015 for TL 4.757.

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

- k.3) Information on foreign currency non-performing loans and other receivables: None.
k.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2015 (Net)	103.752	145.641	50.100
Loans to Real Persons and Legal Entities (Gross)	120.268	217.916	149.742
Specific provision (-)	16.516	72.275	99.642
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)	-	-	-
December 31, 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	95.174	55.563	5.851
Specific provision (-)	110.470	95.136	58.569
Loans to Real Persons and Legal Entities (Net)	15.296	39.573	52.718
Banks (Gross)	95.174	55.563	5.851
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

- 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, 2015, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 50.100 (December 31, 2014: TL 5.851).

- m) Explanations on write-off policy:

In 2015 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 45.618 have been moved to off- balance sheet by means of renounce and removed from the assets, by the bank (December 31, 2014: TL 5.510).

The Bank completed to transfer previously written off and provision at the rate of 100% non performing loans of TL 35.326 to Sumer Varlık (Asset Management Company) on June 24, 2015 for TL 3.800, TL 47.786 to Turkasset Varlık (Asset Management Company) on September 30, 2015 for TL 6.749 and TL 29.148 to Turkasset Varlık (Asset Management Company) on December 23, 2015 for TL 4.757.

6. Information on held-to-maturity investments:

- a) Information on held-to-maturity investments given as collateral or blocked: None.
b) Held-to-maturity investments subject to repurchase agreements: None.

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

c) The Bank has TL 364.449 held-to-maturity investments as of December 31, 2015 (December 31, 2014: TL 300.091).

d) Movement on held-to-maturity investments:

	December 31, 2015	December 31, 2014
Beginning Balance	300.091	-
Foreign Currency Differences on Monetary Assets	-	-
Purchases during year	-	300.091
Disposals Through Sales and Redemptions	-	-
Impairment Provision	-	-
Change in Amortized Cost(*)	64.358	-
Total	364.449	300.091

(*)Represents exchange differences

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, 2014	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Cost:						
Land and buildings	9.174	-	-	-	-	9.174
Leased tangible assets	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Other	146.354	61.879	-	-	-	208.233
Total Cost	155.528	61.879	-	-	-	217.407

	Closing Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Accumulated Depreciation:						
Land and buildings	397	183	-	-	-	580
Leased tangible assets	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Other	38.169	35.756	-	-	-	73.925
Total Accumulated Depreciation	38.566	35.939	-	-	-	74.505
Net Book Value	116.962	25.940	-	-	-	142.902

- 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.

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

13. Information on intangible assets:

	Closing Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Cost:						
Software cost	76.973	60.274	-	-	-	137.247
Other intangible assets	1.129	-	-	-	-	1.129
Total Cost	78.102	60.274	-	-	-	138.376

	Closing Balance December 31, 2014	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Accumulated Depreciation:						
Software cost	20.379	18.617	-	-	-	38.996
Other intangible assets	281	71	-	-	-	352
Total Accumulated Depreciation	20.660	18.688	-	-	-	39.348
Net Book Value	57.442	41.586	-	-	-	99.028

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of December 31, 2015, the Bank has deferred tax asset amounting to TL 40.866 arising from deductible temporary differences (December 31, 2014: TL 18.398).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- b) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

	December 31, 2015		December 31, 2014	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserve for Employee Benefits	10.146	2.029	6.303	1.261
Other provisions	45.185	9.038	35.615	7.123
Net Book Value and Tax Value Differences of Financial Assets:				
Deferred Commissions	162.062	32.412	66.786	13.357
Other	67.422	13.484	55.605	11.121
	56.459	11.292	2.507	501
Deferred Tax Assets	341.274	68.255	166.816	33.363
Net Book Value and Tax Value Differences of Financial Liabilities:				
Amortization Differences	100.913	20.183	46.136	9.227
Other	29.862	5.972	26.247	5.249
	6.169	1.234	2.441	489
Deferred Tax Liability (-)	136.944	27.389	74.824	14.965
Deferred Tax Asset (Net)	204.330	40.866	91.992	18.398

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

As of December 31, 2015 the Bank has assets held for sale and discontinued operations amounting to TL 29.879 (December 31, 2014 : TL 6.132).

17. Information on other assets:

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

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II. Explanations and Disclosures Related to the Liabilities**1. Information on maturity structure of deposits:****a.1) December 31, 2015**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	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	175	-	-	-	-	-	-	-	175
Foreign Banks	-	-	106.319	572.602	49.578	275.736	-	-	1.004.235
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.378.461	-	2.827.846	20.271.090	369.019	392.802	94.278	-	25.333.496

December 31, 2014

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	41.968	-	336.897	4.842.773	361.345	122.035	7.807	-	5.712.825
Foreign currency deposits	798.959	-	1.144.548	8.445.565	354.593	106.486	23.987	-	10.874.138
Residents in Turkey	684.009	-	1.136.918	8.349.355	352.280	104.289	21.727	-	10.648.578
Residents abroad	114.950	-	7.630	96.210	2.313	2.197	2.260	-	225.560
Public sector deposits	27.844	-	-	915	-	-	-	-	28.759
Commercial deposits	297.072	-	643.696	1.980.234	102.086	17.599	27	-	3.040.714
Other institutions deposits	12.402	-	9.470	609.253	65.701	79.538	-	-	776.364
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	96.605	-	531.635	-	-	-	-	-	628.240
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	57.076	-	-	-	-	-	57.076
Foreign Banks	96.605	-	474.559	-	-	-	-	-	571.164
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.274.850	-	2.666.246	15.878.740	883.725	325.658	31.821	-	21.061.040

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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Saving deposits	1.263.479	896.447	4.853.604	4.816.378
Foreign currency saving deposits	298.778	193.456	7.717.182	5.478.381
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	1.562.257	1.089.903	12.570.786	10.294.759

(*) 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, 2015	December 31, 2014
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	20.850	12.737
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, 2015		December 31, 2014	
	TL	FC	TL	FC
Forward Transactions	10.350	2.978	3.447	4.165
Swap Transactions	81.239	10.258	4.163	14.478
Futures Transactions	-	-	-	-
Options	32.641	5.253	12.231	12.179
Other	-	-	-	-
Total	124.230	18.489	19.841	30.822

3. Information on borrowings:

a) Information on banks and other financial institutions:

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
From Domestic Banks and Institutions	5.130	39.792	8.760	13.683
From Foreign Banks, Institutions and Funds	-	3.088.547	-	1.388.680
Total	5.130	3.128.339	8.760	1.402.363

b) Maturity analysis of borrowings:

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Short-term	4.666	1.822.297	6.721	771.114
Medium and long-term	464	1.306.042	2.039	631.249
Total	5.130	3.128.339	8.760	1.402.363

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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, 2015	December 31, 2014
Funds Provided Under Repurchase Agreements	156.858	138.889
Total	156.858	138.889

5. Marketable Securities Issued (Net):

	December 31, 2015	December 31, 2014
Bank Bills	154.995	137.483
Total	154.995	137.483

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 160.160, January 18, 2016 and with a simple interest rate of 10.75 % on July 24, 2015 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, 2015	December 31, 2014
General Provisions	196.224	154.545
I. Provisions for First Group Loans and Receivables	160.744	131.642
o/w Provision for extended loans	1.786	6.353
II. Provisions for Second Group Loans and Receivables	30.159	18.276
o/w Provision for extended loans	23.793	14.065
Provisions for Non-cash Loans and Derivative Financial Instruments	5.321	4.627
Total	196.224	154.545

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

c) Provisions for NPL customers' non-cash loans that are not converted into cash: As of December 31, 2015 provision for NPL customers' non-cash loans that are not converted into cash is TL 3.501 (December 31, 2014: TL 1.333).

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

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

	December 31, 2015	December 31, 2014
Employee termination benefit provision	4.983	2.689
Unused vacation provision	5.163	3.614
Total of provision for employee benefits	10.146	6.303

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	3,24%	3,24%
Interest rate	8,04%	8,04%
Estimated salary/ Employee termination benefit increase rate	5,00%	5,00%
	Current Period	Prior Period
Balance at the beginning of period	2.689	905
Paid in during the period	(200)	(76)
The amount of provision	2.494	1.860
Balance at the end of period	4.983	2.689

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

e) Information on other provisions:

e.1) Provisions for possible losses: 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 44.477 for the year of 2015 (December 31, 2014: TL 35.615)

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, 2015, the Bank has corporate income tax provision amounting to TL 42.489, which is netted with prepaid taxes amounting to TL 42.504 and shown as TL 15 in the current taxes (December 31, 2014: Tax Provision TL 4.090).

a.2) Explanations on taxes payable:

	December 31, 2015	December 31, 2014
Payroll Tax	3.622	2.921
Taxation on Securities	23.767	16.827
BSMV	15.637	13.598
Property Tax	260	414
Value Added Tax Payable	1.163	786
Stamp Tax	106	30
Corporate Taxes Payable	-	4.090
Foreign Exchange Transaction Tax	-	-
Other	534	457
Total	45.089	39.123

a.3) Information on premiums:

	December 31, 2015	December 31, 2014
Social Security Premiums-Employer	1.393	1.091
Social Security Premiums-Employee	1.233	966
Unemployment Insurance-Employer	174	137
Unemployment Insurance-Employee	87	68
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	2.887	2.262

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, 2015		December 31, 2014	
	TC	FC	TC	FC
From domestic banks	-	-	-	-
From foreign banks	-	1.310.209	-	1.053.135
Total	-	1.310.209	-	1.053.135

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".

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of December 31, 2015 the Bank's paid in capital consists of TL 1.496.150.000 shares which nominal value is TL 1.

TL	December 31, 2015	December 31, 2014
Common stock(*)	1.496.150	1.496.150
Preferred stock	-	-
Total	1.496.150	1.496.150

(*) Nominal Capital

b) The Bank does not apply registered share capital system.

c) Information on share capital increases and their sources: None

d) Information on share capital increases from revaluation funds in the current period: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

g) Information on preferred shares: None.

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

h) Information on marketable securities value increase fund:

	December 31, 2015	December 31, 2014
Valuation Difference	(43.071)	(2.669)
Foreign Exchange Difference	-	-
Total	(43.071)	(2.669)

i) Information on legal reserves : None.

j) 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, 2015	December 31, 2014
Forward asset purchase and sales commitments	217.670	585.464
Loan granting commitments	269.068	250.945
Commitments for checks	95.023	81.805
Credit card limit commitments	314.447	216.925
Other irrevocable commitments	5.242	7.962
Total	901.450	1.143.101

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, 2015	December 31, 2014
Other guarantees and collaterals	1.748.730	1.005.914
Letters of credit	480.011	431.685
Bank acceptance loans	68.037	54.686
Total	2.296.778	1.492.285

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

	December 31, 2015	December 31, 2014
Definite letter of guarantees	1.019.448	720.177
Temporary letter of guarantees	32.949	58.567
Other letter of guarantees	696.333	227.170
Total	1.748.730	1.005.914

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

	December 31, 2015	December 31, 2014
Non-cash loans given to cover cash loans		
With maturity of 1 year or less than 1 year	40.687	14.383
With maturity of more than 1 year	-	-
Other non-cash loans	2.256.091	1.477.902
Total	2.296.778	1.492.285

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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, 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	9,12
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

	December 31, 2014			
	TL	(%)	FC	(%)
Agricultural	710	0,09	1.166	0,17
Farming and raising livestock	710	0,09	1.166	0,17
Fores TL	-	-	-	-
Fishery	-	-	-	-
Manufacturing	153.531	18,94	356.291	52,27
Mining	386	0,05	16.546	2,43
Production	108.321	13,36	321.092	47,10
Electric, gas and water	44.824	5,53	18.653	2,74
Construction	331.550	40,91	94.341	13,84
Services	319.439	39,42	210.373	30,87
Wholesale and retail trade	182.505	22,52	98.146	14,40
Hotel, food and beverage services	4.493	0,55	-	-
Transportation and telecommunication	45.523	5,62	40.136	5,89
Financial institutions	6.122	0,76	20.119	2,95
Real estate and renting services	67.341	8,31	19.377	2,84
Self-employment services	9.047	1,12	15.718	2,31
Education services	2.926	0,36	-	-
Health and social services	1.482	0,18	16.877	2,48
Other	5.268	0,65	19.616	2,88
Total	810.498	100,00	681.787	100,00

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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	1.057.679	681.073	7.900	2.078
Bank acceptances	7.575	60.462	-	-
Letters of credit	-	480.011	-	-
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-
Total	1.065.254	1.221.546	7.900	2.078

2) Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
Types of trading transactions				
Foreign currency related derivative transactions (I):				
Forward transactions	3.639.662	-	1.340.262	-
Swap transactions	12.970.154	-	6.140.511	-
Futures transactions	-	-	-	-
Option transactions	8.217.582	-	6.693.607	-
Interest related derivative transactions (II) :				
Forward rate transactions	-	-	-	-
Interest rate swap transactions	5.400.268	-	2.597.894	-
Interest option transactions	456.508	-	2.049.476	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)				
A. Total trading derivative transactions (I+II+III)	30.684.174	-	18.821.750	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	30.684.174	-	18.821.750	-

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.

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

As of December 31, 2015 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

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

December 31, 2014	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	290.067	251.014	440.221	1.964.221	1.376.652	1.292.220	145.674	145.674	-	-	5.905.743
USD	254.421	314.187	1.132.419	493.483	985.601	1.650.000	919.587	919.587	1.024.738	1.024.738	8.718.761
EURO	78.490	69.167	1.402.691	560.323	890.747	331.667	233.686	233.686	-	-	3.800.457
Other	46.368	36.548	89.253	57.900	62.486	104.234	-	-	-	-	396.789
Total	669.346	670.916	3.064.584	3.075.927	3.315.486	3.378.121	1.298.947	1.298.947	1.024.738	1.024.738	18.821.750

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, 2015		December 31, 2014	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	616.627	45.652	503.975	31.423
Medium and long term loans	728.640	557.119	544.258	329.584
Interest on non-performing loans	-	-	-	-
Total	1.345.267	602.771	1.048.233	361.007

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

b) Information on interest received from banks:

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
The Central Bank of Republic of Turkey (CBRT)	10.140	5.033	881	-
Domestic banks	92.049	732	43.821	516
Foreign banks	9	286	-	95
Branches and head office abroad	-	-	-	-
Total	102.198	6.051	44.702	611

c) Interest received from marketable securities portfolio:

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Trading securities	2.043	-	278	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	40.980	36.757	56.375	19.750
Held-to-maturity securities	-	13.070	-	6.349
Total	43.023	49.827	56.653	26.099

d) Information on interest income received from associates and subsidiaries: None.**2. a) Information on interest on funds borrowed:**

	December 31, 2015		December 31, 2014	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	504	72.058	249	34.582
The Central Bank of Turkey	-	-	-	-
Domestic banks	504	313	249	152
Foreign banks	-	71.745	-	34.430
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	504	72.058	249	34.582

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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, 2015;
 The bank has interest expense to marketable securities issued amounting to TL 18.685 (December 31, 2014 : TL 11.697)
- d. Distribution of interest expense on deposits based on maturity of deposits:**

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

3. Information on Dividend Income: None.

4. Information on net trading income:

	December 31, 2015	December 31, 2014
Income	9.252.326	2.219.676
Gains on capital market operations	5.936	20.156
Gains on derivative financial instruments	1.557.670	367.747
Foreign exchange gains	7.688.720	1.831.773
Losses (-)	9.468.234	2.255.745
Losses on capital market operations	7.846	394
Losses on derivative financial instruments	1.288.389	432.151
Foreign exchange losses	8.171.999	1.823.200
Net Amount	(215.908)	(36.069)

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

5. Information on other operating income: As of December 31, 2015 other operating income includes the adjustment account for previous years' expenses and other operating income.

6. Provision for impairment of loans and other receivables:

	December 31, 2015	December 31, 2014
Specific provisions for loans and other receivables (*)	216.961	104.353
III. Group Loans and Receivables	18.771	8.715
IV. Group Loans and Receivables	72.275	37.634
V. Group Loans and Receivables	125.915	58.004
General loan loss provision expenses	41.679	63.470
Provision expenses for possible losses	-	-
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	258.640	167.823

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

7. Information on other operating expenses:

	December 31, 2015	December 31, 2014
Personnel expenses	249.428	190.050
Unused vacation provision	2.294	1.376
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	36.457	25.209
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	18.689	12.603
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	125	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	225.657	175.408
Rent expenses	55.081	37.550
Maintenance expenses	3.228	1.533
Advertisement expenses	36.077	28.327
Other expenses(*)	131.271	107.998
Loss on sales of assets	-	-
Total	532.650	404.646

(*) As of December 31, 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, 2015, the Bank's profit before tax from continued operations is TL 73.936.

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

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

As of December 31, 2015, The Bank has deferred tax expense amounting to TL 12.367 through temporary difference and The Bank has current tax expense TL 36.013. (December 31, 2014: TL 1.548 deferred tax expenses)

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

As of December 31, 2015 the Bank's net profit from continued operations is TL 50.290.

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

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

None.

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

- a) Decrease resulting from revaluation of financial assets available for sale is TL 43.071.
- 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 Related To 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 31.773 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 59.693 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 191.820 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, 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
Prior period	December 31, 2014	December 31, 2013
Cash	415.338	158.538
Cash in TL/foreign currency	113.236	78.456
Central Bank of Republic of Turkey	302.102	80.082
Cash equivalents	3.247.000	1.609.396
Receivables from banks and other financial institutions	1.012.000	1.149.396
Receivables from money market placements	2.235.000	460.000
Total cash and cash equivalents	3.662.338	1.767.934

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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, 2015:

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	-	18.221	53	787
Balance at end of period	-	-	-	16.290	64	480
Interest and commission income	-	-	-	-	-	-

December 31, 2014 :

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	-	16.119	-	-
Balance at end of period	-	-	-	18.221	53	787
Interest and commission income	-	-	7	-	-	-

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 included in the risk group	
	December 31, 2015		December 31, 2015		December 31, 2015	
Deposits						
Balance at beginning of period	-	-	-	-	-	583.474
Balance at end of period	-	-	-	298.961	-	749.101
Interest on deposits	-	-	-	1.308	-	18.268

December 31, 2014:

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	
	December 31, 2014		December 31, 2014		December 31, 2014	
Deposits						
Balance at beginning of period	-	-	-	95	-	343.870
Balance at end of period	-	-	-	-	-	583.474
Interest on deposits	-	-	-	-	-	11.484

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

The Bank has obtained Subordinated Loan amounting to TL 873.420 TIER I, TL 436.710 TIER II and short term loans amounting to TL 305.697 from the risk group and realized interest expense amounting to TL 32.190.

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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, 2015	December 31, 2015	December 31, 2015
Balance at beginning of period	-	-	-
Balance at end of period	-	-	-
Total Loss/ Profit	-	50	-

December 31, 2014:

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, 2014	December 31, 2014	December 31, 2014
Balance at beginning of period	-	198.695	-
Balance at end of period	-	-	-
Total Loss/ Profit	-	1	-

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, 2015 is TL 23.046.

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VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches:

	Number	Employees			
Domestic branches	55	1.538			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank:

None.

IX. Explanations And Disclosures Related To Subsequent Events

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 sold to qualified investors in the domestic market.

Pursuant to the approval of BRSA dated 8 December 2015, The Bank, on 1 March 2016, converted into TL the Tier-1 subordinated loans which were obtained from its controlling shareholder Bank Audi sal amounting to total USD 300 million, and is completing the necessary legal and administrative procedures with the relevant authorities in order to add the funds to the paid in capital.

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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, 2015 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 March 16, 2016 is presented preceding the unconsolidated financial statements.

II. Explanations And Notes Prepared By Independent Auditor

None.