

# **ODEA BANK A.Ş.**

## **UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT SEPTEMBER 30, 2018 TOGETHER WITH AUDITOR'S LIMITED REVIEW REPORT**

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

## **INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

**(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I.b of Section three)**

**To the Board of Directors of Odea Bank Anonim Şirketi**

### ***Introduction***

We have reviewed the unconsolidated statement of financial position of Odea bank A.Ş. ("the Bank") at 30 September 2018 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "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 and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

### ***Basis of Qualified Conclusion***

As mentioned in Section Five Part II 9.c.1) of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated financial statements as at 30 September 2018 include a general reserve for possible risks amounting to TL 9.500 thousands, which is provided in prior periods by the Bank Management and was decreased during the current period for possible results of the circumstances which may arise from possible changes in the economy and market conditions. As a result of this provision which does not meet the accounting criteria of TAS 37, net profit is overstated by TL 166.745 thousand for the nine-month period ended 30 September 2018, other provisions are overstated by TL 9.500 thousand, deferred tax asset is overstated by TL 2.090 thousand and profit reserves are understated by TL 174.155 thousands as at 30 September 2018.

### ***Qualified Conclusion***

Based on our review, except for the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Odea Bank A.Ş. at 30 September 2018 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

***Report on other regulatory requirements arising from legislation***

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim annual report in Section VII, is not consistent with the unconsolidated financial statements and disclosures in all material respects.

***Additional paragraph for English translation:***

As explained in detail in Note I.b. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Yaşar Bivas, SMMM  
Partner

November 7, 2018  
İstanbul, Türkiye

**ODEA BANK A.Ş.  
UNCONSOLIDATED FINANCIAL REPORT  
AS OF SEPTEMBER 30, 2018**

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The unconsolidated financial report for the nine-month period prepared in accordance with the Communiqué on Financial Statements to be Publicly Announced by the Banks and the Related Policies and Disclosures as regulated by the Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements for the nine-month period and notes to these financial statements are prepared based on the financial records of the Bank and 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, have been subject to limited review and presented in **thousands of Turkish Lira** unless otherwise stated.

Samir HANNA	Mert ÖNCÜ	Naim HAKIM	Öcal PERÇİN
Chairman of the Board of Directors	Member of Board of Directors and General Manager	Deputy General Manager and Assistant General Manager in charge of Finance	Director of Financial Reporting
	Bülent ADANIR	Imad ITANI	
	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:

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

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

## SECTION ONE

### GENERAL INFORMATION ABOUT THE BANK

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

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

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

As of September 30, 2018 and December 31, 2017, the shareholders' structure and their ownerships are summarized as follows:

Name / Commercial Title	Current Period (*)		Prior Period	
	Share Amount	Share Ratios %	Share Amount	Share Ratios %
Bank Audi sal	2.513.293	76,419%	2.422.595	73,661%
European Bank for Reconstruction and Development	263.394	8,009%	263.394	8,009%
International Finance Corporation	209.252	6,362%	209.252	6,362%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	112.674	3,426%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
Audi Private Bank sal	-	-	90.698	2,758%
	<b>3.288.842</b>	<b>100,00%</b>	<b>3.288.842</b>	<b>100,00%</b>

(\*)As per the Board of Directors decision dated February 27, 2018 and the resolution of Ordinary General Assembly dated 29 March 2018 issued share certificates amounting to 90.698.400 nominal value of TL 1,00 (Full TL) belonging to Audi Private Bank sal have been transferred to Bank Audi sal.

## ODEA BANK ANONİM ŞİRKETİ

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2018

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

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

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice Chairman of the Board of Directors (*)	Ayşe KORKMAZ	Vice Chairman of the Board of Directors and Member of Audit Committee	Bachelor's Degree
Members of the Board of Directors (**)	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master Degree
	Aristeidis VOURAKIS	Member of the Board of Directors	Master Degree
	Bülent ADANIR	Member of the Board of Directors and Member of Audit Committee	Master Degree
	Dragica Pilipovic-CHAFFEY	Member of the Board of Directors	Master Degree
	Mert ÖNCÜ	Member of the Board of Directors and General Manager	PHD Degree
Member of the Board of Directors and General Manager			
Deputy General Manager (***)	Naim HAKIM	Finance	Master Degree
Assistant General Managers (****)	Alpaslan YURDAGÜL	Credits Allocation	Master Degree
	Cem MURATOĞLU	Retail Banking	Master Degree
	Gökhan ERKIRALP	Treasury and Capital Markets	Bachelor's Degree
	Yalçın AVCI	Corporate Banking	Master Degree
	Mehmet Gökmen UÇAR	Strategy and Business Development	Bachelor's Degree
	Sinan Erdem ÖZER	Technology and Operation	Master Degree

(\*) With the Board of Directors' decision dated October 15, 2018 Mrs. Ayşe KORKMAZ resigned from the position.

(\*\*) With the Board of Directors' decision dated October 15, 2018, Mr. Bülent ADANIR has been appointed as a Member of Audit Committee.

(\*\*\*) With the Board of Directors' decision dated November 11, 2018 Assistant General Manager in charge of Finance and Deputy General Manager Mr. Naim Hakim resigned from the position. Mr. Mehmet Gökmen UÇAR, Assistant General Manager in charge of Strategy and Business Development, was appointed as Assistant General Manager in charge of Finance, Financial Control and Strategy. Mr. Alpaslan YURDAGÜL, Assistant General Manager in charge of Credit Allocation, has been appointed as Deputy General Manager.

(\*\*\*\*) Pursuant to decision of the Board of Directors dated August 6, 2018, Mr. Sinan Erdem ÖZER has been appointed as Assistant General Manager responsible for Information Technology and Operation beginning from September 3, 2018. As of September 17, 2018 Mr. Gökhan Sun resigned from the position.

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

Information about the persons and institutions that have qualified shares as of September 30, 2018:

**ODEA BANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2018**

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

Name / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	2.513.293	76,419%	2.513.293	-

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

The headquarter of the Bank is located in Istanbul and as of September 30, 2018, there are 46 domestic branches with 1.074 employees. The Bank is organized to operate in all operational aspects of corporate, commercial, sme and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector (31 December 2017: 47 domestic branches, 1.185 employees).

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

The Bank has no consolidated subsidiaries.

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

The Bank has no consolidated subsidiaries.



**Translated into English from the original Turkish report and financial statements**

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

				Reviewed Current Period 30.09.2018
	Note Ref (Section Five)	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>5.498.791</b>	<b>7.428.467</b>	<b>12.927.258</b>
<b>1.1 Cash and cash equivalents</b>		<b>2.321.243</b>	<b>4.822.284</b>	<b>7.143.527</b>
1.1.1 Cash and balances at Central Bank	I-1	1.729.316	2.865.271	4.594.587
1.1.2 Banks	I-3	2.755	1.957.013	1.959.768
1.1.3 Receivables from Money Markets		589.172	-	589.172
<b>1.2 Financial assets at fair value through profit or loss</b>	<b>I-2</b>	<b>1.369</b>	<b>-</b>	<b>1.369</b>
1.2.1 Public debt securities		1.369	-	1.369
1.2.2 Equity instruments		-	-	-
1.2.3 Other financial assets		-	-	-
<b>1.3 Financial assets at fair value through other comprehensive income</b>	<b>I-4</b>	<b>251.473</b>	<b>6.176</b>	<b>257.649</b>
1.3.1 Public debt securities		246.576	-	246.576
1.3.2 Equity instruments		4.897	6.176	11.073
1.3.3 Other financial assets		-	-	-
<b>1.4 Financial assets measured at amortized cost</b>	<b>I-6</b>	<b>444.509</b>	<b>2.460.050</b>	<b>2.904.559</b>
1.4.1 Public debt securities		444.509	1.611.539	2.056.048
1.4.2 Other financial assets		-	848.511	848.511
<b>1.5 Derivative financial assets</b>	<b>I-2</b>	<b>2.481.784</b>	<b>163.208</b>	<b>2.644.992</b>
1.5.1 Derivative financial assets at fair value through profit or loss		2.481.784	163.208	2.644.992
1.5.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
<b>1.6 Non-performing financial assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7 Allowance for expected credit losses (-)</b>		<b>1.587</b>	<b>23.251</b>	<b>24.838</b>
<b>II. LOANS (Net)</b>		<b>10.286.503</b>	<b>12.312.468</b>	<b>22.598.971</b>
<b>2.1 Loans</b>	<b>I-5</b>	<b>9.612.408</b>	<b>12.557.644</b>	<b>22.170.052</b>
2.1.1 Loans measured at amortized cost		9.612.408	12.557.644	22.170.052
2.1.2 Loans at fair value through profit or loss		-	-	-
2.1.3 Loans at fair value through other comprehensive income		-	-	-
<b>2.2 Receivables from leasing transactions</b>	<b>I-10</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.2.1 Finance lease receivables		-	-	-
2.2.2 Operational lease receivables		-	-	-
2.2.3 Unearned income ( - )		-	-	-
<b>2.3 Factoring receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.3.1 Factoring receivables measured at amortized cost		-	-	-
2.3.2 Factoring receivables at fair value through profit or loss		-	-	-
2.3.3 Factoring receivables at fair value through other comprehensive income		-	-	-
<b>2.4 Non-performing loans</b>	<b>I-5</b>	<b>1.816.489</b>	<b>-</b>	<b>1.816.489</b>
<b>2.5 Allowance for expected credit losses (-)</b>	<b>I-5</b>	<b>1.142.394</b>	<b>245.176</b>	<b>1.387.570</b>
2.5.1 12-Month expected credit losses		71.778	69.210	140.988
2.5.2 Significant increase in credit risk		127.086	175.966	303.052
2.5.3 Credit-Impaired		943.530	-	943.530
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b>	<b>I-16</b>	<b>233.714</b>	<b>-</b>	<b>233.714</b>
3.1 Held for sale		233.714	-	233.714
3.2 Held from discontinued operations		-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in associates (Net)</b>	<b>I-7</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Non-consolidated associates		-	-	-
<b>4.2 Investments in subsidiaries (Net)</b>	<b>I-8</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Non-consolidated financial subsidiaries		-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>I-9</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>I-12</b>	<b>88.697</b>	<b>-</b>	<b>88.697</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>	<b>I-13</b>	<b>68.219</b>	<b>-</b>	<b>68.219</b>
6.1 Goodwill		-	-	-
6.2 Other		68.219	-	68.219
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>I-14</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>70.314</b>	<b>-</b>	<b>70.314</b>
<b>IX. DEFERRED TAX ASSETS</b>	<b>I-15</b>	<b>80.078</b>	<b>-</b>	<b>80.078</b>
<b>X. OTHER ASSETS</b>	<b>I-17</b>	<b>527.900</b>	<b>435.922</b>	<b>963.822</b>
<b>TOTAL ASSETS</b>		<b>16.854.216</b>	<b>20.176.857</b>	<b>37.031.073</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

					Reviewed Current Period 30.09.2018
		Note Ref. (Section Five)	TL	FC	Total
I.	DEPOSITS	II-1	9.018.411	14.196.815	23.215.226
II.	LOANS RECEIVED	II-3	2.536	4.684.397	4.686.933
III.	MONEY MARKET FUNDS	II-4	260	-	260
IV.	MARKETABLE SECURITIES (Net)	II-5	257.372	-	257.372
4.1	Bills		257.372	-	257.372
4.2	Asset backed securities		-	-	-
4.3	Bonds		-	-	-
V.	FUNDS		-	-	-
5.1	Borrower funds		-	-	-
5.2	Other		-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	II-2	2.390.025	130.253	2.520.278
7.1	Derivative financial liabilities at fair value through profit or loss		2.372.955	130.253	2.503.208
7.2	Derivative financial liabilities at fair value through other comprehensive income	II-8	17.070	-	17.070
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE PAYABLES	II-7	-	-	-
9.1	Finance lease payables		-	-	-
9.2	Operating lease payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred finance lease expenses ( - )		-	-	-
X.	PROVISIONS	II-9	60.304	15.991	76.295
10.1	Provision for restructuring		-	-	-
10.2	Reserves for employee benefits		11.466	-	11.466
10.3	Insurance technical reserves (Net)		-	-	-
10.4	Other provisions		48.838	15.991	64.829
XI.	CURRENT TAX LIABILITIES	II-10	53.008	-	53.008
XII.	DEFERRED TAX LIABILITIES	II-10	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-11	-	-	-
13.1	Held for sale		-	-	-
13.2	Related to discontinued operations		-	-	-
XIV.	SUBORDINATED DEBT	II-12	-	1.825.664	1.825.664
14.1	Loans		-	-	-
14.2	Other debt instruments		-	1.825.664	1.825.664
XV.	OTHER LIABILITIES	II-6	196.475	260.700	457.175
XVI.	SHAREHOLDERS' EQUITY		3.936.599	2.263	3.938.862
16.1	Paid-in capital	II-13	3.288.842	-	3.288.842
16.2	Capital reserves		(2.198)	-	(2.198)
16.2.1	Equity share premiums		-	-	-
16.2.2	Share cancellation profits		-	-	-
16.2.3	Other capital reserves		(2.198)	-	(2.198)
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		3.251	2.263	5.514
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		(17.839)	-	(17.839)
16.5	Profit reserves		500.735	-	500.735
16.5.1	Legal reserves	II-13	25.291	-	25.291
16.5.2	Statutory reserves		-	-	-
16.5.3	Extraordinary reserves	II-13	475.444	-	475.444
16.5.4	Other profit reserves		-	-	-
16.6	Profit or loss		163.808	-	163.808
16.6.1	Prior years' profits or losses		-	-	-
16.6.2	Current period net profit or loss		163.808	-	163.808
16.7	Minority Shares	II-14	-	-	-
TOTAL LIABILITIES AND EQUITY			15.914.990	21.116.083	37.031.073

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

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

# ODEA BANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

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

### II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

				Reviewed Current Period 30.09.2018
	Note Ref. (Section Five)	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>18.395.394</b>	<b>79.296.635</b>	<b>97.692.029</b>
<b>I. GUARANTEES</b>	III-1	<b>814.069</b>	<b>3.024.514</b>	<b>3.838.583</b>
1.1 Letters of guarantee		805.741	992.788	1.798.529
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		805.741	992.788	1.798.529
1.2 Bank loans		5.495	605.060	610.555
1.2.1 Import letter of acceptance		5.495	605.060	610.555
1.2.2 Other bank acceptances		-	-	-
1.3 Letters of credit		2.833	909.307	912.140
1.3.1 Documentary letters of credit		2.833	909.307	912.140
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		-	517.359	517.359
1.9 Other collaterals		-	-	-
<b>II. COMMITMENTS</b>	III-1	<b>1.562.782</b>	<b>2.640.422</b>	<b>4.203.204</b>
2.1 Irrevocable commitments		1.562.782	2.640.422	4.203.204
2.1.1 Forward asset purchase and sales commitments		716.201	2.532.578	3.248.779
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		141.043	97.252	238.295
2.1.5 Securities underwriting commitments		-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-
2.1.7 Payment commitment for checks		64.999	-	64.999
2.1.8 Tax and fund liabilities from export commitments		-	-	-
2.1.9 Commitments for credit card expenditure limits		640.539	-	640.539
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		-	10.592	10.592
2.2 Revocable commitments		-	-	-
2.2.1 Revocable loan granting commitments		-	-	-
2.2.2 Other revocable commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>16.018.543</b>	<b>73.631.699</b>	<b>89.650.242</b>
3.1 Derivative financial instruments for hedging purposes		800.000	-	800.000
3.1.1 Fair value hedge		-	-	-
3.1.2 Cash flow hedge		800.000	-	800.000
3.1.3 Hedge of net investment in foreign operations		-	-	-
3.2 Held for trading transactions		15.218.543	73.631.699	88.850.242
3.2.1 Forward foreign currency buy/sell transactions		2.786.055	4.185.295	6.971.350
3.2.1.1 Forward foreign currency transactions-buy		1.714.878	1.788.301	3.503.179
3.2.1.2 Forward foreign currency transactions-sell		1.071.177	2.396.994	3.468.171
3.2.2 Swap transactions related to foreign currency, and interest rates		6.396.885	59.023.849	65.420.734
3.2.2.1 Foreign currency swaps-buy		1.940.228	8.990.665	10.930.893
3.2.2.2 Foreign currency swaps-sell		2.565.389	8.241.502	10.806.891
3.2.2.3 Interest rate swaps-buy		945.634	20.895.841	21.841.475
3.2.2.4 Interest rate swaps-sell		945.634	20.895.841	21.841.475
3.2.3 Foreign currency, interest rate and securities options		6.035.603	10.422.555	16.458.158
3.2.3.1 Foreign currency options-buy		2.812.549	5.069.743	7.882.292
3.2.3.2 Foreign currency options-sell		3.223.054	4.729.022	7.952.076
3.2.3.3 Interest rate options-buy		-	311.895	311.895
3.2.3.4 Interest rate options-sell		-	311.895	311.895
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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>66.496.724</b>	<b>49.959.188</b>	<b>116.455.912</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>549.149</b>	<b>410.334</b>	<b>959.483</b>
4.1 Assets under management		72.751	-	72.751
4.2 Investment securities held in custody		255.631	32.829	288.460
4.3 Checks received for collection		34.542	286.355	320.897
4.4 Commercial notes received for collection		186.225	91.150	277.375
4.5 Other assets received for collection		-	-	-
4.6 Assets received for public offering		-	-	-
4.7 Other items under custody		-	-	-
4.8 Custodians		-	-	-
<b>V. PLEDGED ITEMS</b>		<b>65.947.575</b>	<b>49.548.854</b>	<b>115.496.429</b>
5.1 Marketable securities		-	-	-
5.2 Guarantee notes		25.452.547	6.295.809	31.748.356
5.3 Commodities		4.055.297	-	4.055.297
5.4 Warrants		-	-	-
5.5 Properties		26.177.447	25.496.723	51.674.170
5.6 Other pledged items		10.262.284	17.756.322	28.018.606
5.7 Pledged items-depository		-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>84.892.118</b>	<b>129.255.823</b>	<b>214.147.941</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND**  
**COMMITMENTS AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

				Audited Prior Period 31.12.2017
	Note Ref. (Section Five)	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>16.844.184</b>	<b>38.853.979</b>	<b>55.698.163</b>
<b>I. GUARANTEES</b>	III-1	<b>912.612</b>	<b>1.665.278</b>	<b>2.577.890</b>
1.1 Letters of guarantee		907.017	553.168	1.460.185
1.1.1 Guarantees subject to State Tender Law		-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-
1.1.3 Other letters of guarantee		907.017	553.168	1.460.185
1.2 Bank loans		5.595	136.656	142.251
1.2.1 Import letter of acceptance		5.595	136.656	142.251
1.2.2 Other bank acceptances		-	-	-
1.3 Letters of credit		-	845.476	845.476
1.3.1 Documentary letters of credit		-	845.476	845.476
1.3.2 Other letters of credit		-	-	-
1.4 Prefinancing given as guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other endorsements		-	-	-
1.6 Securities issue purchase guarantees		-	-	-
1.7 Factoring guarantees		-	-	-
1.8 Other guarantees		-	129.978	129.978
1.9 Other collaterals		-	-	-
<b>II. COMMITMENTS</b>	III-1	<b>1.262.638</b>	<b>236.092</b>	<b>1.498.730</b>
2.1 Irrevocable commitments		1.262.638	236.092	1.498.730
2.1.1 Forward asset purchase and sales commitments		131.071	167.813	298.884
2.1.2 Forward deposit purchase and sales commitments		-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-
2.1.4 Loan granting commitments		175.568	61.590	237.158
2.1.5 Securities underwriting commitments		-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-
2.1.7 Payment commitment for checks		72.796	-	72.796
2.1.8 Tax and fund liabilities from export commitments		-	-	-
2.1.9 Commitments for credit card expenditure limits		883.203	-	883.203
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-
2.1.11 Receivables from short sale commitments		-	-	-
2.1.12 Payables for short sale commitments		-	-	-
2.1.13 Other irrevocable commitments		-	6.689	6.689
2.2 Revocable commitments		-	-	-
2.2.1 Revocable loan granting commitments		-	-	-
2.2.2 Other revocable commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>14.668.934</b>	<b>36.952.609</b>	<b>51.621.543</b>
3.1 Derivative financial instruments for hedging purposes		-	-	-
3.1.1 Fair value hedge		-	-	-
3.1.2 Cash flow hedge		-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-
3.2 Held for trading transactions		14.668.934	36.952.609	51.621.543
3.2.1 Forward foreign currency buy/sell transactions		1.124.178	1.647.267	2.771.445
3.2.1.1 Forward foreign currency transactions-buy		765.077	630.795	1.395.872
3.2.1.2 Forward foreign currency transactions-sell		359.101	1.016.472	1.375.573
3.2.2 Swap transactions related to foreign currency, and interest rates		11.542.601	31.243.416	42.786.017
3.2.2.1 Foreign currency swaps-buy		3.961.120	11.220.573	15.181.693
3.2.2.2 Foreign currency swaps-sell		6.857.515	8.350.997	15.208.512
3.2.2.3 Interest rate swaps-buy		361.983	5.835.923	6.197.906
3.2.2.4 Interest rate swaps-sell		361.983	5.835.923	6.197.906
3.2.3 Foreign currency, interest rate and securities options		2.002.155	4.061.926	6.064.081
3.2.3.1 Foreign currency options-buy		957.383	1.836.913	2.794.296
3.2.3.2 Foreign currency options-sell		1.044.772	1.790.777	2.835.549
3.2.3.3 Interest rate options-buy		-	217.118	217.118
3.2.3.4 Interest rate options-sell		-	217.118	217.118
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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>69.029.493</b>	<b>32.738.213</b>	<b>101.767.706</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>479.864</b>	<b>262.140</b>	<b>742.004</b>
4.1 Assets under management		181.853	-	181.853
4.2 Investment securities held in custody		6.183	11.937	18.120
4.3 Checks received for collection		38.861	210.239	249.100
4.4 Commercial notes received for collection		252.967	39.964	292.931
4.5 Other assets received for collection		-	-	-
4.6 Assets received for public offering		-	-	-
4.7 Other items under custody		-	-	-
4.8 Custodians		-	-	-
<b>V. PLEDGED ITEMS</b>		<b>68.549.629</b>	<b>32.476.073</b>	<b>101.025.702</b>
5.1 Marketable securities		-	-	-
5.2 Guarantee notes		25.774.880	4.018.134	29.793.014
5.3 Commodities		3.979.512	-	3.979.512
5.4 Warrants		-	-	-
5.5 Properties		28.095.493	16.439.889	44.535.382
5.6 Other pledged items		10.699.744	12.018.050	22.717.794
5.7 Pledged items-depository		-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>85.873.677</b>	<b>71.592.192</b>	<b>157.465.869</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED**  
**SEPTEMBER 30, 2018 AND 2017**

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

**III. STATEMENT OF INCOME**

	Note (Section Five)	Reviewed Current Period 01.01- 30.09.2018	Reviewed Current Period 01.07-30.09.2018
<b>I. INTEREST INCOME</b>	IV-1	<b>2.443.464</b>	<b>900.017</b>
1.1 Interest on loans		2.053.361	744.559
1.2 Interest received from reserve deposits		38.879	15.110
1.3 Interest received from banks		111.790	37.919
1.4 Interest received from money market transactions		27.616	11.446
1.5 Interest received from marketable securities portfolio		175.305	75.643
1.5.1 Financial assets at fair value through profit or loss		975	802
1.5.2 Financial assets at fair value through other comprehensive income		34.099	14.053
1.5.3 Financial assets measured at amortized cost		140.231	60.788
1.6 Finance lease income		-	-
1.7 Other interest income		36.513	15.340
<b>II. INTEREST EXPENSE</b>	IV-2	<b>1.538.781</b>	<b>617.104</b>
2.1 Interest on deposits		1.338.553	524.602
2.2 Interest on funds borrowed		101.691	45.549
2.3 Interest on money market transactions		2.335	2.177
2.4 Interest on securities issued		94.718	43.646
2.5 Other interest expense		1.484	1.130
<b>III. NET INTEREST INCOME (I - II)</b>		<b>904.683</b>	<b>282.913</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>89.182</b>	<b>30.294</b>
4.1 Fees and commissions received		116.938	40.024
4.1.1 Non-cash loans		25.158	9.043
4.1.2 Other		91.780	30.981
4.2 Fees and commissions paid		27.756	9.730
4.2.1 Non-cash loans		-	-
4.2.2 Other	IV-12	27.756	9.730
<b>V. PERSONNEL EXPENSES (-)</b>	IV-7	<b>140.872</b>	<b>46.821</b>
<b>VI. DIVIDEND INCOME</b>	IV-3	<b>12</b>	<b>5</b>
<b>VII. TRADING PROFIT/LOSS (Net)</b>	IV-4	<b>70.402</b>	<b>63.673</b>
7.1 Profit/losses from capital market transactions		(59.463)	(58.764)
7.2 Profit/losses from derivative financial transactions		808.720	528.153
7.3 Foreign exchange profit/losses		(678.855)	(405.716)
<b>VIII. OTHER OPERATING INCOME</b>	IV-5	<b>24.003</b>	<b>10.427</b>
<b>IX. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)</b>		<b>947.410</b>	<b>340.491</b>
<b>X. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	IV-6	<b>416.658</b>	<b>213.962</b>
<b>XI. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>320.790</b>	<b>126.501</b>
<b>XII. NET OPERATING PROFIT/LOSS (IX-X-XI)</b>		<b>209.962</b>	<b>28</b>
<b>XIII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XIV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XV. NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVI. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)</b>	IV-8	<b>209.962</b>	<b>28</b>
<b>XVII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	IV-9	<b>(46.154)</b>	<b>98</b>
17.1 Current tax provision		-	69.662
17.2 Expense effect of deferred tax (+)		(46.154)	(69.564)
17.3 Income effect of deferred tax (-)		-	-
<b>XVIII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>	IV-10	<b>163.808</b>	<b>126</b>
<b>XIX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19.1 Income from assets held for sale		-	-
19.2 Profit from sale of associates, subsidiaries and joint ventures		-	-
19.3 Other income from discontinued operations		-	-
<b>XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
20.1 Expenses on assets held for sale		-	-
20.2 Losses from sale of associates, subsidiaries and joint ventures		-	-
20.3 Other expenses from discontinued operations		-	-
<b>XXI. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)</b>		-	-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1 NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
22.2 NET PROFIT/LOSS (XVII+XXII)		-	-
22.3 Income effect of deferred tax (-)		-	-
<b>XXIII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXIV. NET PROFIT/LOSSES (XVIII+XXIII)</b>	IV-11	<b>163.808</b>	<b>126</b>
24.1 Group Profit/Loss			
24.2 Minority Share Profit/ Loss (-)			

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



**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED**  
**SEPTEMBER 30, 2018 AND 2017**

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

**III. STATEMENT OF INCOME**

		Note (Section Five)	Reviewed Prior Period 01.01- 30.09.2017	Reviewed Prior Period 01.07- 30.09.2017
<b>I.</b>	<b>INTEREST INCOME</b>	IV-1	<b>2.622.893</b>	<b>895.352</b>
1.1	Interest on loans		2.208.184	759.921
1.2	Interest received from reserve deposits		37.020	14.797
1.3	Interest received from banks		98.665	41.651
1.4	Interest received from money market placements		197.517	51.398
1.5	Interest received from marketable securities portfolio		68.312	23.352
1.5.1	Held-for-trading financial assets		729	532
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		56.331	19.251
1.5.4	Investments held-to-maturity		11.252	3.569
1.6	Finance lease income		-	-
1.7	Other interest income		13.195	4.233
<b>II.</b>	<b>INTEREST EXPENSE</b>	IV-2	<b>1.555.574</b>	<b>586.116</b>
2.1	Interest on deposits		1.444.208	545.589
2.2	Interest on funds borrowed		87.519	26.090
2.3	Interest on money market borrowings		80	11
2.4	Interest on securities issued		17.258	14.338
2.5	Other interest expense		6.509	88
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>1.067.319</b>	<b>309.236</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>130.181</b>	<b>38.669</b>
4.1	Fees and commissions received		159.981	47.485
4.1.1	Non-cash loans		28.157	9.447
4.1.2	Other		131.824	38.038
4.2	Fees and commissions paid		29.800	8.816
4.2.1	Non-cash loans		-	-
4.2.2	Other	IV-12	29.800	8.816
<b>V.</b>	<b>DIVIDEND INCOME</b>	IV-3	<b>8</b>	<b>8</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	IV-4	<b>(31.147)</b>	<b>148.503</b>
6.1	Securities trading gains/ (losses)		213.861	213.804
6.2	Gain/(losses) from derivative financial instruments		(178.651)	(31.723)
6.3	Foreign exchange gains/ (losses)		(66.357)	(33.578)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	IV-5	<b>11.329</b>	<b>(1.534)</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.177.690</b>	<b>494.882</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	IV-6	<b>321.435</b>	<b>191.954</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>562.342</b>	<b>199.302</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>293.913</b>	<b>103.626</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	IV-8	<b>293.913</b>	<b>103.626</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-9	<b>(63.611)</b>	<b>(23.624)</b>
16.1	Provision for current income taxes		(44.570)	(25.071)
16.2	Provision for deferred taxes		(19.041)	1.447
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	IV-10	<b>230.302</b>	<b>80.002</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	IV-11	<b>230.302</b>	<b>80.002</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2018**  
**AND 2017**

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

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

	Reviewed Current Period 01.01-30.09.2018
<b>I. PROFIT (LOSS)</b>	<b>163.808</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(16.321)</b>
<b>2.1 Other comprehensive income that will not be reclassified to profit or loss</b>	<b>1.518</b>
2.1.1 Gains (Losses) on revaluation of property, plant and equipment	-
2.1.2 Gains (losses) on revaluation of intangible assets	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	-
2.1.4 Other Components of other comprehensive income that will not be reclassified to profit or loss	1.946
2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	(428)
<b>2.2 Other comprehensive income that will be reclassified to profit or loss</b>	<b>(17.839)</b>
2.2.1 Exchange differences on translation	-
2.2.2 Valuation and/or reclassification profit or loss from financial assets at fair value through other comprehensive income	(5.801)
2.2.3 Income (loss) related with cash flow hedges	(17.069)
2.2.4 Income (loss) related with hedges of net investments in foreign operations	-
2.2.5 Other components of other comprehensive income that will be reclassified to other profit or loss	-
2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	5.031
<b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>147.487</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2018**  
**AND 2017**

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

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

	Reviewed Prior Period 01.01-30.09.2017
I. Additions to marketable securities revaluation differences for available for sale financial assets	18.572
II. Tangible assets revaluation differences	-
III. Intangible assets revaluation differences	-
IV. Foreign currency translation differences for foreign currency transactions	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-
VII. The effect of corrections of errors and changes in accounting policies	-
VIII. Other profit loss items accounted for under equity due to TAS	-
IX. Tax of valuation differences	(3.714)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	14.858
XI. Profit/Loss	230.302
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-
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	230.302
XII. Total Profit/Loss accounted for in the period (X±XI)	245.160

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018 AND 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

							Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss						
		Note (Section Five)	Paid- In Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Tangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit Reserves (*)	Prior Years' Income and Losses	Current Year Income and Losses	Total Shareholders' Equity
	<b>Current Period 30/09/2018</b>															
I.	Balance at the beginning of the period		3.288.842	-	-	(2.198)	-	-	3.996	-	(35.083)	-	182.001	-	320.572	3.758.130
II.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	35.083	-	(1.838)	-	-	33.245
2.1	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes made in accounting policies		-	-	-	-	-	-	-	-	-	-	(1.838)	-	-	33.245
III.	New Balance (I-II)		3.288.842	-	-	(2.198)	-	-	3.996	-	35.083	-	180.163	-	320.572	3.791.375
IV.	Total comprehensive income (loss)		-	-	-	-	-	-	1.518	-	(4.525)	(13.314)	-	-	163.808	147.487
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	-	320.572	-	(320.572)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	320.572	-	(320.572)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>End Balance (III+IV+.....+X+XI)</b>		3.288.842	-	-	(2.198)	-	-	5.514	-	(4.525)	(13.314)	500.735	-	163.808	3.938.862

(\*)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves.

In accordance with the option provided by the transition provisions of TFRS 9 "Financial Instruments", the Bank did not restate the prior period financial statements but the transition effect of the standard amounting to TL 1.838 has been recognized in the "Extraordinary Reserves" in equity as of 1 January 2018 and negative difference amounting to TL 35,083 for the securities the difference is classified under shareholders' equity under "the difference in the fair value reserves of accumulated revaluation and / or classification gains on financial assets that are reflected in other comprehensive income".

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018 AND 2017**  
(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 Rservees	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																				
PRIOR PERIOD 30/09/2017																				
I.	Prior Period End Balance		3.288.842	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	-	3.443.155	-	3.443.155
II.	Adjustments made according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correcting Mistakes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes made in accounting policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		3.288.842	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	-	3.443.155	-	3.443.155
Changes in the period			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securitis Valuation Differences		-	-	-	-	-	-	-	-	-	14.858	-	-	-	-	-	14.858	-	14.858
VI.	Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	(3.251)	-	-	3.251	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or( Loss)		-	-	-	-	-	-	-	230.302	-	-	-	-	-	-	-	230.302	-	230.302
XX.	Profit Distribution		-	-	-	-	9.263	172.738	-	(197.103)	15.102	-	-	-	-	-	-	-	-	-
20.1	Dividens Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	-	-	15.102	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	9.263	172.738	-	(197.103)	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVIII+XIX+XX)			3.288.842	-	-	-	9.263	172.738	(2.198)	230.302	-	(13.883)	3.251	-	-	-	-	3.688.315	-	3.688.315

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

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018 AND 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. STATEMENT OF CASH FLOWS**

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2018
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(124.635)</b>
1.1.1 Interest received		2.306.016
1.1.2 Interest paid		(1.476.065)
1.1.3 Dividend received		12
1.1.4 Fees and commissions received		108.625
1.1.5 Other income/(expense)		(59.463)
1.1.6 Collections from previously written off loans		86.939
1.1.7 Payments to personnel and service suppliers		(383.395)
1.1.8 Taxes paid		(260.259)
1.1.9 Others		(447.045)
<b>1.2 Changes in operating assets and liabilities</b>		<b>41.807</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(777)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		852.954
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(189.269)
1.2.4 Net (increase) decrease in loans		200.195
1.2.5 Net (increase) decrease in other assets		310.475
1.2.6 Net increase (decrease) in bank deposits		(1.431.978)
1.2.7 Net increase (decrease) in other deposits		108.069
1.2.8 Net increase (decrease) in funds borrowed		35.955
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		156.183
<b>I. Net cash provided from banking operations</b>		<b>(82.828)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>		<b>782.180</b>
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		(3.558)
2.4 Fixed assets sales (*)		25.299
2.5 Cash paid for purchase of financial assets available for sale		(230.611)
2.6 Cash obtained from sale of financial assets available for sale		922.463
2.7 Cash paid for purchase of investment securities		(1.311.029)
2.8 Cash obtained from sale of investment securities		1.379.616
2.9 Others		-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>		<b>244.179</b>
3.1 Cash obtained from funds borrowed and securities issued		244.179
3.2 Cash used for repayment of funds borrowed and securities issued		-
3.3 Issued equity instrument		-
3.4 Dividends paid		-
3.5 Payments for finance leases		-
3.6 Other		-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities</b>		<b>576.910</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>1.520.441</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>4.597.836</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>6.118.277</b>

(\*) The Bank generated cash inflow of TL 25.299 from the sale of properties previously classified under assets held for sale.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018 AND 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note (Section Five)	Reviewed Prior Period 01.01-30.09.2017
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>117.082</b>
1.1.1 Interest received		2.244.566
1.1.2 Interest paid		(1.503.468)
1.1.3 Dividend received		8
1.1.4 Fees and commissions received		153.806
1.1.5 Other income		(98.681)
1.1.6 Collections from previously written off loans		64.041
1.1.7 Payments to personnel and service suppliers		(488.605)
1.1.8 Taxes paid		(230.722)
1.1.9 Others		(23.863)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(818.737)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(493.257)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		165.934
1.2.3 Net (increase) decrease in due from banks and other financial institutions		740.208
1.2.4 Net (increase) decrease in loans		1.761.125
1.2.5 Net (increase) decrease in other assets		(235.230)
1.2.6 Net increase (decrease) in bank deposits		(345.024)
1.2.7 Net increase (decrease) in other deposits		(1.750.221)
1.2.8 Net increase (decrease) in funds borrowed		(677.002)
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		14.730
<b>I. Net cash provided from banking operations</b>		<b>(701.655)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>		<b>(718)</b>
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		(22.816)
2.4 Fixed assets sales (**)		26.996
2.5 Cash paid for purchase of financial assets available for sale (*)		(4.898)
2.6 Cash obtained from sale of financial assets available for sale		-
2.7 Cash paid for purchase of investment securities		-
2.8 Cash obtained from sale of investment securities		-
2.9 Others		-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>		<b>538.153</b>
3.1 Cash obtained from funds borrowed and securities issued		1.168.356
3.2 Cash used for repayment of funds borrowed and securities issued		(630.203)
3.3 Issued equity instrument		-
3.4 Dividends paid		-
3.5 Payments for finance leases		-
3.6 Other		-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities</b>		<b>(122.118)</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>(286.338)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>5.978.464</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>5.692.126</b>

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

(\*\*) The Bank generated cash inflow of TL 24.207 from the sale of properties previously classified under assets held for sale.

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

**ODEA BANK ANONİM ŞİRKETİ**  
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**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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

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

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

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

**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.



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**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 September 30, 2018 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 Futures and Options Markets (VIOP) and Derivative Instruments**

The derivative transactions mainly consist of options, foreign currency, and interest rate swaps, and foreign currency forward contracts. Derivative instruments are initially recorded at their fair values and related transaction costs are recognized in income statement at the date of occurrence. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "Profit/losses from derivative financial transactions" within the income statement.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values.

Embedded derivative shall be separated from the host and accounted for as a derivative according to IFRS 9 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, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss. If an embedded derivative is separated, the host contract shall be accounted for in accordance with the appropriate Standards.

The Bank applies cash flow hedge accounting to mitigate interest rate changes on TL deposit through interest rate swaps.

TFRS 9 provides the option of deferring the adoption of TFRS 9's hedge accounting in the selection of accounting policies and option to continue with the conditions of TAS 39's hedge accounting. In this context, the Bank applies TAS 39 standard for hedge accounting.

Within the scope of cash flow hedge accounting, the effective portion of the change in the fair value of the hedging instrument is accounted in the equity under "the portion of derivative financial assets measured at fair value through profit and loss" or the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. In the periods in which the cash flows (interest expenses) of the hedged item affects the income statement, the profit/ loss of the hedging instrument is recognized in the income statement from equity.

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**III. Explanations on Forward and Option Contracts and Derivative Instruments (Continued)**

A prospective test is performed at the beginning of the hedge accounting and both retrospective and prospective test are performed at each reporting period in terms of effectiveness test through Dollar off-set method. According to this method, the risk is hedge accounting continues when the result is within a range of 80-125% effectiveness. Depending on the calculated efficiency ratio, hedging relationship is accounted in accordance with TAS 39 rules.

In case the hedging accounting is not continued due to the termination, realization, sale, termination of hedge accounting or ineffectiveness of the effectiveness test; hedge accounting is terminated. In such cases, the profit/loss accounted under shareholders' equity in cash flow hedge accounting continues to be accounted under "Other accumulated comprehensive income that will be reclassified in profit or loss" within equity until the realization of the cash flows of the hedged item. When the cash flows related to the hedging item are realized, the profit/loss accounted under equity is classified in the income statement taking into account the original maturity of the hedging instrument.

Renewal of a hedging instrument or transfer to another hedging instrument if it is part of a hedging strategy does not remove the hedging relationship.

**IV. Explanations on Interest Income and Expenses**

Interest income and expenses are recognized in the statement of income by using the "Effective interest method". Starting from January 1, 2018, Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted through effective interest rate and the calculated rediscount is accounted in the income statement as the expected credit loss.

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**V. Explanations on Fees and Commission Income and Expenses**

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

**VI. Explanations on Financial Assets**

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

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

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

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

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority.

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*

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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**VI. Explanations on Financial Assets (continued)**

*Financial Assets at Fair Value Through Other Comprehensive Income*

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in a irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

*Financial Assets Measured at Amortized Cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate.

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**VI. Explanations on Financial Assets (continued)**

*Loans and Receivables*

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method".

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

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

*Derecognition of a financial asset*

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

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

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

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

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

The Bank has evaluated the non-performing loan portfolio of which contractual rights are transferred to the asset management companies, in the context of above statements and derecognizes the loans that are subject to agreements in which all risks and rewards are transferred to the buyer.

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**VII. Explanations on Expected Credit Losses**

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside published in the Official Gazette dated 22 June 2016 numbered 29750.

In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9 starting from the transition date. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition or if the financial asset is overdue between 30 days and 90 days or restructured, the loans are transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

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.

As of September 30, 2018, the Bank has specific provision amount to TL 943.530 for its stage 3 loans (December 31, 2017: TL 445.644).

**VIII. Explanations on Offsetting of Financial Assets and Liabilities**

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

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

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

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

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

As of September 30, 2018, the Bank has TL 589.172 of reverse repo transactions (December 31, 2017: TL 2.742.869).

As of September 30, 2018, the Bank has TL 260 funds provided under repurchase agreements (December 31, 2017: None).

As of September 30, 2018, the Bank has no marketable securities lending transaction (December 31, 2017: None).

**X. Explanations on Assets Held for Sale and Discontinued Operations**

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

As of September 30, 2018 the Bank has TL 233.714 assets held for sale (December 31, 2017: TL 170.946).

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 September 30, 2018 and December 31, 2017 the Bank does not have any discontinued operations.

**XI. Explanations on Goodwill and Other Intangible Assets**

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

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

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

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**XII. Explanations on Tangible Fixed Assets**

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

**XIII. Explanations on Leasing Transactions**

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

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

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

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

**XIV. Explanations on Provisions and Contingent Liabilities**

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

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



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**XV. Explanations on Liabilities Regarding Employee Benefits**

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

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

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

*Defined Contribution Plans:*

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

*Short-term Employee Benefits:*

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

**XVI. Explanations on Taxation**

*Corporate Tax:*

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

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

According to Provisional Article 10 added to the Corporate Tax Law, Corporate Tax at 20% shall be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 of the institutions.

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 September 30, 2018, the Bank has no corporate income tax provision, which is netted with prepaid taxes amounting to TL 70.314 and shown in the liabilities amounting to TL 70.314 (December 31, 2017: TL 1.495 Corporate Taxes Payable).

*Deferred Tax Liability / Asset:*

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

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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, 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.

As of December 31, 2017 and September 30, 2018, the tax rate of 22% is used for the temporary differences expected to be realized / settled within 3 years (2018, 2019 and 2020) for deferred tax calculation since the tax rate applicable for 3 years has been changed to 22% . However, 20% tax rate is used for temporary differences expected / expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax expense stated under the statement of income amounting to TL 46.154, deferred tax assets amounting to TL 80.078 in the statement of financial position (December 31, 2017: TL 64.664).

**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**

As of September 30, 2018 the bank has amounting to TL 257.372 marketable securities (31 Aralık 2017: None).

**XIX. Explanations on Avalized Drafts and Acceptances**

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

**XX. Explanations on Government Grants**

There are no government grants utilized by the Bank.

**XXI. Explanations on Segment Reporting**

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

**XXII. Explanations on Reclassifications**

None.

**XXIII. Explanations on Other Cases**

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

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**XXIV. Explanations on TFRS 9 Financial Instruments Standard**

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

**Classification and measurement of financial assets**

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent “solely payments of principal and interest” (SPPI).

**Assessment whether contractual cash flows are solely payments of principal and interest:**

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank’s claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

The Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss (“FVTPL”), amortized cost or fair value through other comprehensive income (“FVOCI”). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Explanations of the effect from Bank’s application of TFRS 9 can be found below:

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**XXIV. Explanations on TFRS 9 Financial Instruments Standard (continued)**

**a) Classification and measurement of financial assets**

	Before TFRS 9		In scope of TFRS 9	
	Measurement Bases	Book Value	Measurement Bases	Book Value
Financial Assets		December 31, 2017		January 1, 2018
Cash and Balances with the Central Bank	Measured at amortized cost	3.731.820	Measured at amortized cost	3.731.820
Banks and Money Markets	Measured at amortized cost	3.029.598	Measured at amortized cost	3.029.598
Marketable Securities	Fair value through profit and loss	775.195	Fair value through profit and loss	747
Marketable Securities	Fair value through other comprehensive income	1.262.433	Fair value through other comprehensive income	762.545
Marketable Securities	Measured at amortized cost	447.133	Measured at amortized cost	1.760.154
Derivative Financial Assets	Fair value through profit and loss	421.116	Fair value through profit and loss	421.116
Loans (Gross)	Measured at amortized cost	23.077.150	Measured at amortized cost	23.077.150

**b) Reconciliation of statement of financial position balances from TAS 39 to TFRS 9**

Financial Assets	Book value before TFRS 9 December, 31 2017	Reclassifications	Remeasurements	Book value after January 1, 2018
<b>Fair value through P/L</b>				
Balance before classification (held for trading)	775.195	-	-	-
Classified from available for sale	-	(774.448)	-	-
Book value after classification	-	-	-	747
<b>Fair Value Through Other Comprehensive Income</b>				
Balance before classification (available for sale)	1.262.433	-	6	-
Available-for-sale financial assets valuation difference	-	(1.313.021)	-	-
Classified to Fair Value Through Profit or Loss	-	-	38.679	-
Book value after classification	-	774.448	-	762.545
<b>Measured at amortized cost</b>				
Balance before classification (held-to-maturity)	447.133	-	-	-
Classified to fair value through other comprehensive income	-	1.313.021	-	-
Book value after classification	-	-	-	1.760.154

The reasons for the classification of certain financial assets held by the Bank as above in accordance with the TFRS 9 classification and measurement provisions are explained below:

1) Financial assets classified as fair value through other comprehensive income according to TFRS 9:

The Bank has reassessed the management model for the collection of contractual cash flows in the security portfolio or for the sale of the financial assets and cash flows depending on the contract. The Bank has classified the securities portfolio amounting TL 774.448, which were classified as measured at amortized cost, as fair value through other comprehensive income due to the reason that appropriate management model of those marketable securities have the purpose of collecting cash flows or selling financial assets.

2) Financial assets measured at amortized cost in accordance with TFRS 9:

The Bank has classified securities, which are classified as available-for-sale financial assets, amounting to TL 1.313.021 in share capital, has been reclassified as measured at amortized cost since the date of transition, as the contractual cash flows, including interest payments on principal and principal balance, are for the purpose of accounting.

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**XXIV. Explanations on TFRS 9 Financial Instruments Standard (continued)**

**c) Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9**

The table below shows the reconciliation of the provision for impairment of the Bank as of December 31, 2017 and the provision for the expected loss model as measured in accordance with TFRS 9 as of January 1, 2018.

	Book value before TFRS 9 December 31, 2017	Remeasurements	Book value after TFRS 9 January 1, 2018
<b>Loans</b>	<b>928.202</b>	<b>69.800</b>	<b>998.002</b>
Stage 1	53.313	51.711	105.024
Stage 2	171.545	60.650	232.195
Stage 3	445.644	(8.137)	437.507
Free provision	257.700	(34.424)	223.276
<b>Financial assets (*)</b>	<b>27.729</b>	<b>(13.200)</b>	<b>14.529</b>
<b>Non-cash loans</b>	<b>11.566</b>	<b>10.997</b>	<b>22.563</b>
Stage 1 and 2	4.217	7.254	11.471
Stage 3	7.349	3.743	11.092
<b>Total</b>	<b>967.497</b>	<b>67.597</b>	<b>1.035.094</b>

(\*) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.

**d) Effects on equity with TFRS 9 transition**

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the opening aspect of equity. The explanations about the transition effects to IFRS 9 presented in the equity items under the scope of this article are given below:

The amounting to TL 67.597 difference which is an expense between the provision for impairment of the previous period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 is classified as "Other Capital Reserves" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 65.759 have been reflected to the opening financials of January 1, 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity.

Remeasurement difference after tax effect amounting TL 35.083, regarding the securities amounting TL 1.313.021 classified as available-for-sale financial assets and measured at fair value through other comprehensive income and classified as financial assets measured at amortized cost as of January 1, 2018 with the TFRS 9 transition is classified under "Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income".

**XXV. Explanations on Prior Period Accounting Policies Not Valid For The Current Period**

"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

The Bank categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

*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.

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**XXV. Explanations on Prior Period Accounting Policies Not Valid For The Current Period (continued)**

*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.

*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.

**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.

**Explanations on Taxation**

Deferred tax asset have not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated December 8, 2004.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**

**I. Explanations on Equity**

While calculation the Capital Adequacy Ratio, in accordance with the BRSA regulation numbered 10578, dated August 13, 2018, the foreign exchange buying rate dated June 30, 2018 should be used in the calculation of the amount subject to credit risk and in accordance with the BRSA regulation numbered 10513, dated August 12, 2018; the valuation differences of the securities included in the "Financial Assets at Fair Value through Other Comprehensive Income" portfolio shall be calculated in accordance with the regulation and shall not be taken into consideration in the equity amount used in the capital adequacy ratio. As of 30 September 2018, Bank's total capital has been calculated as TL 5.982.492, a capital adequacy ratio is 23,36%. As of 31 December 2017, Bank's total capital amounted to TL 5.027.825 capital adequacy ratio was 20,32%. This ratio is above the minimum ratio required by the legislation.

**a. Information about Total Capital:**

<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>Current Year 30 September 2018</b>
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves (*)	500.735
Gains recognized in equity as per TAS	2.263
Profit	163.808
Current Period Profit	163.808
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.955.648</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	12.261
Improvement costs for operating leasing	41.342
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>53.603</b>
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	57.592
<b>Total Common Equity Tier 1 Capital</b>	<b>3.959.637</b>

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**I. Explanations on Equity (continued)**

	Current Year 30 September 2018
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
<b>Additional Tier I Capital before Deductions</b>	
<b>Deductions from Additional Tier I Capital</b>	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	56.817
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>56.817</b>
<b>Total Additional Tier I Capital</b>	<b>56.817</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.902.819</b>
<b>TIER II CAPITAL</b>	
Debt instruments and share issue premiums deemed suitable by the BRSA (***)	1.803.034
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	276.639
<b>Tier II Capital Before Deductions</b>	<b>2.079.673</b>
<b>Deductions From Tier II Capital</b>	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.079.673</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.982.492</b>
<b>Deductions from Total Capital</b>	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>5.982.492</b>



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**I. Explanations on Equity (continued)**

	Current Year 30 September 2018
<b>TOTAL CAPITAL</b>	
Total Capital (TIER I Capital and TIER II Capital)	5.982.492
Total risk weighted amounts	25.614.580
<b>Capital Adequacy Ratios</b>	
Core Capital Adequacy Ratio	15,46
Tier I Capital Adequacy Ratio	15,24
Capital Adequacy Ratio	23,36
<b>BUFFERS</b>	
Total buffer requirement	1,916
Capital conservation buffer requirement	1,850
Bank specific counter-cyclical buffer requirement	0,066
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	10,96

**Amounts below the Excess Limits as per the Deduction Principles**

Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
<b>Limits related to provisions considered in Tier II calculation</b>	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	491.829
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	276.639
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(\*)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves.

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

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

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**I. Explanations on Equity (continued)**

**Information related to the components of shareholders' equity:**

	Prior Period 31 December 2017	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014) (*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3,288,842	
Share issue premiums	-	
Reserves(**)	182,001	
Gains recognized in equity as per TAS	-	
Profit	320,572	
Current Period Profit	320,572	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3,791,415</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (***)	33,285	
Improvement costs for operating leasing	45,755	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	64,027	80,034
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>143,067</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>3,648,348</b>	

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**I. Explanations on Equity (continued)**

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

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**I. Explanations on Equity (continued)**

	Prior Period 31 December 2017	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
<b>TOTAL CAPITAL</b>		
Total Capital (TIER I Capital and TIER II Capital)	5,027.825	
Total risk weighted amounts	24,737.767	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	14,75	
Tier I Capital Adequacy Ratio	14,68	
Capital Adequacy Ratio	20,32	
<b>BUFFERS</b>		
Total buffer requirement	1,274	
Capital conservation buffer requirement	1,250	
Bank specific counter-cyclical buffer requirement	0,024	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	10,25	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	256.804	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	256.804	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

(\*\*)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on April 28, 2017 to book primary legal reserves of TL 9.263, which is 5% of the distributable net profit of TL 185.252 and TL 175.989 as extraordinary reserve. The distributable net profit is calculated by deducting the previous year losses amounting to TL 15.102 from TL 200.354; net profit of the Bank for the year 2016.

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

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

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

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**I. Explanations on Equity (continued)**

**Details on Subordinated Liabilities:**

Lender	Odea Bank A.Ş
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1655085485/ US67576MAA27
Governing law(s) of the instrument	It is subject to English law additionally certain articles are subject to Turkish law. It has been issued under the "Communiqué on Borrowing Instruments" of the CMB and the "Regulation on Equities of Banks" of the BRSA.
Regulatory treatment	Tier II Capital
Whether the sub-loan is subject to 10% decrease starting from 1/1/2015	No
Eligible at stand-alone / consolidated (*)	Stand Alone
Instrument type (types to be specified by each jurisdiction) (**)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (***)	1.803.034
Per value of instrument (Thousand USD)	300.000
Accounting classification	Liability-Subordinated Loans
Original date of issuance	01/08/2017
Perpetual or dated	10 Years Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	On 1 August 2022, there is an early repayment option. Amount to pay back: TL 1.803.034 thousand
Subsequent call dates, if applicable	-
Coupons / dividends	-
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	7,625%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	Yes
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down
If write-down, full or partial	Fully or partially
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of receivables, it comes after the debt instruments which are nonsubordinated loans.
Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not	The instrument is in compliance with article number 8.
Details of above mentioned items within article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

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

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

(\*\*\*) Does not include accrued interests.

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**I. Explanations on Equity (continued)**

**Basic information in the TFRS 9 transition process:** As of September 30, 2018, the Bank implements Provisional Article 5 of the “Regulation on Equity of Banks” published in the Official Gazette dated September 5, 2015 and numbered 29756. Therefore, in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside, eighty percent for the first year, sixty percent for the second year, forty percent for the third year, and twenty percent for the fourth year of the positive difference between the total expected loan loss provision calculated as of the date when the expected loan loss provisions are started to be recognized under TFRS 9 and the total provision amount calculated before starting the application of TFRS 9, can be added to the core capital amount after the tax deduction.

	2018	2019	2020	2021	2022
<b>EQUITY COMPONENTS</b>					
Core Capital	3.959.637	3.945.239	3.930.841	3.916.443	3.902.045
Transition Process Unapplied Core Capital	3.902.045	3.902.045	3.902.045	3.902.045	3.902.045
Tier I Capital	3.902.819	3.888.421	3.874.024	3.859.626	3.845.228
Transition Process Unapplied Main Capital	3.845.227	3.845.227	3.845.227	3.845.227	3.845.227
Equity	5.982.492	5.968.094	5.953.696	5.939.299	5.924.901
Transition Process Unapplied Equity	5.924.900	5.924.900	5.924.900	5.924.900	5.924.900
<b>TOTAL RISK WEIGHTED AMOUNTS</b>					
Total Risk Weighted Amounts	25.614.580	25.614.580	25.614.580	25.614.580	25.614.580
<b>CAPITAL ADEQUACY RATIO</b>					
Core Capital Adequacy Ratio (%)	15,46%	15,40%	15,35%	15,29%	15,23%
Transition Process Unapplied Core Capital Adequacy Ratio (%)	15,23%	15,23%	15,23%	15,23%	15,23%
Main Capital Adequacy Ratio (%)	15,24%	15,18%	15,12%	15,07%	15,01%
Transition Period Unapplied Main Capital Adequacy Ratio (%)	15,01%	15,01%	15,01%	15,01%	15,01%
Capital Adequacy Ratio (%)	23,36%	23,30%	23,24%	23,19%	23,13%
Transition Process Unapplied Capital Adequacy Ratio (%)	23,13%	23,13%	23,13%	23,13%	23,13%
<b>LEVERAGE RATIO</b>					
Total Leverage Ratio Risk Exposure	45.222.485	45.222.485	45.222.485	45.222.485	45.222.485
Leverage Ratio	8,60	8,60	8,60	8,60	8,60
Transition Process Unapplied Leverage Ratio	9,28	9,28	9,28	9,28	9,28

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**II. Explanations on Currency Risk**

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

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

The announced current foreign exchange buying rates of the Bank at September 30, 2018 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	24 September 2018	25 September 2018	26 September 2018	27 September 2018	28 September 2018
USD	6,1521	6,2066	6,1081	5,9926	6,0101
CHF	6,4116	6,4306	6,3004	6,1482	6,1501
GBP	8,0863	8,1642	8,0361	7,8637	7,8176
100 JPY	5,4640	5,5000	5,4042	5,2996	5,2905
EURO	7,2575	7,3131	7,1659	6,9981	6,9577

  

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

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2018 are as follows:

	Monthly Average Foreign Exchange Rate
USD	6,3102
CHF	6,5189
GBP	8,2299
100 JPY	5,6334
EURO	7,3529

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**II. Explanations on Currency Risk (continued)**

<b>September 30, 2018</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	673.564	1.990.737	200.970	2.865.271
Banks	126.435	1.698.222	132.356	1.957.013
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	163	6.013	-	6.176
Loans (*)	6.862.504	6.454.789	3.173	13.320.466
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Financial Assets Measured at Amortized Cost	471.720	1.985.058	3.272	2.460.050
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	143.343	292.576	3	435.922
<b>Total Assets</b>	<b>8.277.729</b>	<b>12.427.395</b>	<b>339.774</b>	<b>21.044.898</b>
<b>Liabilities</b>				
Bank Deposits	203.523	967.855	23.536	1.194.914
Other Deposits	3.004.998	9.786.495	210.408	13.001.901
Derivative Financial Liabilities (**)	-	-	-	-
Money Market Balances	-	-	-	-
Funds Provided From Other Financial Institutions (***)	1.241.259	5.265.638	3.164	6.510.061
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	98.025	162.315	360	260.700
<b>Total Liabilities</b>	<b>4.547.805</b>	<b>16.182.303</b>	<b>237.468</b>	<b>20.967.576</b>
<b>Net Balance Sheet Position</b>	<b>3.729.924</b>	<b>(3.754.908)</b>	<b>102.306</b>	<b>77.322</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3.317.212)</b>	<b>3.756.007</b>	<b>(106.960)</b>	<b>331.835</b>
Financial Derivative Assets	7.756.401	29.622.644	869.011	38.248.056
Financial Derivative Liabilities	11.073.613	25.866.637	975.971	37.916.221
Non-Cash Loans (****)	1.480.412	1.513.857	30.245	3.024.514
<b>Prior Period</b>				
Total Assets	6.433.017	8.933.073	57.854	15.423.944
Total Liabilities	4.374.024	13.367.826	117.493	17.859.343
Net Balance Sheet Position	2.058.993	(4.434.753)	(59.639)	(2.435.399)
Net Off-Balance Sheet Position	(1.817.675)	4.408.814	50.409	2.641.548
Financial Derivative Assets	4.665.856	14.213.752	861.715	19.741.323
Financial Derivative Liabilities	6.501.734	9.898.246	811.306	17.211.286
Forward deposit purchase commitments	18.203	121.459	-	139.662
Forward deposit sales commitments	-	28.151	-	28.151
Non-Cash Loans (****)	599.364	1.065.914	-	1.665.278

- (\*) Foreign currency indexed loans amounting to TL 762.822 are included in the loan portfolio. Expected loss provisions are not considered.  
(\*\*) Financial assets at fair value through profit and loss and derivative financial liabilities and equities were not included in currency risk calculation.  
(\*\*\*) Subordinated loans are included.  
(\*\*\*\*) There are no effects on the net off-balance sheet position.

**Foreign currency sensitivity:**

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

	Change in currency rate in %	Effect on profit or loss (*)		Effect on equity	
		September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
USD	10%	110	(2.601)	110	(2.601)
USD	(10) %	(110)	2.601	(110)	2.601
EUR	10%	41.271	24.132	41.271	24.132
EUR	(10) %	(41.271)	(24.132)	(41.271)	(24.132)

(\*) Represents before tax amounts.



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**III. Explanations on Interest Rate Risk**

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
<b>September 30, 2018</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.538.930	-	-	-	-	2.055.657	4.594.587
Banks	483.342	-	-	-	-	1.476.426	1.959.768
Financial Assets at Fair Value Through Profit and Loss	-	-	570	555	244	-	1.369
Money Market Placements	589.172	-	-	-	-	-	589.172
Financial Assets at FV Through Other Comprehensive Income	-	-	-	-	246.576	11.073	257.649
Loans (*)	8.482.302	4.609.830	4.074.442	4.017.586	985.892	428.919	22.598.971
Financial Assets Measured at Amortized Cost	-	-	743.051	1.653.968	507.540	-	2.904.559
Other Assets (**)	253.900	652.510	1.532.510	147.645	58.427	1.480.006	4.124.998
<b>Total Assets</b>	<b>12.347.646</b>	<b>5.262.340</b>	<b>6.350.573</b>	<b>5.819.754</b>	<b>1.798.679</b>	<b>5.452.081</b>	<b>37.031.073</b>
<b>Liabilities</b>							
Bank Deposits	1.208.096	37.095	28.974	-	-	1.421	1.275.586
Customer Deposits	18.151.268	2.529.139	113.795	1.484	-	1.143.954	21.939.640
Money Market Borrowings	260	-	-	-	-	-	260
Marketable Securities Issued	148.407	-	108.965	-	-	-	257.372
Subordinated Loans (***)	-	-	-	-	1.825.664	-	1.825.664
Funds Provided From Other Financial Institutions	518.478	1.533.148	1.549.243	244.776	841.288	-	4.686.933
Other Liabilities (****)	271.630	581.121	794.307	793.444	79.776	4.525.340	7.045.618
<b>Total Liabilities</b>	<b>20.298.139</b>	<b>4.680.503</b>	<b>2.595.284</b>	<b>1.039.704</b>	<b>2.746.728</b>	<b>5.670.715</b>	<b>37.031.073</b>
Balance Sheet Long Position	-	581.837	3.755.289	4.780.050	-	-	9.117.176
Balance Sheet Short Position	(7.950.493)	-	-	-	(948.049)	(218.634)	(9.117.176)
Off-Balance Sheet Long Position	8.228.962	16.372.634	9.856.186	3.970.549	6.441.403	-	44.869.734
Off-Balance Sheet Short Position	(8.237.154)	(9.652.826)	(14.652.883)	(5.084.376)	(7.153.269)	-	(44.780.508)
<b>Total Position</b>	<b>(7.958.685)</b>	<b>7.301.645</b>	<b>(1.041.408)</b>	<b>3.666.223</b>	<b>(1.659.915)</b>	<b>(218.634)</b>	<b>89.226</b>

(\*) The net amount of the non-performing loans and its third stage expected credit losses and the first and second stage expected credit losses for performing loans are shown in the non-interest bearing column.

(\*\*) Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

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

(\*\*\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.938.862, tax liabilities amounting to TL 53.008, provisions amounting to TL 76.295 and other liabilities amounting to TL 457.175. In addition, other liabilities include derivative financial liabilities amounting to TL 2.520.278.

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**III. Explanations on Interest Rate Risk (continued)**

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

(\*) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed %7.625 coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan.

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

**Interest rates applied to monetary financial instruments:**

	EURO %	USD %	JPY %	TL %
<b>September 30, 2018</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	1,50	-	13,00
Banks	-	1,57	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	16,55
Money Market Placements	-	-	-	23,95
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	18,09
Loans	5,84	8,22	-	20,84
Financial Assets Measured at Amortized Cost	1,59	5,54	-	11,26
<b>Liabilities</b>				
Bank Deposits	1,74	3,36	-	27,39
Customer Deposits	3,44	5,93	-	24,61
Money Market Borrowings	-	-	-	16,50
Subordinated Loans	-	7,70	-	-
Marketable Securities Issued	-	-	-	21,46
Funds Provided From Other Financial Institutions	1,78	3,58	-	6,67

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**III. Explanations on Interest Rate Risk (continued)**

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

**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.

**IV. Explanations on Share Certificates Position Risk**

The Bank has no outstanding share certificate position.

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio**

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

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

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

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

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

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

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

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

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

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

In scope of the Liquidity Stress Test, the Bank is involved in a special liquidity stress arising from internal causes as well as stress liquidity taking into account high quality liquid assets, deposits, other balance sheet items generating cash outflows, loans and other cash inflows in order to meet general market liquidity stress which they have the signs. There are designated risk limits for indicators. The compliance with the risk and the determined risk limits is shared with the Senior Management and the relevant business units, and the necessary actions are taken.

The Bank has established a Liquidity Urgent Action Plan to explain the actions that should be taken in possible liquidity tightness scenarios. In this context, normal market conditions and various stress levels are defined and action plans are created for each situation. In addition to the Emergency Action Plan, Basic Risk Indicators and Liquidity Early Warning Signals are defined within the scope of Liquidity Risk Management Policy and these indicators are regularly monitored.

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

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 70% for foreign currency assets and liabilities and 90% for total assets and liabilities for the year 2018. Both of the aforementioned rates shall be increased by 10% annually until 2019 and foreign currency shall be applied as 80% while total shall be applied as 100%.

Information regarding weekly solo liquidity coverage ratios realized in the third quarter of 2018 is as follows:

Current Period-30.09.2018		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
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>5.313.418</b>	<b>3.671.469</b>
1	High quality liquid assets	7.670.734	6.028.785	5.313.418	3.671.469
<b>CASH OUTFLOWS</b>					
2	<b>Retail and Small Business Customer Deposits</b>	<b>14.415.592</b>	<b>7.858.835</b>	<b>1.352.598</b>	<b>785.884</b>
3	Stable deposits	1.779.225	-	88.961	-
4	Less stable deposits	12.636.367	7.858.835	1.263.637	785.884
5	<b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>	<b>7.502.679</b>	<b>6.089.159</b>	<b>3.842.901</b>	<b>3.113.959</b>
6	Operational deposits	896	18	224	4
7	Non-Operational Deposits	6.764.318	5.610.630	3.105.212	2.635.444
8	Other Unsecured Funding	737.465	478.511	737.465	478.511
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>6.295.426</b>	<b>5.792.009</b>	<b>1.751.545</b>	<b>3.026.784</b>
11	Liquidity needs related to derivatives and market	1.251.735	2.670.070	1.251.735	2.670.070
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	5.043.691	3.121.939	499.810	356.714
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>6.947.044</b>	<b>6.926.627</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	228.359	-	-	-
18	Unsecured Lending Transactions	3.095.832	1.851.739	2.474.579	1.677.735
19	Other contractual cash inflows	849.093	2.093.594	849.093	2.093.594
20	<b>TOTAL CASH INFLOWS</b>	<b>4.173.284</b>	<b>3.945.333</b>	<b>3.323.672</b>	<b>3.771.329</b>
<b>Upper Limit Applied Amounts</b>					
21	<b>TOTAL HQLA</b>			<b>5.313.418</b>	<b>3.671.469</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>3.623.372</b>	<b>3.160.823</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>149,64</b>	<b>119,55</b>

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

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

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

Prior Period-31.12.2017		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>6.143.539</b>	<b>3.801.100</b>
1	High quality liquid assets	8.572.434	6.229.995	6.143.539	3.801.100
<b>CASH OUTFLOWS</b>					
2	<b>Retail and Small Business Customer Deposits</b>	<b>16.981.949</b>	<b>8.404.303</b>	<b>1.611.719</b>	<b>840.430</b>
3	Stable deposits	1.729.514	-	86.475	-
4	Less stable deposits	15.252.435	8.404.303	1.525.244	840.430
5	<b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>	<b>7.737.939</b>	<b>5.542.850</b>	<b>3.975.603</b>	<b>2.942.098</b>
6	Operational deposits	506	50	126	12
7	Non-Operational Deposits	6.811.823	4.872.699	3.049.867	2.271.985
8	Other Unsecured Funding	925.610	670.101	925.610	670.101
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>4.734.715</b>	<b>3.484.062</b>	<b>974.318</b>	<b>1.958.885</b>
11	Liquidity needs related to derivatives and market	620.335	1.780.948	620.335	1.780.948
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.114.380	1.703.114	353.983	177.937
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>6.561.640</b>	<b>5.741.413</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	1.095.205	-	-	-
18	Unsecured Lending Transactions	3.505.074	1.546.346	2.908.096	1.357.900
19	Other contractual cash inflows	498.896	2.958.425	498.896	2.958.425
20	<b>TOTAL CASH INFLOWS</b>	<b>5.099.175</b>	<b>4.504.771</b>	<b>3.406.992</b>	<b>4.316.325</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HQLA</b>			<b>6.143.539</b>	<b>3.801.100</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>3.154.647</b>	<b>1.673.485</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>196,62</b>	<b>236,33</b>

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

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

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

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

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

	Current Year-30.09.2018		Prior Year-31.12.2017	
	TL+FC	FC	TL+FC	FC
Lowest	119,16	88,82	152,23	159,38
	14.09.2018	20.07.2018	15.12.2017	27.10.2017
Highest	212,99	182,55	279,50	326,64
Week	13.07.2018	07.09.2018	17.11.2017	29.12.2017
Average	149,64	119,55	196,62	236,33

**Presentation of assets and liabilities according to their remaining maturities:**

September 30, 2018	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.297.465	3.297.122	-	-	-	-	-	4.594.587
Banks	1.476.426	483.342	-	-	-	-	-	1.959.768
Financial Assets at Fair Value Through Profit and Loss	-	-	-	570	555	244	-	1.369
Money Market Placements	-	589.172	-	-	-	-	-	589.172
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	246.576	11.073	257.649
Loans (**)	-	1.958.784	958.540	2.817.587	9.253.167	7.181.974	428.919	22.598.971
Financial Assets Measured at Amortized Cost	-	-	-	743.051	1.653.968	507.540	-	2.904.559
Other Assets (***)	-	219.064	652.510	859.086	855.905	58.427	1.480.006	4.124.998
<b>Total Assets</b>	<b>2.773.891</b>	<b>6.547.484</b>	<b>1.611.050</b>	<b>4.420.294</b>	<b>11.763.595</b>	<b>7.994.761</b>	<b>1.919.998</b>	<b>37.031.073</b>
<b>Liabilities</b>								
Bank Deposits	1.421	1.208.096	37.095	28.974	-	-	-	1.275.586
Customer Deposits	1.143.954	18.151.268	2.529.139	113.795	1.484	-	-	21.939.640
Funds Provided From Other Financial Institutions	-	477.969	769.804	1.589.752	325.029	1.524.379	-	4.686.933
Money Market Borrowings	-	260	-	-	-	-	-	260
Marketable Securities Issued	-	148.407	-	108.965	-	-	-	257.372
Subordinated Loans (****)	-	-	-	-	-	1.825.664	-	1.825.664
Other Liabilities (*****)	-	271.630	581.121	794.307	793.444	79.776	4.525.340	7.045.618
<b>Total Liabilities</b>	<b>1.145.375</b>	<b>20.257.630</b>	<b>3.917.159</b>	<b>2.635.793</b>	<b>1.119.957</b>	<b>3.429.819</b>	<b>4.525.340</b>	<b>37.031.073</b>
<b>Liquidity Gap</b>	<b>1.628.516</b>	<b>(13.710.146)</b>	<b>(2.306.109)</b>	<b>1.784.501</b>	<b>10.643.638</b>	<b>4.564.942</b>	<b>(2.605.342)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(30.059)</b>	<b>136.400</b>	<b>13.280</b>	<b>(30.394)</b>	<b>(1)</b>	<b>-</b>	<b>89.226</b>
Financial Derivative Assets	-	6.372.010	8.180.854	7.546.090	9.176.105	13.594.675	-	44.869.734
Financial Derivative Liabilities	-	6.402.069	8.044.454	7.532.810	9.206.499	13.594.676	-	44.780.508
<b>Non-Cash Loans</b>	<b>754.538</b>	<b>417.751</b>	<b>686.324</b>	<b>1.979.970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.838.583</b>
<b>Prior period</b>								
Total Assets	469.248	7.927.986	1.004.233	3.116.982	11.454.408	7.688.215	1.443.303	33.104.375
Total Liabilities	876.246	18.051.841	5.462.190	1.540.527	965.671	1.536.095	4.671.805	33.104.375
<b>Liquidity Gap</b>	<b>(406.998)</b>	<b>(10.123.855)</b>	<b>(4.457.957)</b>	<b>1.576.455</b>	<b>10.488.737</b>	<b>6.152.120</b>	<b>(3.228.502)</b>	<b>-</b>

(\*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, other assets, current tax assets, equity instruments, and non-performing loans are classified under undistributed.

(\*\*) The net amount of the non-performing loans and its third stage expected loss provisions and the first and second stage expected loss provisions for performing loans are shown in the undistributed column.

(\*\*\*) Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

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

(\*\*\*\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.951.549, tax liabilities amounting to TL 53.008, provisions amounting to TL 76.295 and other liabilities amounting to TL 457.175. In addition, other liabilities include derivative financial liabilities amounting to TL 2.520.278.

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**VI. Explanations on Leverage Ratio**

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

"Regulation on the Measurement and Evaluation of Banks Leverage Levels" regulates the procedures and principles regarding the ensure adequate capital at the consolidated and non-consolidated basis for exposure of possible risk of Banks. Leverage ratio of the Bank calculated amounting to 8,59 % (December 31, 2017: 8,98 %). According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

	Current Period 30 September 2018 (*)	Prior Period 31 December 2017 (*)
<b>Balance sheet transactions</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	37.790.560	34.780.324
2 (Assets deducted from Core capital)	(100.362)	(64.033)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	37.690.198	34.716.291
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	471.470	292.878
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)	471.470	292.878
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-	-
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	7.644.099	4.919.073
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	7.644.099	4.919.073
<b>Capital and total risk</b>		
13 Core Capital	3.915.255	3.577.376
14 Total risk amount(sum of lines 3, 6, 9 and 12)	45.805.767	39.928.242
<b>Leverage ratio</b>		
15 Leverage ratio	8,59	8,98

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



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**VII. Explanations on Risk Management**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of September 30, 2018:

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

**a) Overview of RWA**

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period 30 September 2018	Prior Period 31 December 2017	Current Period 30 September 2018
1 Credit risk (excluding counterparty credit risk) (CCR)	21.463.789	20.911.154	1.717.103
2 Standardised approach (SA)	21.463.789	20.911.154	1.717.103
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	667.328	497.600	53.386
5 Standardised approach for counterparty credit risk (SA-CCR)	667.328	497.600	53.386
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - % 1250 weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	1.061.450	1.516.863	84.916
17 Standardised approach (SA)	1.061.450	1.516.863	84.916
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	2.422.013	1.812.150	193.761
20 Basic Indicator Approach	2.422.013	1.812.150	193.761
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>25.614.580</b>	<b>24.737.767</b>	<b>2.049.166</b>

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**VIII. Explanations on Business Segments**

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

<b>Current Period (1 January-30 September 2018)</b>	<b>Corporate, Commercial,SME</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Other and Unallocated (*)</b>	<b>Bank's Total Activities</b>
Net Interest Income	434.534	160.385	47.191	262.573	904.683
Net Fee and Commission Income	58.823	38.796	(1.210)	(7.227)	89.182
Dividend Income	-	-	-	12	12
Other Operating Income and Net Profit/Loss	4.935	14.868	57.602	17.000	94.405
<b>Operating Income</b>	<b>498.292</b>	<b>214.049</b>	<b>103.583</b>	<b>272.358</b>	<b>1.088.282</b>
Other Operating Expenses (**)	-	-	-	(461.662)	(461.662)
Credit and Other Provisions	(528.795)	(67.536)	-	179.673	(416.658)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209.962</b>	<b>209.962</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46.154)</b>	<b>(46.154)</b>
<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163.808</b>	<b>163.808</b>
<b>Total Asset</b>	<b>21.080.530</b>	<b>2.141.650</b>	<b>5.797.960</b>	<b>8.010.933</b>	<b>37.031.073</b>
Segment Assets	21.080.530	2.141.650	5.797.960	8.010.933	37.031.073
<b>Total Liability</b>	<b>6.353.614</b>	<b>15.712.330</b>	<b>8.336.854</b>	<b>6.628.275</b>	<b>37.031.073</b>
Segment Liability	6.353.614	15.712.330	8.336.854	863.749	31.266.547
Subordinated Loan	-	-	-	1.825.664	1.825.664
Equity	-	-	-	3.938.862	3.938.862

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

(\*\*) Includes personnel expenses.

<b>Prior Period (1 January-31 December 2017)(**)</b>	<b>Corporate, Commercial,SME</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Other and Unallocated (*)</b>	<b>Bank's Total Activities</b>
Net Interest Income	496.910	185.991	16.416	368.002	1.067.319
Net Fee and Commission Income	95.543	36.653	(2.497)	482	130.181
Dividend Income	-	-	-	8	8
Other Operating Income and Net Profit/Loss	(13.067)	12.029	17.948	(36.728)	(19.818)
<b>Operating Income</b>	<b>579.386</b>	<b>234.673</b>	<b>31.867</b>	<b>331.764</b>	<b>1.177.690</b>
Other Operating Expenses	-	-	-	(562.342)	(562.342)
Credit and Other Provisions	(170.059)	(66.876)	-	(84.500)	(321.435)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293.913</b>	<b>293.913</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63.611)</b>	<b>(63.611)</b>
<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230.302</b>	<b>230.302</b>
<b>Total Asset</b>	<b>19.407.521</b>	<b>3.002.120</b>	<b>5.622.682</b>	<b>5.072.052</b>	<b>33.104.375</b>
Segment Assets	19.407.521	3.002.120	5.622.682	5.072.052	33.104.375
<b>Total Liability</b>	<b>6.820.104</b>	<b>16.994.776</b>	<b>3.393.822</b>	<b>5.895.673</b>	<b>33.104.375</b>
Segment Liability	6.820.104	16.994.776	3.393.822	962.551	28.171.253
Subordinated Loan	-	-	-	1.174.992	1.174.992
Equity	-	-	-	3.758.130	3.758.130

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

(\*\*) 30 September 2017 amounts are used for income statement accounts.

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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:**

	September 30, 2018		December 31, 2017	
	TL	FC	TL	FC
Cash in Vault	54.775	326.061	86.483	95.952
Balances with the Central Bank of Turkey	1.674.541	2.539.210	1.403.639	2.145.746
Other	-	-	-	-
<b>Total</b>	<b>1.729.316</b>	<b>2.865.271</b>	<b>1.490.122</b>	<b>2.241.698</b>

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

	September 30, 2018		December 31, 2017	
	TL	FC	TL	FC
Demand unrestricted amount	742.842	1.532.774	1.403.639	164
Time unrestricted amount	931.699	-	-	-
Time restricted amount	-	1.006.436	-	2.145.582
<b>Total</b>	<b>1.674.541</b>	<b>2.539.210</b>	<b>1.403.639</b>	<b>2.145.746</b>

**c) Explanations related to reserve deposits:**

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

The reserve rates for TL liabilities vary between 1,5% and 8% for TL deposits and other liabilities according to their maturities as of 30 September 2018 (31 December 2017: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 20% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2018 (31 December 2017: 4% and 24% for all foreign currency liabilities).

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

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

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

	<b>September 30, 2018</b>	
	<b>TL</b>	<b>FC</b>
Classified as unrestricted	1.369	-
Subject to repurchase agreements	-	-
Given as collateral/blocked	-	-
<b>Total</b>	<b>1.369</b>	<b>-</b>

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

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:

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	358.625	5.263	18.038	2.445
Swap Transactions	1.442.471	148.046	332.524	40.445
Futures Transactions	-	-	-	-
Options	680.688	9.899	23.886	3.778
Other	-	-	-	-
<b>Total</b>	<b>2.481.784</b>	<b>163.208</b>	<b>374.448</b>	<b>46.668</b>

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

**3. Information on banks and bank accounts abroad:**

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic	2.755	1	203	1
Foreign	-	1.957.012	-	286.525
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>2.755</b>	<b>1.957.013</b>	<b>203</b>	<b>286.526</b>

**4. Information on financial assets at fair value through other comprehensive income:**

a.1) Information on financial assets given as collateral or blocked:

	<b>September 30, 2018</b>	
	<b>TL</b>	<b>FC</b>
Share certificates	-	-
Bond, treasury bill and similar securities	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

  

	<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>
Share certificates	-	-
Bond, treasury bill and similar securities	260.178	304.755
Other	-	-
<b>Total</b>	<b>260.178</b>	<b>304.755</b>

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

As of September 30, 2018, there has no financial assets at fair value through other comprehensive income subject to repurchase agreements (31 December 2017: None).

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b.1) Information on financial assets at fair value through other comprehensive income portfolio:

	<b>September 30, 2018</b>
Debt securities	242.051
Quoted on a stock exchange	242.051
Not quoted	-
Share certificates	13.336
Quoted on a stock exchange	-
Not quoted	13.336
Value Decrease (-) / Increase (+)	(2.262)
<b>Total</b>	<b>257.649</b>

b.2) Information on financial assets available for sale portfolio:

	<b>December 31, 2017</b>
Debt securities	1.219.449
Quoted on a stock exchange	1.219.449
Not quoted	-
Share certificates	8.646
Quoted on a stock exchange	-
Not quoted	8.646
Value Decrease (-) / Increase (+)	(34.338)
<b>Total</b>	<b>1.262.433</b>

**5. Information on loans:**

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

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
Direct loans granted to shareholders	1.358	-	304	-
Corporate shareholders	1.358	-	304	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	40.153	-	21.257
Loans granted to employees	5.539	-	7.304	-
<b>Total</b>	<b>6.897</b>	<b>40.153</b>	<b>7.608</b>	<b>21.257</b>

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

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

	Stage 2 (*)			
	Standard loans	Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
<b>Cash Loans</b>				
Non-specialized loans	16.116.690	4.950.051	-	1.103.311
Loans given to enterprises	-	-	-	-
Export loans	871.164	22.652	-	7.062
Foreign loans	777.170	77	-	60.689
Loans given to financial sector	15.920	-	-	-
Consumer loans	1.128.245	102.516	-	34.060
Credit cards	431.227	18.769	-	5.946
Other	12.892.964	4.806.037	-	995.554
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>16.116.690</b>	<b>4.950.051</b>	<b>-</b>	<b>1.103.311</b>

(\*)In accordance with TFRS 9 and the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside the loans subject to significant increase in the credit risk of the borrower are included in the above table amounting to TL 1.802.209.

First and Second Stage Expected Loss Provisions		
	Standard Loans	Loans Under Close Monitoring
12-Month provisions for possible losses	140.988	-
Significant increase in credit risk	-	303.052
<b>Total</b>	<b>140.988</b>	<b>303.052</b>

	December 31, 2017
General Provisions	256.804
I. Provisions for First Group Loans and Receivables	81.041
- o/w - Provision for extended loans	-
II. Provisions for Second Group Loans and Receivables	171.656
- o/w - Provision for extended loans	-
Provisions for Non-cash Loans and Derivative Financial Instruments	4.107
<b>Total</b>	<b>256.804</b>

In December 31, 2017, based on the new Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published on Official Gazette dated December 14, 2016 and numbered 29918 the Bank had excess general provisions. If the minimum reserve ratios specified in the Regulation had been applied, the general provision amount would be lower by TL 146.447.

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

<b>Number of extensions</b>	<b>Standard loans</b>	<b>Loans under close monitoring</b>
Extended by 1 or 2 times	78.014	1.103.311
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
<b>Total</b>	<b>78.014</b>	<b>1.103.311</b>

<b>Number of modifications made to extend payment plan</b>	<b>Standard loans</b>	<b>Loans under close monitoring (*)</b>
0 - 6 Months	24.308	282.883
6 - 12 Months	9.201	34.464
1 - 2 Years	23.329	323.762
2 - 5 Years	21.176	462.202
5 Years and over	-	-
<b>Total</b>	<b>78.014</b>	<b>1.103.311</b>

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

**Information on loan types and provisions (\*):**

<b>30 September 2018</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Consumer Loans</b>	<b>Total</b>
Standard Loans	12.614.856	1.993.967	1.507.867	16.116.690
Watchlist	2.992.409	1.055.693	203.051	4.251.153
Significant Increase in Credit Risk	1.541.111	261.098	-	1.802.209
Non-performing Loans	664.385	877.111	274.993	1.816.489
Specific Provision (-)	(443.745)	(336.997)	(162.788)	(943.530)
<b>Total</b>	<b>17.369.016</b>	<b>3.850.872</b>	<b>1.823.123</b>	<b>23.043.011</b>

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

(\*) Prepared in accordance with Bank's internal segmentation.



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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans – TL</b>	<b>8.810</b>	<b>1.223.024</b>	<b>1.231.834</b>
Housing Loans	-	457.367	457.367
Car Loans	-	10.480	10.480
General Purpose Loans	8.810	755.177	763.987
Other	-	-	-
<b>Consumer Loans - Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards - TL</b>	<b>425.408</b>	<b>18.652</b>	<b>444.060</b>
With Installments	118.331	18.652	136.983
Without Installments	307.077	-	307.077
<b>Individual Credit Cards-FC</b>	<b>146</b>	<b>-</b>	<b>146</b>
With Installments	-	-	-
Without Installments	146	-	146
<b>Personnel Loans - TL</b>	<b>111</b>	<b>3.537</b>	<b>3.648</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	111	3.537	3.648
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards - TL</b>	<b>1.890</b>	<b>1</b>	<b>1.891</b>
With Installments	745	1	746
Without Installments	1.145	-	1.145
<b>Personnel Credit Cards - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts – TL (Real Persons)</b>	<b>29.339</b>	<b>-</b>	<b>29.339</b>
<b>Overdraft Accounts – FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>465.704</b>	<b>1.245.214</b>	<b>1.710.918</b>

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TL</b>	<b>250.685</b>	<b>4.267.231</b>	<b>4.517.916</b>
Business Loans	-	5.794	5.794
Car Loans	-	13.455	13.455
General Purpose Loans	250.685	4.247.982	4.498.667
Other	-	-	-
<b>Commercial loans with installment facility-Indexed to FC</b>	<b>16.656</b>	<b>618.623</b>	<b>635.279</b>
Business Loans	-	-	-
Car Loans	-	391	391
General Purpose Loans	16.656	618.232	634.888
Other	-	-	-
<b>Commercial loans with installment facility -FC</b>	<b>11.598</b>	<b>11.757.955</b>	<b>11.769.553</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	11.598	11.757.955	11.769.553
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>9.840</b>	-	<b>9.840</b>
With Installments	1.771	-	1.771
Without Installments	8.069	-	8.069
<b>Corporate Credit Cards-FC</b>	<b>5</b>	-	<b>5</b>
With Installments	-	-	-
Without Installments	5	-	5
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>39.690</b>	-	<b>39.690</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	-	-	-
<b>Total</b>	<b>328.474</b>	<b>16.643.809</b>	<b>16.972.283</b>

f) Distribution of domestic and foreign loans:

	September 30, 2018	December 31, 2017
Domestic loans	21.332.116	21.558.475
Foreign loans	837.936	443.203
<b>Total</b>	<b>22.170.052</b>	<b>22.001.678</b>

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2018
Specific provisions	
Loans with limited collectability	292.242
Loans with doubtful collectability	370.238
Uncollectible loans	281.050
<b>Total</b>	<b>943.530</b>
	December 31, 2017
Specific provisions	
Loans and receivables with limited collectability	21.322
Loans and receivables with doubtful collectability	105.043
Uncollectible loans and receivables	319.279
<b>Total</b>	<b>445.644</b>

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

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>December 31, 2017 balance</b>	<b>174.805</b>	<b>382.996</b>	<b>517.671</b>
Additions (+)	1.219.678	-	-
Transfers from other categories of non-performing loans (+)	-	781.018	401.895
Transfers to other categories of non-performing loans (-)	781.018	401.895	-
Collections (-)	86.307	27.966	266.458
Write-offs (-) (*)	-	-	97.930
Sold			
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
<b>September 30, 2018 balance</b>	<b>527.158</b>	<b>734.153</b>	<b>555.178</b>
Specific provision (-)	292.242	370.238	281.050
<b>Net Balances on Balance Sheet</b>	<b>234.916</b>	<b>363.915</b>	<b>274.128</b>

(\*)In 2018, with the decision of Board of Directors, commercial loans with special provision at the rate of 100%, without any collateral, amounting to TL 97.930 have been removed from the assets, by the Bank.

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>September 30, 2018 (Net)</b>	<b>234.916</b>	<b>363.915</b>	<b>274.128</b>
Loans to Real Persons and Legal Entities (Gross)	527.158	734.153	555.178
Specific provision (-)	292.242	370.238	281.050
Loans to Real Persons and Legal Entities (Net)	234.916	363.915	274.128
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>December 31, 2017 (Net)</b>	<b>153.483</b>	<b>277.953</b>	<b>198.392</b>
Loans to Real Persons and Legal Entities (Gross)	174.805	382.996	517.671
Specific provision (-)	21.322	105.043	319.279
Loans to Real Persons and Legal Entities (Net)	153.483	277.953	198.392
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

i.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>Current Period (Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	4.682	19.672	167
Special Provision Amount (-)	4.682	19.672	167
<b>Prior Period (Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
Special Provision Amount (-)	-	-	-

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

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of September 30, 2018, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 274.128 (December 31, 2017: TL 198.392).

k) Explanations on write-off policy:

In 2018, with the decision of Board of Directors, commercial loans with special provision at the rate of 100%, without any collateral, amounting to TL 97.930 have been removed from the assets, by the Bank.

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**6. Information on financial assets measured at amortized cost:**

- a) Information on financial assets given as collateral or blocked: As of September 30, 2018, financial assets measured at amortized cost given as collateral is amounting to TL 1.778.138.

As of December 31, 2017, held-to-maturity investments given as collateral is amounting to TL 338.078.

- b) Investments and legal liabilities subject to repurchase agreements: As of September 30, 2018, financial assets measured at amortized cost subject to repurchase agreements is amounting to TL 261.

- c) The Bank has TL 2.904.559 financial assets measured at amortized cost as of September 30, 2018.

The Bank has TL 447.133 held-to-maturity investments as of December 31, 2017.

- d.1) Movement on financial assets measured at amortized cost:

	<b>September 30, 2018</b>
Beginning Balance	447.133
Foreign Currency Differences on Monetary Assets (*)	1.212.992
Purchases During Year	1.311.029
Transfers (**)	1.313.021
Disposals Through Sales and Redemptions	(1.379.616)
Impairment Provision (-)	-
<b>Total</b>	<b>2.904.559</b>

(\*) Represents exchange differences and accrual interest.

(\*\*) As of January 1, 2018, the Group has changed its business model for some government debt securities with the adoption of TFRS 9. As a result government bonds with an amount of TL 1.313.021 has been clasified from "Financial assets at fair value through other comprehensive income" to "Financial assets measured at amortized cost".

- d.2) Movement on held-to-maturity investments:

	<b>December 31, 2017</b>
Beginning Balance	428.155
Foreign Currency Differences on Monetary Assets	-
Purchases During Year	-
Disposals Through Sales and Redemptions	-
Impairment Provision	-
Change in Amortized Cost (*)	18.978
<b>Total</b>	<b>447.133</b>

(\*)Represents exchange differences and accrual interest.

**7. Information on associates (Net):**

The Bank has no associates in the current period.

**8. Information on subsidiaries (Net):**

The Bank has no subsidiaries in the current period.

**9. Information on jointly controlled entities:**

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

**10. Information on lease receivables (Net):**

The Bank has no lease receivables in the current period.

**11. Information on derivative financial assets for hedging purposes:**

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

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

**12. Information on tangible assets (Net):**

Information on tangible assets is not required to be disclosed in accordance with 25<sup>th</sup> article of Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures.

**13. Information on intangible assets:**

Information on tangible assets is not required to be disclosed in accordance with 25<sup>th</sup> article of Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures

**14. Investment Property (Net):** None.

**15. Explanations on deferred tax assets:**

- a) As of September 30, 2018, the Bank has deferred tax asset amounting to TL 80.078 arising from deductible temporary differences (December 31, 2017: TL 64.664).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

As of September 30, 2018 the Bank has assets held for sale and discontinued operations amounting to TL 233.714 (December 31, 2017: TL 170.946).

**17. Information on other assets**

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

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**II. Explanations and Disclosures Related to the Liabilities**

**1. Information on maturity structure of deposits:**

**a.1) September 30, 2018**

	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	174.956	-	1.791.198	5.086.559	76.136	14.469	5.738	-	7.149.056
Foreign currency deposits	708.051	-	1.974.175	9.961.750	67.062	179.686	10.293	-	12.901.017
Residents in Turkey	646.272	-	1.949.506	9.608.391	59.953	179.229	5.447	-	12.448.798
Residents abroad	61.779	-	24.669	353.359	7.109	457	4.846	-	452.219
Public sector deposits	5.948	-	-	-	14.649	-	-	-	20.597
Commercial deposits	153.199	-	332.980	1.177.817	7.701	10.247	17.890	-	1.699.834
Other institutions deposits	966	-	2.020	64.223	-	1.093	-	-	68.302
Precious metals deposits	100.834	-	-	-	-	-	-	-	100.834
Interbank deposits	1.421	-	13.058	1.215.539	16.594	28.974	-	-	1.275.586
Central Bank of Turkey	-	-	-	901.727	-	-	-	-	901.727
Domestic Banks	-	-	13.058	110.666	-	-	-	-	123.724
Foreign Banks	1.421	-	-	203.146	16.594	28.974	-	-	250.135
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.145.375</b>	<b>-</b>	<b>4.113.431</b>	<b>17.505.888</b>	<b>182.142</b>	<b>234.469</b>	<b>33.921</b>	<b>-</b>	<b>23.215.226</b>

**December 31, 2017**

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

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

Information on saving deposits and exceeding the limit of insurance saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Saving deposits	2.135.894	2.534.217	5.013.162	5.503.988
Foreign currency saving deposits	598.533	582.697	7.956.195	8.130.958
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>2.658.267</b>	<b>3.116.914</b>	<b>11.403.889</b>	<b>13.634.946</b>

(\*) 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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b.2) Deposit amounts not under the guarantee of saving deposit:

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	3.939	3.261
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> 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 at fair value through profit or loss:**

a) Negative differences table related to derivative financial liabilities at fair value through profit or loss:

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	413.362	10.263	5.244	302
Swap Transactions	1.236.235	107.735	308.446	69.711
Futures Transactions	-	-	-	-
Options	723.357	12.255	16.133	4.635
Other	-	-	-	-
<b>Total</b>	<b>2.372.955</b>	<b>130.253</b>	<b>329.823</b>	<b>74.648</b>



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

**3. Information on borrowings:**

a) Information on banks and other financial institutions:

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Domestic Banks and Institutions	2.536	22.608	2.940	29.272
From Foreign Banks, Institutions and Funds	-	4.661.789	-	2.910.508
<b>Total</b>	<b>2.536</b>	<b>4.684.397</b>	<b>2.940</b>	<b>2.939.780</b>

b) Maturity analysis of borrowings:

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term	2.536	1.312.076	353	904.327
Medium and long-term	-	3.372.321	2.587	2.035.453
<b>Total</b>	<b>2.536</b>	<b>4.684.397</b>	<b>2.940</b>	<b>2.939.780</b>

**4. Information on funds provided from repurchase agreement transactions:**

a) Funds Provided Under Repurchase Agreements:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Funds Provided Under Repurchase Agreements	260	-
<b>Total</b>	<b>260</b>	<b>-</b>

**5. Marketable Securities Issued (Net):**

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Bond	257.372	-
<b>Total</b>	<b>257.372</b>	<b>-</b>

**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.

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

**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 at fair value through other comprehensive income:**

	September 30, 2018	December 31, 2017
Fair Value Hedge	-	-
Cash Flow Hedge	17.070	-
<b>Total</b>	<b>17.070</b>	<b>-</b>

**9. Information on provisions:**

- a) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (December 31, 2017: TL 1.020).
- b) Information on employee termination benefits and unused vacation accrual:
  - b.1) Information on employee termination benefits and unused vacation accrual:

	September 30, 2018	December 31, 2017
Employee termination benefit provision	6.551	5.745
Unused vacation provision	4.915	5.257
<b>Total of provision for employee benefits</b>	<b>11.466</b>	<b>11.002</b>

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.

Movements in the employee termination benefit provision during the year:

	September 30, 2018
<b>Balance at beginning of the year</b>	<b>5.745</b>
Change within the period	2.146
Actuarial gain/loss transferred to equity	-
Paid during the year	(1.340)
<b>Balance at end of the period</b>	<b>6.551</b>

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c) Information on other provisions:

c.1) Provisions for possible losses: TL 9.500 (December 31, 2017: TL 257.700).

c.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions: Other provisions consist of provision for employee benefits amounting to TL 18.750 (December 31, 2017: TL 25.000) and promotions for credit cards and banking services amounting to TL 668 for the year of 2018 (December 31, 2017: TL 941).

c.3) Expected loss provisions for non-cash loans: TL 35.911. (December 31, 2017: TL 11.566 provision).

d) Liabilities on pension rights: None.

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

d.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 September 30, 2018, the Bank has corporate income tax provision amounting to TL 70.314, which is netted with prepaid taxes amounting to TL 70.314 and shown in the liabilities amounting to TL 70.314 (December 31, 2017: TL 1.495 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

	September 30, 2018	December 31, 2017
Withholding tax on deposits	24.871	26.283
BITT	17.197	15.996
Payroll Tax	3.696	9.365
Property Tax	447	483
Other	243	548
Value Added Tax Payable	140	735
Stamp Tax	111	273
Corporate Taxes Payable	-	1.495
<b>Total</b>	<b>46.705</b>	<b>55.178</b>

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

a.3) Information on premiums:

	September 30, 2018	December 31, 2017
Social Security Premiums-Employee	3.039	3.085
Social Security Premiums-Employer	2.694	3.417
Unemployment Insurance-Employer	380	435
Unemployment Insurance-Employee	190	217
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
<b>Total</b>	<b>6.303</b>	<b>7.154</b>

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

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

**12. Information on subordinated loans:**

	September 30, 2018		December 31, 2017	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	-
From other foreign institutions	-	1.825.664	-	1.174.992
<b>Total</b>	<b>-</b>	<b>1.825.664</b>	<b>-</b>	<b>1.174.992</b>

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

**13. Information on Shareholders' Equity:**

a) Presentation of Paid-in capital:

As of September 30, 2018 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1(full TL).

TL	September 30, 2018	December 31, 2017
Common stock (*)	3.288.842	3.288.842
Preferred stock	-	-
<b>Total</b>	<b>3.288.842</b>	<b>3.288.842</b>

(\*) Nominal Capital

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

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

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

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

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

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

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

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

	<b>September 30, 2018</b>
Valuation Difference	(4.525)
Foreign Exchange Difference	-
<b>Total</b>	<b>(4.525)</b>
	<b>December 31, 2017</b>
Valuation Difference	(34.338)
Foreign Exchange Difference	-
<b>Total</b>	<b>(34.338)</b>

- i) Information on legal reserves:

	<b>September 30, 2018 (*)</b>	<b>December 31, 2017</b>
Primary Legal Reserves	25.291	9.263
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
<b>Total</b>	<b>25.291</b>	<b>9.263</b>

(\*)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves.

- j) Information on extraordinary reserves:

	<b>September 30, 2018 (*)</b>	<b>December 31, 2017</b>
Reserves allocated by the General Assembly (**)	475.444	172.738
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Capital Exchange Difference	-	-
<b>Total</b>	<b>475.444</b>	<b>172.738</b>

(\*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves.

(\*\*)In accordance with the option provided by the transition provisions of TFRS 9, "Financial Instruments", the Bank adopted the method of reclassifying the transition effect of the standard amounting to TL 1.838 loss under "Extraordinary Reserves" line in shareholder's equity as of January 1, 2018 rather than restating the prior period financial statements.

**14. Information on minority shares: None.**

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

**1. Information on off-balance sheet liabilities:**

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Forward asset purchase and sales commitments	3.248.779	298.884
Loan granting commitments	238.295	237.158
Commitments for checks	64.999	72.796
Credit card limit commitments	640.539	883.203
Other irrevocable commitments	10.592	6.689
<b>Total</b>	<b>4.203.204</b>	<b>1.498.730</b>

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:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Letters of guarantee	1.798.529	1.460.185
Letters of credit	912.140	845.476
Bank acceptance loans	610.555	142.251
Other guarantees	517.359	129.978
<b>Total</b>	<b>3.838.583</b>	<b>2.577.890</b>

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Definite letter of guarantees	952.737	1.016.686
Temporary letter of guarantees	50.549	40.364
Other letter of guarantees	795.243	403.135
<b>Total</b>	<b>1.798.529</b>	<b>1.460.185</b>

c) Total amount of non-cash loans:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Non-cash loans given to cover cash loans	548.160	194.378
With maturity of 1 year or less than 1 year	548.160	194.378
With maturity of more than 1 year	-	-
Other non-cash loans	3.290.423	2.383.512
<b>Total</b>	<b>3.838.583</b>	<b>2.577.890</b>

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**IV. Explanations and Disclosures Related to the Statement of Income**

**1. a) Information on interest on loans:**

	September 30, 2018		September 30, 2017	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	496.860	34.937	561.568	34.102
Medium and long term loans	951.672	564.052	1.080.518	531.996
Interest collected from non-performing loans	5.840	-	-	-
<b>Total</b>	<b>1.454.372</b>	<b>598.989</b>	<b>1.642.086</b>	<b>566.098</b>

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

**b) Information on interest received from banks:**

	September 30, 2018		September 30, 2017	
	TL	FC	TL	FC
From The Central Bank of Republic of Turkey	15.514	23.365	16.850	20.170
From domestic banks	103.542	2.732	93.705	2.248
From foreign banks	20	5.496	7	2.705
From branches and offices abroad	-	-	-	-
<b>Total</b>	<b>119.076</b>	<b>31.593</b>	<b>110.562</b>	<b>25.123</b>

**c) Interest received from marketable securities portfolio:**

	September 30, 2018	
	TL	FC
Financial assets at fair value through profit or loss (Net)	974	1
Financial assets at fair value through other comprehensive income	14.052	20.047
Financial Assets Measured at Amortized Cost	47.330	92.901
<b>Total</b>	<b>62.356</b>	<b>112.949</b>

  

	September 30, 2017	
	TL	FC
Trading securities	729	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	32.233	24.098
Held-to-maturity securities	-	11.252
<b>Total</b>	<b>32.962</b>	<b>35.350</b>

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

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

**2. a) Information on interest on funds borrowed:**

<b>Interest on funds borrowed</b>	<b>September 30, 2018</b>		<b>September 30, 2017</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks	102	101.589	440	87.079
The Central Bank of Turkey	-	-	-	372
Domestic banks	102	408	440	448
Foreign banks	-	101.181	-	86.259
Branches and offices abroad	-	-	-	-
Other institutions	-	-	-	-
<b>Total</b>	<b>102</b>	<b>101.589</b>	<b>440</b>	<b>87.079</b>

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

**c) Information on interest expense to marketable securities issued:** As of September 30, 2018, the Bank has interest expense to Tier II sub-loan issued amounting to TL 94.718 (September 30, 2017: TL 17.258).



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

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

<b>September 30, 2018</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Time Deposits</b>			<b>Accumulating Deposits</b>	<b>Total</b>
				<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>		
<b>TL</b>								
Bank deposits	-	1.743	-	-	-	-	-	1.743
Saving deposits	166	233.104	553.350	5.599	890	1.002	-	794.111
Public sector deposits	-	64	27	465	-	-	-	556
Commercial deposits	32	29.464	121.725	4.365	66	361	-	156.013
Other deposits	-	341	5.861	-	16	-	-	6.218
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>198</b>	<b>264.716</b>	<b>680.963</b>	<b>10.429</b>	<b>972</b>	<b>1.363</b>	<b>-</b>	<b>958.641</b>
<b>Foreign Currency</b>								
Foreign currency deposits	102	28.986	333.036	1.653	5.018	868	-	369.663
Bank deposits	-	10.249	-	-	-	-	-	10.249
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>102</b>	<b>39.235</b>	<b>333.036</b>	<b>1.653</b>	<b>5.018</b>	<b>868</b>	<b>-</b>	<b>379.912</b>
<b>Grand Total</b>	<b>300</b>	<b>303.951</b>	<b>1.013.999</b>	<b>12.082</b>	<b>5.990</b>	<b>2.231</b>	<b>-</b>	<b>1.338.553</b>
<b>September 30, 2017</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Time Deposits</b>			<b>Accumulating Deposits</b>	<b>Total</b>
				<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>		
<b>TL</b>								
Bank deposits	-	318	-	-	-	-	-	318
Saving deposits	215	167.047	554.277	3.107	7.184	1.503	-	733.333
Public sector deposits	-	1	498	-	-	-	-	499
Commercial deposits	40	26.292	234.860	5.555	486	177	-	267.410
Other deposits	-	339	24.621	590	1.336	-	-	26.886
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>255</b>	<b>193.997</b>	<b>814.256</b>	<b>9.252</b>	<b>9.006</b>	<b>1.680</b>	<b>-</b>	<b>1.028.446</b>
<b>Foreign Currency</b>								
Foreign currency deposits	131	35.271	344.725	9.225	10.599	1.174	-	401.125
Bank deposits	-	14.637	-	-	-	-	-	14.637
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>131</b>	<b>49.908</b>	<b>344.725</b>	<b>9.225</b>	<b>10.599</b>	<b>1.174</b>	<b>-</b>	<b>415.762</b>
<b>Grand Total</b>	<b>386</b>	<b>243.905</b>	<b>1.158.981</b>	<b>18.477</b>	<b>19.605</b>	<b>2.854</b>	<b>-</b>	<b>1.444.208</b>

- 3. Information on Dividend Income:** At the end of September, the Bank has TL 12 dividend income collected from share certificates (September 30, 2017: TL 8).

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

**4. Information on net trading income:**

	September 30, 2018	September 30, 2017
<b>Income</b>	<b>54.577.443</b>	<b>15.634.701</b>
Gains on capital market operations	196	214.313
Gains on derivative financial instruments	5.829.295	1.320.378
Foreign exchange gains	48.747.952	14.100.010
<b>Losses (-)</b>	<b>54.507.041</b>	<b>15.665.848</b>
Losses on capital market operations	59.659	452
Losses on derivative financial instruments	5.020.575	1.499.029
Foreign exchange losses	49.426.807	14.166.367
<b>Net Amount</b>	<b>70.402</b>	<b>(31.147)</b>

**5. Information on other operating income:** As of September 30, 2018, other operating income includes the adjustment account for previous years' expenses and other operating income.

**6. Provision for impairment of loans and other receivables:**

a) Expected credit loss provisions:

	September 30, 2018
Expected Credit Loss Provisions	630.434
12-Month Expected Credit Losses (Stage 1)	-
Significant Increase In Credit Risk (Stage 2)	33.566
Credit-Impaired (Stage 3)	596.868
Impairment Provisions For Financial Assets	-
Financial Assets At Fair Value Through Profit Or Loss	-
Financial Assets At Fair Value Through Other Comprehensive Income	-
Impairment Provisions Related To Investments In Associates, Subsidiaries And Jointly Controlled Partnerships (Joint Ventures)	-
Investments in associates	-
Subsidiaries	-
Jointly controlled partnerships (joint ventures)	-
Other (*)	(213.776)
<b>Total</b>	<b>416.658</b>

(\*) Includes the reversal of the general reserve by the Bank Management in the future for possible results of the circumstances which may arise from possible changes in the economy and market conditions.

b) Provision for impairment of loans and other receivables:

	September 30, 2017
Specific provisions for loans and other receivables (*)	236.935
III. Group Loans and Receivables	16.414
IV. Group Loans and Receivables	135.025
V. Group Loans and Receivables	85.496
General loan loss provision expenses / (income)	-
Provision expenses for possible losses (**)	84.500
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	-
<b>Total</b>	<b>321.435</b>

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

(\*\*) Includes the reversal of the general reserve in the current period which is fully provided in 2016 by the Bank Management in the future for possible results of the circumstances which may arise from possible changes in the economy and market conditions.

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

**7. Information on other operating expenses:**

	September 30, 2018	September 30, 2017
Personnel expenses (*)	140.872	231.313
Amortization expenses of intangible assets	24.609	24.577
Depreciation expenses of fixed assets	19.353	33.875
Employee termination benefit provision	806	972
Depreciation expenses of assets to be disposed	-	644
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	276.022	270.961
Rent expenses	61.888	56.136
Advertisement expenses	14.828	36.364
Maintenance expenses	3.287	3.651
Other expenses (**)	196.019	174.810
Loss on sales of assets	-	-
<b>Total</b>	<b>461.662</b>	<b>562.342</b>

(\*) Personnel expenses in the current period are not included in other operating expenses item as they are presented as separate account items in the financial statements.

(\*\*) As of September 30, 2018, other operating expenses include IT expenses amounting to TL 47.914 , premiums for saving deposit insurance fund amounting to TL 13.183, support services amounting to TL 8.819, taxes and similar disbursements expenses amounting to TL 44.753, communication expenses amounting to TL 7.479 and other expenses amounting to TL 73.871.

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

As of September 30, 2018, the Bank's profit before tax from continued operations is TL 209.962.

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

As of September 30, 2018, The Bank has deferred tax expense amounting to TL 46.154 (September 30, 2017: TL 19.041 deferred tax expense and TL 44.570 current tax expense).

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

As of September 30, 2018, the Bank's net profit from continued operations is TL 163.808 (September 30, 2017: TL 230.302).

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

- Subsequent to the reversal of TL 34.424 as an opening adjustment into equity and TL 213.776 during the first three quarters, the Bank released free provisions amounting TL 248.200 that was provided in prior years.
- Financial effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- 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 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) September 30, 2018:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	304	21.257	-	147
Balance at end of period	-	-	1.358	40.153	-	125
Interest and commission income	-	-	54	-	-	-

**December 31, 2017:**

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

(\*) Includes balances of September 30, 2017.

**b.1) Information on related party deposits balances:**

**September 30, 2018:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	September 30, 2018	September 30, 2018	September 30, 2018
<b>Deposits</b>			
Balance at beginning of period	-	584.775	-
Balance at end of period	-	250.124	1.211
<b>Interest on deposits</b>	-	8.277	8

**December 31, 2017:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	December 31, 2017	December 31, 2017	December 31, 2017
<b>Deposits</b>			
Balance at beginning of period	-	1.202.909	8.623
Balance at end of period	-	584.775	-
Interest on deposits (**)	-	16.667	775

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

(\*\*) Includes balances of September 30, 2017.

**ODEA BANK ANONİM ŞİRKETİ**  
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**V. 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:

**September 30, 2018:**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>	<b>Direct and indirect shareholders of the Bank</b>	<b>Other entities and real persons included in the risk group</b>
<b>Financial assets at fair value through profit and loss</b>	<b>September 30, 2018</b>	<b>September 30, 2018</b>	<b>September 30, 2018</b>
Balance at beginning of period	-	64.525	-
Balance at end of period	-	12.112.637	-
Total loss/ profit	-	(41.228)	-

**December 31, 2017**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>	<b>Direct and indirect shareholders of the Bank</b>	<b>Other entities and real persons included in the risk group</b>
<b>Financial assets at fair value through profit and loss</b>	<b>December 31, 2017</b>	<b>December 31, 2017</b>	<b>December 31, 2017</b>
Balance at beginning of period	-	66.908	-
Balance at end of period	-	64.525	-
Total loss/ profit (*)	-	(578)	-

(\*)Includes balances of September 30, 2017.

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

Gross payment made to the executive management as of September 30, 2018 is TL 11.630 (September 30, 2017: TL 25.975).

**VI. Explanations And Disclosures Related To Subsequent Events**

None.

**ODEA BANK ANONİM ŞİRKETİ**  
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**SECTION SIX**

**AUDITOR'S REVIEW REPORT**

**I. Explanations on the Auditor's Review Report**

The unconsolidated financial statements for the period ended September 30, 2018 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The auditor's review report dated November 7, 2018 is presented preceding the unconsolidated financial statements.

**II. Explanations And Notes Prepared By Independent Auditor**

None.

**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. Interim Period Activity Report Included Chairman of the Board of Directors and CEO's Assessments for the Interim Activities**

**Brief Information on Odea Bank A.Ş.:**

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.

**Capital and shareholders' structure:**

As of September 30, 2018 and December 31, 2017, the shareholders' structure and their ownerships are summarized as follows:

Name / Commercial Title	Current Period (*)		Prior Period	
	Share Amount	Share Ratios %	Share Amount	Share Ratios %
Bank Audi sal	2.513.293	76,419%	2.422.595	73,661%
European Bank for Reconstruction and Development	263.394	8,009%	263.394	8,009%
International Finance Corporation	209.252	6,362%	209.252	6,362%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	112.674	3,426%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
Audi Private Bank sal	-	-	90.698	2,758%
<b>Total</b>	<b>3.288.842</b>	<b>100,00%</b>	<b>3.288.842</b>	<b>100,00%</b>

(\*)As per the Board of Directors decision dated February 27, 2018 and the resolution of Ordinary General Assembly dated 29 March 2018 issued share certificates amounting to 90.698.400 nominal value of TL 1,00 (one Turkish Lira) shares belonging to Audi Private Bank sal have been transferred to Bank Audi sal.

**Changes in the articles of association:**

Changes on the articles of association are published on Odeabank's web-site.

<https://www.odeabank.com.tr/en-us/about-odeabank/corporate-governance/sayfalar/corporate-governance.aspx>

**Information on number of branches and personnel:**

As of September 30, 2018 the Bank has 46 domestic branches and 1.074 personnel.

**ODEA BANK ANONİM ŞİRKETİ**  
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<b>Information on Board Members and executive management of the Bank</b>			
<b><u>Title</u></b>	<b><u>Name-Surname</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chairman of the Board of Directors</b>	Samir HANNA	Chairman	High School
<b>Vice Chairman of the Board of Directors (*)</b>	Ayşe KORKMAZ	Vice Chairman of the Board of Directors and Member of Audit Committee	Bachelor's Degree
<b>Members of the Board of Directors (**)</b>	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master Degree
	Aristeidis VOURAKIS	Member of the Board of Directors	Master Degree
	Bülent ADANIR	Member of the Board of Directors and Member of Audit Committee	Master Degree
	Dragica Pilipovic-CHAFFEY	Member of the Board of Directors	Master Degree
	Mert ÖNCÜ	Member of the Board of Directors and General Manager	PHD Degree
<b>Deputy General Manager (***)</b>	Naim HAKIM	Finance	Master Degree
<b>Assistant General Managers (****)</b>	Alpaslan YURDAGÜL	Credits Allocation	Master Degree
	Cem MURATOĞLU	Retail Banking	Master Degree
	Gökhan ERKIRALP	Treasury and Capital Markets	Bachelor's Degree
	Yalçın AVCI	Corporate Banking	Master Degree
	Mehmet Gökmen UÇAR	Strategy and Business Development	Bachelor's Degree
	Sinan Erdem ÖZER	Technology and Operation	Master Degree

(\*) With the Board of Directors' decision dated October 15, 2018 Mrs. Ayşe KORKMAZ resigned from the position.

(\*\*) With the Board of Directors' decision dated October 15, 2018, Mr. Bülent ADANIR has been appointed as a Member of Audit Committee.

(\*\*\*) With the Board of Directors' decision dated November 11, 2018 Assistant General Manager in charge of Finance and Deputy General Manager Mr. Naim Hakim resigned from the position. Mr. Mehmet Gökmen UÇAR, Assistant General Manager in charge of Strategy and Business Development, was appointed as Assistant General Manager in charge of Finance, Financial Control and Strategy. Mr. Alpaslan YURDAGÜL, Assistant General Manager in charge of Credit Allocation, has been appointed as Deputy General Manager.

(\*\*\*\*) Pursuant to decision of the Board of Directors dated August 6, 2018, Mr. Sinan Erdem ÖZER has been appointed as Assistant General Manager responsible for Technology and Operation beginning from September 3, 2018. As of September 17, 2018 Mr. Gökhan Sun resigned from the position.

**ODEA BANK ANONİM ŞİRKETİ**  
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**Message from the Chairman**

Dear Stakeholders,

In August 2018, Turkey experienced a difficult and unexpected currency devaluation. This has already reversed to a good extent demonstrating the underlying fundamentals in the Turkish economy, while improvement in the external balances is expected to support economic deceleration.

Within this context, Odea Bank remain focused on serving its key clients and working on its portfolio with its enhanced management team setting the stage for renewed growth.

With this once again I would like to express to all my colleagues at Odea Bank our gratitude for their dedication and professionalism within the current atypical operating conditions. I would like to thank as well our customers for their confidence and to reiterate once again our commitment to align the Bank's overall objectives with their individual interests.

Respectfully yours,

**Samir Hanna**  
**Bank Audi Group CEO and Odeabank Chairman of the Board of Directors**



**ODEA BANK ANONİM ŞİRKETİ**  
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**CEO's Message**

While worldwide data releases revealed the ongoing recovery in global growth, protectionist measures in foreign trade and geopolitical uncertainties intensified the concerns over the sustainability of the synchronization in global growth to some extent. Accordingly, these uncertainties led capital flows towards emerging markets to worsen in this period.

In this environment, Turkish banking sector proved its resilience once again in the third quarter of 2018.

In the third quarter of 2018, we sustained our rebalancing strategy which was launched almost a year ago. Within this strategy, we continued to strengthen our asset quality and to prepare our bank for the coming periods. We have concentrated on export-oriented and higher value-added companies and sectors in accordance with our new priorities.

In the meantime, while our loan portfolio increased by 4.9% in the third quarter of 2018 compared to the previous quarter, we enlarged our total assets by 12.8% in the same period.

In line with our priorities, as we have focused on improving asset quality and remaining prudent, we retained our third quarter pre-tax profit in special provision accounts thanks to our shareholders' strong support. Accordingly, our post-guaranties NPL coverage ratio surged to 51.9%. Meanwhile, our capital adequacy ratio remained at its high level of 23.36% with our CET1 ratio at 15.24% through precise asset management and strong equity structure.

Going forward, we continue to prioritize improvement of our asset quality at a sustainable pace with value-added operations. In this scope, we will keep our efforts to further improve our business model and to deliver higher value to all our stakeholders. In the meantime, we will continue to add dynamism and innovation to the banking industry and to our community, thanks to the diligent efforts of our passionate colleagues.

I would like to extend my gratitude to our dynamic team supremely dedicated to their work, our shareholders for their unfaltering support, and most important of all, to our customers who add to our strength with their trust in us.

**Mert Oncu**

**CEO**

**ODEA BANK ANONİM ŞİRKETİ**  
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**Brief financial information of the Bank**

**ASSETS:**

			Reviewed Current Period 30.09.2018
	TL	FC	Total
CASH AND CASH EQUIVALENTS	2.321.243	4.822.284	7.143.527
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1.369	-	1.369
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	251.473	6.176	257.649
FINANCIAL ASSETS MEASURED AT AMORTIZED COST	444.509	2.460.050	2.904.559
DERIVATIVE FINANCIAL ASSETS	2.481.784	163.208	2.644.992
ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	1.587	23.251	24.838
LOANS (NET)	10.286.503	12.312.468	22.598.971
NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (NET)	233.714	-	233.714
TANGIBLE ASSETS (NET)	88.697	-	88.697
INTANGIBLE ASSETS AND GOODWILL (NET)	68.219	-	68.219
CURRENT TAX ASSETS	70.314	-	70.314
DEFERRED TAX ASSETS	80.078	-	80.078
OTHER ASSETS	527.900	435.922	963.822
<b>Total</b>	<b>16.854.216</b>	<b>20.176.857</b>	<b>37.031.073</b>

  

			Audited Prior Period 31.12.2017
	TL	FC	Total
CASH AND BALANCES WITH THE CENTRAL BANK	1.490.122	2.241.698	3.731.820
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	375.208	821.103	1.196.311
BANKS	203	286.526	286.729
MONEY MARKET PLACEMENTS	2.742.869	-	2.742.869
FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	433.804	828.629	1.262.433
HELD TO MATURITY INVESTMENTS (Net)	-	447.133	447.133
LOANS AND RECEIVABLES	13.018.365	9.613.141	22.631.506
TANGIBLE ASSETS (Net)	104.383	-	104.383
INTANGIBLE ASSETS (Net)	89.925	-	89.925
TAX ASSET	64.664	-	64.664
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	170.946	-	170.946
OTHER ASSETS	196.671	178.985	375.656
<b>Toplam</b>	<b>18.687.160</b>	<b>14.417.215</b>	<b>33.104.375</b>

**LIABILITIES:**

			Reviewed Current Period 30.09.2018
	TL	FC	Total
DEPOSITS	9.018.411	14.196.815	23.215.226
LOANS RECEIVED	2.536	4.684.397	4.686.933
MONEY MARKET FUNDS	260	-	260
MARKETABLE SECURITIES (Net)	257.372	-	257.372
FUNDS	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
DERIVATIVE FINANCIAL LIABILITIES	2.390.025	130.253	2.520.278
FACTORING PAYABLES	-	-	-
LEASE PAYABLES	-	-	-
PROVISIONS	60.304	15.991	76.295
CURRENT TAX LIABILITIES	53.008	-	53.008
DEFERRED TAX LIABILITIES	-	-	-
LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	-	-	-
SUBORDINATED DEBT	-	1.825.664	1.825.664
OTHER LIABILITIES	196.475	260.700	457.175
SHAREHOLDERS' EQUITY	3.936.599	2.263	3.938.862
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15.914.991</b>	<b>21.116.083</b>	<b>37.031.073</b>

  

			Audited Prior Period 31.12.2017
	TL	FC	Total
DEPOSITS	10.291.845	13.618.542	23.910.387
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	329.823	74.648	404.471
FUNDS BORROWED	2.940	2.939.780	2.942.720
MONEY MARKET BALANCES	-	-	-
MARKETABLE SECURITIES ISSUED (Net)	-	-	-
MISCELLANEOUS PAYABLES	8.563	923	9.486
OTHER LIABILITIES	157.955	125.106	283.061
PROVISIONS	407.021	151.775	558.796
TAX LIABILITY	62.332	-	62.332
SUBORDINATED LOANS	-	1.174.992	1.174.992
SHAREHOLDERS' EQUITY	3.772.430	(14.300)	3.758.130
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15.032.909</b>	<b>18.071.466</b>	<b>33.104.375</b>

**ODEA BANK ANONİM ŞİRKETİ**  
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**STATEMENT OF INCOME:**

	<b>Reviewed Current Period 01.01- 30.09.2018</b>
INTEREST INCOME	2.443.464
INTEREST EXPENSE	1.538.781
NET INTEREST INCOME (I - II)	904.683
NET FEES AND COMMISSIONS INCOME	89.182
PERSONNEL EXPENSES (-)	140.872
DIVIDEND INCOME	12
NET TRADING PROFIT/LOSS (Net)	70.402
OTHER OPERATING INCOME	24.003
GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)	947.410
ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	416.658
OTHER OPERATING EXPENSES (-)	320.790
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	209.962
SURPLUS WRITTEN AS GAIN AFTER MERGER	-
PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES	-
NET MONETARY POSITION GAIN/LOSS	-
PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	209.962
PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(46.154)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	163.808
INCOME ON DISCONTINUED OPERATIONS	-
EXPENSES FROM DISCONTINUED OPERATIONS (-)	-
PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)	-
TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)	-
<b>NET PROFIT/LOSSES (XVIII+XXIII)</b>	<b>163.808</b>

	<b>Reviewed Prior Period 01.01- 30.09.2017</b>
INTEREST INCOME	2.622.893
INTEREST EXPENSE	1.555.574
NET INTEREST INCOME (I - II)	1.067.319
NET FEES AND COMMISSIONS INCOME	130.181
DIVIDEND INCOME	8
NET TRADING INCOME	(31.147)
OTHER OPERATING INCOME	11.329
NET OPERATING INCOME (III+IV+V+VI+VII)	1.177.690
PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	321.435
OTHER OPERATING EXPENSES (-)	562.342
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	293.913
AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-
PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	-
GAIN / (LOSS) ON NET MONETARY POSITION	-
PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	293.913
TAX PROVISION FOR CONTINUED OPERATIONS (±)	(63.611)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	230.302
INCOME ON DISCONTINUED OPERATIONS	-
LOSS FROM DISCONTINUED OPERATIONS (-)	-
PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	-
TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	-
<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>230.302</b>