

# **ODEA BANK A.Ş.**

## **UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT JUNE 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 June 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 six-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 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 June 2018 include a general reserve for possible risks amounting to TL 161.451 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 48.223 thousands for the period ended 30 June 2018, other provisions are overstated by TL 161.451 thousands, deferred tax asset is overstated by TL 35.519 thousands and profit reserves are understated by TL 174.155 thousands as at 30 June 2018.

### *Qualified Conclusion*

Based on our review, except for the effect of 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 June 2018 and of the results of its operations and its cash flows for the six-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, are 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

August 9, 2018  
Istanbul, Türkiye

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

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The unconsolidated financial report for the six-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 six-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  | Aydın Sadık MAĞDENOĞLU                                     |
| Chairman of the Board<br>of Directors | Member of Board of<br>Directors and General<br>Manager             | Deputy General Manager and<br>Assistant General Manager<br>in charge of Finance | Financial Reporting<br>Manager                             |
|                                       | Ayşe KORKMAZ   |   | Imad ITANI   |
|                                       | Vice President of Board of Directors<br>and Audit Committee Member |   | Member of Board of Directors<br>and Audit Committee Member |

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

Name-Surname / Title : Aydın Sadık Mağdenoğlu / Financial Reporting Manager  
Telephone Number : +90 (212) 304 86 58  
Fax Number : +90 (212) 304 84 45

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

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**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2018**  
(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 June 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 (one Turkish Lira) belonging to Audi Private Bank sal have been transferred to Bank Audi sal.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 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**

| <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                                      | Master Degree           |
|   | Dragica Pilipovic-CHAFFEY      | Member of the Board of Directors                                      | Master Degree           |
| <b>Member of the Board of Directors and General Manager</b> | 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, Project Financing and Financial Institutions                 | Master Degree           |
|   | Cem MURATOĞLU                  | Retail Banking  | Master Degree           |
|   | Gökhan ERKIRALP                | Treasury and Capital Markets  | Bachelor's Degree       |
|   | Yalçın AVCI                    | Corporate and Commercial Banking                                      | Master Degree           |
|   | Gökhan SUN                     | Small and Medium Sized Enterprises                                    | Master Degree           |
|   | Mehmet Gökmen UÇAR             | Strategy and Business Development                                     | Bachelor's Degree       |

(\*) Pursuant to decision of the Board of Directors dated June 6, 2018, Mr. Mehmet Gökmen UÇAR has been appointed as Assistant General Manager responsible for Strategy and Business Development beginning from July 2, 2018.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2018**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

| 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 June 30, 2018, there are 46 domestic branches with 1.066 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 Aralık 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 JUNE 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)**

|                     |   | Note Ref<br>(Section Five) | TL                | FC                | Reviewed<br>Current Period<br>30.06.2018<br>Total |
|---------------------|---|----------------------------|-------------------|-------------------|---|
| <b>I.</b>           | <b>FINANCIAL ASSETS (Net)</b>   |                            | <b>3,099.699</b>  | <b>6,921.886</b>  | <b>10,021.585</b>                                 |
| <b>1.1</b>          | <b>Cash and cash equivalents</b>  |                            | <b>1,031.738</b>  | <b>4,133.429</b>  | <b>5,165.167</b>                                  |
| 1.1.1               | Cash and balances at Central Bank   | I-1                        | 671.168           | 2.784.611         | 3.455.779   |
| 1.1.2               | Banks   | I-3                        | 350.559           | 1.348.818         | 1.699.377   |
| 1.1.3               | Receivables from Money Markets  |                            | 10.011            | -                 | 10.011  |
| <b>1.2</b>          | <b>Financial assets at fair value through profit or loss</b>  | <b>I-2</b>                 | <b>2,996</b>      | <b>-</b>          | <b>2,996</b>                                      |
| 1.2.1               | Public debt securities  |                            | 2.996             | -                 | 2.996   |
| 1.2.2               | Equity instruments  |                            | -                 | -                 | -   |
| 1.2.3               | Other financial assets  |                            | -                 | -                 | -   |
| <b>1.3</b>          | <b>Financial assets at fair value through other comprehensive income</b>                              | <b>I-4</b>                 | <b>191.553</b>    | <b>4,170</b>      | <b>195.723</b>                                    |
| 1.3.1               | Public debt securities  |                            | 186.656           | -                 | 186.656   |
| 1.3.2               | Equity instruments  |                            | 4.897             | 4.170             | 9.067   |
| 1.3.3               | Other financial assets  |                            | -                 | -                 | -   |
| <b>1.4</b>          | <b>Financial assets measured at amortized cost</b>  | <b>I-6</b>                 | <b>455.809</b>    | <b>2,694.543</b>  | <b>3,150.352</b>                                  |
| 1.4.1               | Public debt securities  |                            | 455.809           | 1.121.313         | 1.577.122   |
| 1.4.2               | Other financial assets  |                            | -                 | 1.573.230         | 1.573.230   |
| <b>1.5</b>          | <b>Derivative financial assets</b>  | <b>I-2</b>                 | <b>1,418.754</b>  | <b>106.680</b>    | <b>1,525.434</b>                                  |
| 1.5.1               | Derivative financial assets at fair value through profit or loss                                      |                            | 1.418.754         | 106.680           | 1.525.434   |
| 1.5.2               | Derivative financial assets at fair value through other comprehensive income                          |                            | -                 | -                 | -   |
| <b>1.6</b>          | <b>Non-performing financial assets</b>  |                            | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| <b>1.7</b>          | <b>Allowance for expected credit losses (-)</b>   |                            | <b>1,151</b>      | <b>16,936</b>     | <b>18,087</b>                                     |
| <b>II.</b>          | <b>LOANS (Net)</b>  |                            | <b>11,253,411</b> | <b>10,287,484</b> | <b>21,540,895</b>                                 |
| <b>2.1</b>          | <b>Loans</b>  | <b>I-5</b>                 | <b>10,656,223</b> | <b>10,467,242</b> | <b>21,123,465</b>                                 |
| 2.1.1               | Loans measured at amortized cost  |                            | 10.656.223        | 10.467.242        | 21.123.465  |
| 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</b>          | <b>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</b>          | <b>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</b>          | <b>Non-performing loans</b>   | <b>I-5</b>                 | <b>1,396.162</b>  | <b>-</b>          | <b>1,396.162</b>                                  |
| <b>2.5</b>          | <b>Allowance for expected credit losses (-)</b>   | <b>I-5</b>                 | <b>798,974</b>    | <b>179,758</b>    | <b>978,732</b>                                    |
| 2.5.1               | 12-Month expected credit losses   |                            | 70.547            | 43.546            | 114.093   |
| 2.5.2               | Significant increase in credit risk   |                            | 113.392           | 136.212           | 249.604   |
| 2.5.3               | Credit-Impaired   |                            | 615.035           | -                 | 615.035   |
| <b>III.</b>         | <b>NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b> | <b>I-16</b>                | <b>201,861</b>    | <b>-</b>          | <b>201,861</b>                                    |
| 3.1                 | Held for sale   |                            | 201.861           | -                 | 201.861   |
| 3.2                 | Held from discontinued operations   |                            | -                 | -                 | -   |
| <b>IV.</b>          | <b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>                                     |                            | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| <b>4.1</b>          | <b>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</b>          | <b>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</b>          | <b>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.</b>           | <b>TANGIBLE ASSETS (Net)</b>  | <b>I-12</b>                | <b>93,527</b>     | <b>-</b>          | <b>93,527</b>                                     |
| <b>VI.</b>          | <b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>   | <b>I-13</b>                | <b>76,100</b>     | <b>-</b>          | <b>76,100</b>                                     |
| 6.1                 | Goodwill  |                            | -                 | -                 | -   |
| 6.2                 | Other   |                            | 76.100            | -                 | 76.100  |
| <b>VII.</b>         | <b>INVESTMENT PROPERTIES (Net)</b>  | <b>I-14</b>                | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| <b>VIII.</b>        | <b>CURRENT TAX ASSETS</b>   |                            | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| <b>IX.</b>          | <b>DEFERRED TAX ASSETS</b>  | <b>I-15</b>                | <b>146,028</b>    | <b>-</b>          | <b>146,028</b>                                    |
| <b>X.</b>           | <b>OTHER ASSETS</b>   | <b>I-17</b>                | <b>505,334</b>    | <b>234,788</b>    | <b>740,122</b>                                    |
| <b>TOTAL ASSETS</b> |   |                            | <b>15,375,960</b> | <b>17,444,158</b> | <b>32,820,118</b>                                 |

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2018 AND DECEMBER 31, 2017**

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

|                     |   | Note Ref<br>(Section Five) | TL                | FC                | Audited<br>Prior Period<br>31.12.2017<br>Total |
|---------------------|---|----------------------------|-------------------|-------------------|--|
| <b>I.</b>           | <b>CASH AND BALANCES WITH THE CENTRAL BANK</b>                      | I-1                        | <b>1.490.122</b>  | <b>2.241.698</b>  | <b>3.731.820</b>                               |
| <b>II.</b>          | <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b> | I-2                        | <b>375.208</b>    | <b>821.103</b>    | <b>1.196.311</b>                               |
| 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   |                            | -                 | -                 | -  |
| <b>III.</b>         | <b>BANKS</b>  | I-3                        | <b>203</b>        | <b>286.526</b>    | <b>286.729</b>                                 |
| <b>IV.</b>          | <b>MONEY MARKET PLACEMENTS</b>                                      |                            | <b>2.742.869</b>  | <b>-</b>          | <b>2.742.869</b>                               |
| 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                                      |
| <b>V.</b>           | <b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>                    | I-4                        | <b>433.804</b>    | <b>828.629</b>    | <b>1.262.433</b>                               |
| 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   |                            | -                 | -                 | -  |
| <b>VI.</b>          | <b>LOANS AND RECEIVABLES</b>  | I-5                        | <b>13.018.365</b> | <b>9.613.141</b>  | <b>22.631.506</b>                              |
| 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  |
| <b>VII.</b>         | <b>FACTORING RECEIVABLES</b>  |                            | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| <b>VIII.</b>        | <b>HELD TO MATURITY INVESTMENTS (Net)</b>                           | I-6                        | <b>-</b>          | <b>447.133</b>    | <b>447.133</b>                                 |
| 8.1                 | Public sector debt securities                                       |                            | -                 | 447.133           | 447.133  |
| 8.2                 | Other marketable securities   |                            | -                 | -                 | -  |
| <b>IX.</b>          | <b>INVESTMENTS IN ASSOCIATES (Net)</b>                              | I-7                        | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| 9.1                 | Accounted for under equity method                                   |                            | -                 | -                 | -  |
| 9.2                 | Unconsolidated associates   |                            | -                 | -                 | -  |
| 9.2.1               | Financial investments   |                            | -                 | -                 | -  |
| 9.2.2               | Non-financial investments   |                            | -                 | -                 | -  |
| <b>X.</b>           | <b>INVESTMENTS IN SUBSIDIARIES (Net)</b>                            | I-8                        | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| 10.1                | Unconsolidated financial subsidiaries                               |                            | -                 | -                 | -  |
| 10.2                | Unconsolidated non-financial subsidiaries                           |                            | -                 | -                 | -  |
| <b>XI.</b>          | <b>JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>           | I-9                        | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| 11.1                | Accounted for under equity method                                   |                            | -                 | -                 | -  |
| 11.2                | Unconsolidated  |                            | -                 | -                 | -  |
| 11.2.1              | Financial subsidiaries  |                            | -                 | -                 | -  |
| 11.2.2              | Non-financial subsidiaries  |                            | -                 | -                 | -  |
| <b>XII.</b>         | <b>LEASE RECEIVABLES (Net)</b>                                      | I-10                       | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| 12.1                | Finance lease receivables   |                            | -                 | -                 | -  |
| 12.2                | Operating lease receivables   |                            | -                 | -                 | -  |
| 12.3                | Other   |                            | -                 | -                 | -  |
| 12.4                | Unearned income ( - )   |                            | -                 | -                 | -  |
| <b>XIII.</b>        | <b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>             | I-11                       | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| 13.1                | Fair value hedge  |                            | -                 | -                 | -  |
| 13.2                | Cash flow hedge   |                            | -                 | -                 | -  |
| 13.3                | Hedge of net investment in foreign operations                       |                            | -                 | -                 | -  |
| <b>XIV.</b>         | <b>TANGIBLE ASSETS (Net)</b>  | I-12                       | <b>104.383</b>    | <b>-</b>          | <b>104.383</b>                                 |
| <b>XV.</b>          | <b>INTANGIBLE ASSETS (Net)</b>                                      | I-13                       | <b>89.925</b>     | <b>-</b>          | <b>89.925</b>                                  |
| 15.1                | Goodwill  |                            | -                 | -                 | -  |
| 15.2                | Other   |                            | 89.925            | -                 | 89.925   |
| <b>XVI.</b>         | <b>INVESTMENT PROPERTY (Net)</b>                                    | I-14                       | <b>-</b>          | <b>-</b>          | <b>-</b>                                       |
| <b>XVII.</b>        | <b>TAX ASSET</b>  | I-15                       | <b>64.664</b>     | <b>-</b>          | <b>64.664</b>                                  |
| 17.1                | Current tax asset   |                            | -                 | -                 | -  |
| 17.2                | Deferred tax asset  |                            | 64.664            | -                 | 64.664   |
| <b>XVIII.</b>       | <b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>       | I-16                       | <b>170.946</b>    | <b>-</b>          | <b>170.946</b>                                 |
| 18.1                | Held for sale   |                            | 170.946           | -                 | 170.946  |
| 18.2                | Discontinued operations   |                            | -                 | -                 | -  |
| <b>XIX.</b>         | <b>OTHER ASSETS</b>   | I-17                       | <b>196.671</b>    | <b>178.985</b>    | <b>375.656</b>                                 |
| <b>TOTAL ASSETS</b> |   |                            | <b>18.687.160</b> | <b>14.417.215</b> | <b>33.104.375</b>                              |

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 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<br>Current Period<br>30.06.2018 |
|-------------------------------------|--|-----------------------------|-------------------|--|
|                                     |  | Note Ref. (Section<br>Five) | TL                | FC                                       |
|                                     |  |                             |                   | Total                                    |
| <b>I.</b>                           | <b>DEPOSITS</b>  | II-1                        | 7.433.250         | 13.996.462                               |
| <b>II.</b>                          | <b>LOANS RECEIVED</b>  | II-3                        | 2.037             | 3.687.917                                |
| <b>III.</b>                         | <b>MONEY MARKET FUNDS</b>  | II-4                        | 12                | 148.357                                  |
| <b>IV.</b>                          | <b>MARKETABLE SECURITIES (Net)</b>   | II-5                        | -                 | -  |
| 4.1                                 | Bills  |                             | -                 | -  |
| 4.2                                 | Asset backed securities  |                             | -                 | -  |
| 4.3                                 | Bonds  |                             | -                 | -  |
| <b>V.</b>                           | <b>FUNDS</b>   |                             | -                 | -  |
| 5.1                                 | Borrower funds   |                             | -                 | -  |
| 5.2                                 | Other  |                             | -                 | -  |
| <b>VI.</b>                          | <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                    |                             | -                 | -  |
| <b>VII.</b>                         | <b>DERIVATIVE FINANCIAL LIABILITIES</b>  | II-2                        | 1.391.077         | 71.905                                   |
| 7.1                                 | Derivative financial liabilities at fair value through profit or loss                                |                             | 1.391.077         | 71.905                                   |
| 7.2                                 | Derivative financial liabilities at fair value through other comprehensive income                    |                             | -                 | -  |
| <b>VIII.</b>                        | <b>FACTORING PAYABLES</b>  |                             | -                 | -  |
| <b>IX.</b>                          | <b>LEASE PAYABLES</b>  | II-7                        | -                 | -  |
| 9.1                                 | Finance lease payables   |                             | -                 | -  |
| 9.2                                 | Operating lease payables   |                             | -                 | -  |
| 9.3                                 | Other  |                             | -                 | -  |
| 9.4                                 | Deferred finance lease expenses ( - )  |                             | -                 | -  |
| <b>X.</b>                           | <b>PROVISIONS</b>  | II-9                        | 198.885           | 7.715                                    |
| 10.1                                | Provision for restructuring  |                             | -                 | -  |
| 10.2                                | Reserves for employee benefits   |                             | 12.224            | -  |
| 10.3                                | Insurance technical reserves (Net)   |                             | -                 | -  |
| 10.4                                | Other provisions   |                             | 186.661           | 7.715                                    |
| <b>XI.</b>                          | <b>CURRENT TAX LIABILITIES</b>   |                             | 115.319           | -  |
| <b>XII.</b>                         | <b>DEFERRED TAX LIABILITIES</b>  | II-10                       | -                 | -  |
| <b>XIII.</b>                        | <b>LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b> | II-11                       | -                 | -  |
| 13.1                                | Held for sale  |                             | -                 | -  |
| 13.2                                | Related to discontinued operations   |                             | -                 | -  |
| <b>XIV.</b>                         | <b>SUBORDINATED DEBT</b>   | II-12                       | -                 | 1.417.862                                |
| 14.1                                | Loans  |                             | -                 | 1.417.862                                |
| 14.2                                | Other debt instruments   |                             | -                 | -  |
| <b>XV.</b>                          | <b>OTHER LIABILITIES</b>   | II-6                        | 169.349           | 228.422                                  |
| <b>XVI.</b>                         | <b>SHAREHOLDERS' EQUITY</b>  |                             | 3.950.245         | 1.304                                    |
| 16.1                                | Paid-in capital  | II-13                       | 3.288.842         | -  |
| 16.2                                | Capital reserves   |                             | (2.198)           | -  |
| 16.2.1                              | Equity share premiums  |                             | -                 | -  |
| 16.2.2                              | Share cancellation profits   |                             | -                 | -  |
| 16.2.3                              | Other capital reserves   |                             | (2.198)           | -  |
| 16.3                                | Other accumulated comprehensive income that will not be reclassified in profit or loss               |                             | -                 | 1.304                                    |
| 16.4                                | Other accumulated comprehensive income that will be reclassified in profit or loss                   |                             | (816)             | -  |
| 16.5                                | Profit reserves  |                             | 500.735           | -  |
| 16.5.1                              | Legal reserves   | II-13                       | 25.291            | -  |
| 16.5.2                              | Statutory reserves   |                             | -                 | -  |
| 16.5.3                              | Extraordinary reserves   | II-13                       | 475.444           | -  |
| 16.5.4                              | Other profit reserves  |                             | -                 | -  |
| 16.6                                | Profit or loss   |                             | 163.682           | -  |
| 16.6.1                              | Prior years' profits or losses   |                             | -                 | -  |
| 16.6.2                              | Current period net profit or loss  |                             | 163.682           | -  |
| 16.7                                | Minority Shares  | II-14                       | -                 | -  |
| <b>TOTAL LIABILITIES AND EQUITY</b> |  |                             | <b>13.260.174</b> | <b>19.559.944</b>                        |
|                                     |  |                             | <b>32.820.118</b> | <b>32.820.118</b>                        |

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 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)**

|                                     |   | Note Ref.<br>(Section Five) | TL                | FC                | Audited<br>Prior Period<br>31.12.2017<br>Total |
|-------------------------------------|---|-----------------------------|-------------------|-------------------|--|
| <b>I.</b>                           | <b>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.</b>                          | <b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>  | II-2                        | <b>329.823</b>    | <b>74.648</b>     | <b>404.471</b>                                 |
| <b>III.</b>                         | <b>FUNDS BORROWED</b>   | II-3                        | <b>2.940</b>      | <b>2.939.780</b>  | <b>2.942.720</b>                               |
| <b>IV.</b>                          | <b>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.</b>                           | <b>MARKETABLE SECURITIES ISSUED (Net)</b>   | II-5                        | -                 | -                 | -  |
| 5.1                                 | Bills   |                             | -                 | -                 | -  |
| 5.2                                 | Asset backed securities   |                             | -                 | -                 | -  |
| 5.3                                 | Bonds   |                             | -                 | -                 | -  |
| <b>VI.</b>                          | <b>FUNDS</b>  |                             | -                 | -                 | -  |
| 6.1                                 | Borrower funds  |                             | -                 | -                 | -  |
| 6.2                                 | Other   |                             | -                 | -                 | -  |
| <b>VII.</b>                         | <b>MISCELLANEOUS PAYABLES</b>   |                             | <b>8.563</b>      | <b>923</b>        | <b>9.486</b>                                   |
| <b>VIII.</b>                        | <b>OTHER LIABILITIES</b>  | II-6                        | <b>157.955</b>    | <b>125.106</b>    | <b>283.061</b>                                 |
| <b>IX.</b>                          | <b>FACTORING PAYABLES</b>   |                             | -                 | -                 | -  |
| <b>X.</b>                           | <b>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.</b>                          | <b>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.</b>                         | <b>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.</b>                        | <b>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.</b>                         | <b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>                       | II-11                       | -                 | -                 | -  |
| 14.1                                | Held for sale   |                             | -                 | -                 | -  |
| 14.2                                | Discontinued operations   |                             | -                 | -                 | -  |
| <b>XV.</b>                          | <b>SUBORDINATED LOANS</b>   | II-12                       | -                 | <b>1.174.992</b>  | <b>1.174.992</b>                               |
| <b>XVI.</b>                         | <b>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 JUNE 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<br>Current Period<br>30.06.2018 |                    |
|---|---|--------------------------------|--------------------|--|--------------------|
|   |   | Note Ref.<br>(Section<br>Five) | TL                 | FC                                       | Total              |
| <b>A.</b>                                     | <b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>           |                                | <b>36.479.864</b>  | <b>73.248.310</b>                        | <b>109.728.174</b> |
| <b>I.</b>                                     | <b>GUARANTEES</b>   | III-1                          | <b>793.743</b>     | <b>2.518.919</b>                         | <b>3.312.662</b>   |
| 1.1   | Letters of guarantee  |                                | 791.671            | 758.762                                  | 1.550.433          |
| 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  |                                | 791.671            | 758.762                                  | 1.550.433          |
| 1.2   | Bank loans  |                                | 2.072              | 417.627                                  | 419.699            |
| 1.2.1   | Import letter of acceptance   |                                | 2.072              | 417.627                                  | 419.699            |
| 1.2.2   | Other bank acceptances  |                                | -                  | -  | -                  |
| 1.3   | Letters of credit   |                                | -                  | 960.185                                  | 960.185            |
| 1.3.1   | Documentary letters of credit   |                                | -                  | 960.185                                  | 960.185            |
| 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  |                                | -                  | 382.345                                  | 382.345            |
| 1.9   | Other collaterals   |                                | -                  | -  | -                  |
| <b>II.</b>                                    | <b>COMMITMENTS</b>  | III-1                          | <b>1.904.589</b>   | <b>1.492.568</b>                         | <b>3.397.157</b>   |
| 2.1   | Irrevocable commitments   |                                | 1.904.589          | 1.492.568                                | 3.397.157          |
| 2.1.1   | Forward asset purchase and sales commitments                                |                                | 1.008.306          | 1.444.942                                | 2.453.248          |
| 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   |                                | 144.168            | 39.553                                   | 183.721            |
| 2.1.5   | Securities underwriting commitments   |                                | -                  | -  | -                  |
| 2.1.6   | Commitments for reserve deposit requirements                                |                                | -                  | -  | -                  |
| 2.1.7   | Payment commitment for checks   |                                | 41.833             | -  | 41.833             |
| 2.1.8   | Tax and fund liabilities from export commitments                            |                                | -                  | -  | -                  |
| 2.1.9   | Commitments for credit card expenditure limits                              |                                | 710.282            | -  | 710.282            |
| 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   |                                | -                  | 8.073                                    | 8.073              |
| 2.2   | Revocable commitments   |                                | -                  | -  | -                  |
| 2.2.1   | Revocable loan granting commitments   |                                | -                  | -  | -                  |
| 2.2.2   | Other revocable commitments   |                                | -                  | -  | -                  |
| <b>III.</b>                                   | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                                     |                                | <b>33.781.532</b>  | <b>69.236.823</b>                        | <b>103.018.355</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   |                                | 33.781.532         | 69.236.823                               | 103.018.355        |
| 3.2.1   | Forward foreign currency buy/sell transactions                              |                                | 7.696.220          | 8.549.118                                | 16.245.338         |
| 3.2.1.1                                       | Forward foreign currency transactions-buy                                   |                                | 3.329.926          | 4.816.806                                | 8.146.732          |
| 3.2.1.2                                       | Forward foreign currency transactions-sell                                  |                                | 4.366.294          | 3.732.312                                | 8.098.606          |
| 3.2.2   | Swap transactions related to foreign currency, and interest rates           |                                | 10.621.286         | 42.138.270                               | 52.759.556         |
| 3.2.2.1                                       | Foreign currency swaps-buy  |                                | 5.048.744          | 9.881.044                                | 14.929.788         |
| 3.2.2.2                                       | Foreign currency swaps-sell   |                                | 4.994.750          | 9.874.024                                | 14.868.774         |
| 3.2.2.3                                       | Interest rate swaps-buy   |                                | 288.896            | 11.191.601                               | 11.480.497         |
| 3.2.2.4                                       | Interest rate swaps-sell  |                                | 288.896            | 11.191.601                               | 11.480.497         |
| 3.2.3   | Foreign currency, interest rate and securities options                      |                                | 15.464.026         | 18.549.435                               | 34.013.461         |
| 3.2.3.1                                       | Foreign currency options-buy  |                                | 7.880.062          | 8.707.206                                | 16.587.268         |
| 3.2.3.2                                       | Foreign currency options-sell   |                                | 7.583.964          | 9.366.757                                | 16.950.721         |
| 3.2.3.3                                       | Interest rate options-buy   |                                | -                  | 237.736                                  | 237.736            |
| 3.2.3.4                                       | Interest rate options-sell  |                                | -                  | 237.736                                  | 237.736            |
| 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.</b>                                     | <b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                  |                                | <b>67.445.367</b>  | <b>38.095.085</b>                        | <b>105.540.452</b> |
| <b>IV.</b>                                    | <b>ITEMS HELD IN CUSTODY</b>  |                                | <b>367.308</b>     | <b>333.244</b>                           | <b>700.552</b>     |
| 4.1   | Assets under management   |                                | 126.151            | -  | 126.151            |
| 4.2   | Investment securities held in custody                                       |                                | 8.908              | 18.479                                   | 27.387             |
| 4.3   | Checks received for collection  |                                | 36.266             | 232.839                                  | 269.105            |
| 4.4   | Commercial notes received for collection                                    |                                | 195.983            | 81.926                                   | 277.909            |
| 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.</b>                                     | <b>PLEDGED ITEMS</b>  |                                | <b>67.078.059</b>  | <b>37.761.841</b>                        | <b>104.839.900</b> |
| 5.1   | Marketable securities   |                                | -                  | -  | -                  |
| 5.2   | Guarantee notes   |                                | 25.895.434         | 4.813.931                                | 30.709.365         |
| 5.3   | Commodities   |                                | 3.956.415          | -  | 3.956.415          |
| 5.4   | Warrants  |                                | -                  | -  | -                  |
| 5.5   | Properties  |                                | 26.575.655         | 19.050.887                               | 45.626.542         |
| 5.6   | Other pledged items   |                                | 10.650.555         | 13.897.023                               | 24.547.578         |
| 5.7   | Pledged items-depository  |                                | -                  | -  | -                  |
| <b>VI.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       |                                | -                  | -  | -                  |
| <b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b> |   |                                | <b>103.925.231</b> | <b>111.343.395</b>                       | <b>215.268.626</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 JUNE 30, 2018 AND DECEMBER 31, 2017**

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

|   |   | Note Ref.<br>(Section<br>Five) | TL                | FC                | Audited<br>Prior Period<br>31.12.2017 |
|---|---|--------------------------------|-------------------|-------------------|---------------------------------------|
| <b>A.</b>                                     | <b>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.</b>                                     | <b>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.</b>                                    | <b>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.</b>                                   | <b>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.</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.</b>                                    | <b>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.</b>                                     | <b>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.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       |                                | <b>-</b>          | <b>-</b>          | <b>-</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**  
**JUNE 30, 2018 AND 2017**

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

**III. STATEMENT OF INCOME**

|  | Note<br>(Section<br>Five) | Reviewed<br>Current Period<br>01.01- 30.06.2018 | Reviewed<br>Current Period<br>01.04-30.06.2018 |
|--|---------------------------|---|--|
| <b>I. INTEREST INCOME</b>  | IV-1                      | <b>1.543.447</b>                                | <b>786.992</b>                                 |
| 1.1 Interest on loans  |                           | 1.308.802                                       | 669.601  |
| 1.2 Interest received from reserve deposits                                    |                           | 23.769  | 11.186   |
| 1.3 Interest received from banks   |                           | 73.871  | 35.044   |
| 1.4 Interest received from money market transactions                           |                           | 16.170  | 1.386  |
| 1.5 Interest received from marketable securities portfolio                     |                           | 99.662  | 58.471   |
| 1.5.1 Financial assets at fair value through profit or loss                    |                           | 173   | 98   |
| 1.5.2 Financial assets at fair value through other comprehensive income        |                           | 20.046  | 7.665  |
| 1.5.3 Financial assets measured at amortized cost                              |                           | 79.443  | 50.708   |
| 1.6 Finance lease income   |                           | -   | -  |
| 1.7 Other interest income  |                           | 21.173  | 11.304   |
| <b>II. INTEREST EXPENSE</b>  | IV-2                      | <b>921.677</b>                                  | <b>452.917</b>                                 |
| 2.1 Interest on deposits   |                           | 813.951   | 391.949  |
| 2.2 Interest on funds borrowed   |                           | 56.142  | 31.712   |
| 2.3 Interest on money market transactions                                      |                           | 158   | 138  |
| 2.4 Interest on securities issued  |                           | 51.072  | 28.788   |
| 2.5 Other interest expense   |                           | 354   | 330  |
| <b>III. NET INTEREST INCOME (I - II)</b>                                       |                           | <b>621.770</b>                                  | <b>334.075</b>                                 |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>                                     |                           | <b>58.888</b>                                   | <b>26.052</b>                                  |
| 4.1 Fees and commissions received  |                           | 76.914  | 35.027   |
| 4.1.1 Non-cash loans   |                           | 16.115  | 8.089  |
| 4.1.2 Other  |                           | 60.799  | 26.938   |
| 4.2 Fees and commissions paid  |                           | 18.026  | 8.975  |
| 4.2.1 Non-cash loans   |                           | -   | -  |
| 4.2.2 Other  | IV-12                     | 18.026  | 8.975  |
| <b>V. PERSONNEL EXPENSES (-)</b>   | IV-7                      | <b>94.051</b>                                   | <b>46.027</b>                                  |
| <b>VI. DIVIDEND INCOME</b>   | IV-3                      | <b>7</b>  | <b>4</b>                                       |
| <b>VII. TRADING PROFIT/LOSS (Net)</b>  | IV-4                      | <b>6.729</b>                                    | <b>25.817</b>                                  |
| 7.1 Profit/losses from capital market transactions                             |                           | (699)   | (66)   |
| 7.2 Profit/losses from derivative financial transactions                       |                           | 280.567   | 286.953  |
| 7.3 Foreign exchange profit/losses   |                           | (273.139)                                       | (261.070)                                      |
| <b>VIII. OTHER OPERATING INCOME</b>  | IV-5                      | <b>13.576</b>                                   | <b>4.496</b>                                   |
| <b>IX. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)</b>       |                           | <b>606.919</b>                                  | <b>344.417</b>                                 |
| <b>X. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>                            | IV-6                      | <b>202.696</b>                                  | <b>134.264</b>                                 |
| <b>XI. OTHER OPERATING EXPENSES (-)</b>  | IV-7                      | <b>194.289</b>                                  | <b>97.360</b>                                  |
| <b>XII. NET OPERATING PROFIT/LOSS (IX-X-XI)</b>                                |                           | <b>209.934</b>                                  | <b>112.793</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>209.934</b>                                  | <b>112.793</b>                                 |
| <b>XVII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>      | IV-9                      | <b>(46.252)</b>                                 | <b>(24.553)</b>                                |
| 17.1 Current tax provision   |                           | (69.662)  | (54.742)                                       |
| 17.2 Expense effect of deferred tax (+)  |                           | 23.410  | 30.189   |
| 17.3 Income effect of deferred tax (-)   |                           | -   | -  |
| <b>XVIII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>            | IV-10                     | <b>163.682</b>                                  | <b>88.240</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>163.682</b>                                  | <b>88.240</b>                                  |
| 24.1 Group Profit/Loss   |                           | -   | -  |
| 24.2 Minority Share Profit/ Loss (-)   |                           | -   | -  |
| Profit / Loss per Share  |                           | 0,050   | 0,027  |

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



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

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

**III. STATEMENT OF INCOME**

|               |   | Note<br>(Section<br>Five) | Reviewed<br>Prior Period<br>01.01-<br>30.06.2017 | Reviewed<br>Prior Period<br>01.04-<br>30.06.2017 |
|---------------|---|---------------------------|--|--|
| <b>I.</b>     | <b>INTEREST INCOME</b>  | IV-1                      | <b>1.727.541</b>                                 | <b>876.471</b>                                   |
| 1.1           | Interest on loans   |                           | 1.448.263  | 727.151  |
| 1.2           | Interest received from reserve deposits   |                           | 22.223   | 11.672   |
| 1.3           | Interest received from banks  |                           | 57.014   | 33.433   |
| 1.4           | Interest received from money market placements  |                           | 146.119  | 76.717   |
| 1.5           | Interest received from marketable securities portfolio                                      |                           | 44.960   | 22.445   |
| 1.5.1         | Held-for-trading financial assets   |                           | 197  | 82   |
| 1.5.2         | Financial assets at fair value through profit and loss                                      |                           | -  | -  |
| 1.5.3         | Available-for-sale financial assets   |                           | 37.080   | 18.758   |
| 1.5.4         | Investments held-to-maturity  |                           | 7.683  | 3.605  |
| 1.6           | Finance lease income  |                           | -  | -  |
| 1.7           | Other interest income   |                           | 8.962  | 5.053  |
| <b>II.</b>    | <b>INTEREST EXPENSE</b>   | IV-2                      | <b>970.593</b>                                   | <b>511.155</b>                                   |
| 2.1           | Interest on deposits  |                           | 898.619  | 476.068  |
| 2.2           | Interest on funds borrowed  |                           | 62.341   | 31.232   |
| 2.3           | Interest on money market borrowings   |                           | 69   | 28   |
| 2.4           | Interest on securities issued   |                           | 3.143  | 3.143  |
| 2.5           | Other interest expense  |                           | 6.421  | 684  |
| <b>III.</b>   | <b>NET INTEREST INCOME (I - II)</b>   |                           | <b>756.948</b>                                   | <b>365.316</b>                                   |
| <b>IV.</b>    | <b>NET FEES AND COMMISSIONS INCOME</b>  |                           | <b>92.647</b>                                    | <b>42.686</b>                                    |
| 4.1           | Fees and commissions received   |                           | 112.496  | 51.666   |
| 4.1.1         | Non-cash loans  |                           | 18.710   | 9.106  |
| 4.1.2         | Other   |                           | 93.786   | 42.560   |
| 4.2           | Fees and commissions paid   |                           | 19.849   | 8.980  |
| 4.2.1         | Non-cash loans  |                           | -  | -  |
| 4.2.2         | Other   | IV-12                     | 19.849   | 8.980  |
| <b>V.</b>     | <b>DIVIDEND INCOME</b>  | IV-3                      | -  | -  |
| <b>VI.</b>    | <b>NET TRADING INCOME</b>   | IV-4                      | <b>(179.650)</b>                                 | <b>(104.512)</b>                                 |
| 6.1           | Securities trading gains/ (losses)  |                           | 57   | 164  |
| 6.2           | Gain/(losses) from derivative financial instruments   |                           | (146.928)  | (190.694)  |
| 6.3           | Foreign exchange gains/ (losses)  |                           | (32.779)   | 86.018   |
| <b>VII.</b>   | <b>OTHER OPERATING INCOME</b>   | IV-5                      | <b>12.863</b>                                    | <b>5.125</b>                                     |
| <b>VIII.</b>  | <b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>   |                           | <b>682.808</b>                                   | <b>308.615</b>                                   |
| <b>IX.</b>    | <b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                                  | IV-6                      | <b>129.481</b>                                   | <b>52.585</b>                                    |
| <b>X.</b>     | <b>OTHER OPERATING EXPENSES (-)</b>   | IV-7                      | <b>363.040</b>                                   | <b>183.615</b>                                   |
| <b>XI.</b>    | <b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>  |                           | <b>190.287</b>                                   | <b>72.415</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>190.287</b>                                   | <b>72.415</b>                                    |
| <b>XVI.</b>   | <b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>   | IV-9                      | <b>(39.987)</b>                                  | <b>(15.314)</b>                                  |
| 16.1          | Provision for current income taxes  |                           | (19.499)   | (4.721)  |
| 16.2          | Provision for deferred taxes  |                           | (20.488)   | (10.593)   |
| <b>XVII.</b>  | <b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>                                 | IV-10                     | <b>150.300</b>                                   | <b>57.101</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>150.300</b>                                   | <b>57.101</b>                                    |
|               | Profit / Loss per Share   |                           | 0,046  | 0,017  |

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 JUNE 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<br>Current Period<br>01.01-30.06.2018 |
|---|--|
| <b>I. PROFIT (LOSS)</b>   | <b>163.682</b>                                 |
| <b>II. OTHER COMPREHENSIVE INCOME</b>   | <b>(3.508)</b>                                 |
| <b>2.1 Other comprehensive income that will not be reclassified to profit or loss</b>   | <b>559</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                          | 559  |
| 2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss              | -  |
| <b>2.2 Other comprehensive income that will be reclassified to profit or loss</b>   | <b>(4.067)</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 | (2.999)  |
| 2.2.3 Income (loss) related with cash flow hedges   | -  |
| 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                        | (1.728)  |
| 2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss                  | 660  |
| <b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>  | <b>160.174</b>                                 |

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 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<br>Prior Period<br><b>01.01-30.06.2017</b> |
|--|---|
| <b>I. Additions to marketable securities revaluation differences for available for sale financial assets</b>   | <b>27.865</b>                                       |
| <b>II. Tangible assets revaluation differences</b>   | -   |
| <b>III. Intangible assets revaluation differences</b>  | -   |
| <b>IV. Foreign currency translation differences for foreign currency transactions</b>  | -   |
| <b>V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)</b>                       | -   |
| <b>VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)</b> | -   |
| <b>VII. The effect of corrections of errors and changes in accounting policies</b>   | -   |
| <b>VIII. Other profit loss items accounted for under equity due to TAS</b>   | -   |
| <b>IX. Tax of valuation differences</b>  | <b>(5.573)</b>                                      |
| <b>X. Total Net Profit/Loss accounted under equity (I+II+...+IX)</b>   | <b>22.292</b>                                       |
| <b>XI. Profit/Loss</b>   | <b>150.300</b>                                      |
| 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  | 150.300   |
| <b>XII. Total Profit/Loss accounted for in the period (X±XI)</b>   | <b>172.592</b>                                      |

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 JUNE 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 |   |  |                     |                                |                                |                            |
|---------------------|---|------------------|----------------|----------------------------|------------------------|---|---|---|---|---|--|---------------------|--------------------------------|--------------------------------|----------------------------|
|                     |   | 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 |
| Note (Section Five) |   |                  |                |                            |                        |   |   |   |   |   |  |                     |                                |                                |                            |
|                     | <b>Current Period 30/06/2018</b>                  |                  |                |                            |                        |   |   |   |   |   |  |                     |                                |                                |                            |
| I.                  | Balance at the beginning of the period            | 3.288.842        | -              | -                          | (2.198)                | -   | -   | 745   | -   | (35.083)  | 3.251  | 182.001             | -                              | 320.572                        | 3.758.130                  |
| II.                 | Adjustment in accordance with TAS 8               | -                | -              | -                          | -                      | -   | -   | -   | -   | 38.334  | (3.251)  | (1.838)             | -                              | -                              | 33.245                     |
| 2.1                 | Effect of adjustment                              | -                | -              | -                          | -                      | -   | -   | -   | -   | -   | -  | -                   | -                              | -                              | -                          |
| 2.2                 | Effect of changes made in accounting policies     | -                | -              | -                          | -                      | -   | -   | -   | -   | 38.334  | (1.838)  | -                   | -                              | -                              | 33.245                     |
| III.                | New Balance (I+II)                                | 3.288.842        | -              | -                          | (2.198)                | -   | -   | 745   | -   | 3.251   | (3.251)  | 180.163             | -                              | 320.572                        | 3.791.375                  |
| IV.                 | Total comprehensive income (loss)                 | -                | -              | -                          | -                      | -   | -   | 559   | -   | (4.067)   | -  | -                   | -                              | 163.682                        | 160.174                    |
| 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>            | <b>3.288.842</b> | <b>-</b>       | <b>-</b>                   | <b>(2.198)</b>         | <b>-</b>  | <b>-</b>  | <b>1.304</b>  | <b>-</b>  | <b>(816)</b>  | <b>-</b>   | <b>500.735</b>      | <b>-</b>                       | <b>163.682</b>                 | <b>3.951.549</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 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 JUNE 30, 2018 AND 2017**

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

|   | THOUSANDS OF TURKISH LIRA(TL) |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
|---|-------------------------------|--------------------|-----------------------------------|-------------------|----------------------------------|---------------------------|--------------------|---------------------------|--------------------------|---|---|---|--|--|---------------------|--|---|--------------------|----------------------------------|
|   | Note<br>(Section<br>Five)     | Paid-In<br>Capital | Adjustment<br>to Share<br>Capital | Share<br>Premiums | Share<br>Cancellation<br>Profits | Legal<br>Reserves<br>(**) | Status<br>Reserves | Extraordinary<br>Reserves | Other<br>Reserves<br>(*) | Current<br>Period Net<br>Income<br>(Loss) | Prior<br>Period<br>Net Income<br>(Loss) | Marketable<br>Securities<br>Value<br>Increase<br>Fund | Revaluation<br>Surplus on<br>Tangible<br>and<br>Intangible<br>Assets | Bonus Shares<br>From Invest.<br>In Ass., Subs.<br>and J.V. | Hedging<br>Reserves | Val.Chan.In<br>Prop. And Eq.<br>HFS Purp./<br>Disc. Opr. | Total<br>Equity<br>Before<br>Minority<br>Shares | Minority<br>Shares | Total<br>Shareholders'<br>Equity |
| <b>CHANGES IN SHAREHOLDERS' EQUITY</b>  |                               |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
| <b>PRIOR PERIOD</b>   |                               |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
| 30/06/2017  |                               |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
| <b>I. Prior Period End Balance</b>  |                               | 3.288.842          | -                                 | -                 | -                                | -                         | -                  | -                         | (2.198)                  | 200.354                                   | (15.102)                                | (28.741)  | -  | -  | -                   | -  | 3.443.155                                       | -                  | 3.443.155                        |
| <b>II. Adjustments made according to TAS 8</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 2.1 Effect of Correcting Mistakes   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 2.2 Effect of changes made in accounting policy   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>III. New Balance (I+II)</b>  |                               | 3.288.842          | -                                 | -                 | -                                | -                         | -                  | -                         | (2.198)                  | 200.354                                   | (15.102)                                | (28.741)  | -  | -  | -                   | -  | 3.443.155                                       | -                  | 3.443.155                        |
| <b>Changes in the period</b>  |                               |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
| <b>IV. Increase/Decrease due to the Merger</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>V. Marketable Securities Valuation Differences</b>                                   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | 22.292  | -  | -  | -                   | -  | 22.292  | -                  | 22.292                           |
| <b>VI. Hedging Transactions</b>   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 6.1 Cash Flow Hedge   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 6.2 Foreign Investment Hedge  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>VII. Property and Equipment Revaluation Differences</b>                              |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | (3.251)                                   | -                                       | 3.251   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>VIII. Intangible Fixed Assets Revaluation Differences</b>                            |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b> |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>X. Foreign Exchange Differences</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XI. Changes due to the disposal of assets</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XII. Changes due to the reclassification of assets</b>                               |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XIII. Effects of changes in equity of investments in associates</b>                  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XIV. Capital Increase</b>  |                               |                    |                                   |                   |                                  |                           |                    |                           |                          |   |   |   |  |  |                     |  |   |                    |                                  |
| 14.1 Cash Increase  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 14.2 Internal Resources   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XV. Share Premium</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XVI. Share Cancellation Profits</b>  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XVII. Paid-in-capital inflation adjustment difference</b>                            |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XVIII. Other</b>   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>XIX. Current Year Income or( Loss)</b>   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | 150.300                                   | -                                       | -   | -  | -  | -                   | -  | 150.300   | -                  | 150.300                          |
| <b>XX. Profit Distribution</b>  |                               | -                  | -                                 | -                 | -                                | 9.263                     | -                  | 172.738                   | -                        | (197.103)                                 | 15.102                                  | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.1 Dividends Paid   |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.2 Transfers to Reserves  |                               | -                  | -                                 | -                 | -                                | -                         | -                  | -                         | -                        | -   | 15.102                                  | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.3 Other  |                               | -                  | -                                 | -                 | -                                | 9.263                     | -                  | 172.738                   | -                        | (197.103)                                 | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| <b>Period End Balance (I+II+III+...+XVIII+XIX+XX)</b>                                   |                               | 3.288.842          | -                                 | -                 | -                                | 9.263                     | -                  | 172.738                   | (2.198)                  | 150.300                                   | -                                       | (6.449)   | 3.251  | -  | -                   | -  | 3.615.747                                       | -                  | 3.615.747                        |

(\*) 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 JUNE 30, 2018 AND 2017**

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

**VI. STATEMENT OF CASH FLOWS**

|   | Note (Section Five) | Reviewed<br>Current Period<br>01.01-30.06.2018 |
|---|---------------------|--|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>  |                     |  |
| <b>1.1 Operating profit before changes in operating assets and liabilities</b>                                    |                     | <b>107.615</b>                                 |
| 1.1.1 Interest received   |                     | 1.528.480                                      |
| 1.1.2 Interest paid   |                     | (913.273)                                      |
| 1.1.3 Dividend received   |                     | 7  |
| 1.1.4 Fees and commissions received   |                     | 69.693   |
| 1.1.5 Other income/(expense)  |                     | (78.411)                                       |
| 1.1.6 Collections from previously written off loans   |                     | 44.979   |
| 1.1.7 Payments to personnel and service suppliers   |                     | (262.928)                                      |
| 1.1.8 Taxes paid  |                     | (124.808)                                      |
| 1.1.9 Others  |                     | (156.124)                                      |
| <b>1.2 Changes in operating assets and liabilities</b>  |                     | <b>(1.173.826)</b>                             |
| 1.2.1 Net (increase) decrease in financial assets held for trading  |                     | (2.505)  |
| 1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss                            |                     | (549.287)                                      |
| 1.2.3 Net (increase) decrease in due from banks and other financial institutions                                  |                     | 493.524  |
| 1.2.4 Net (increase) decrease in loans  |                     | 401.505  |
| 1.2.5 Net (increase) decrease in other assets   |                     | (154.297)                                      |
| 1.2.6 Net increase (decrease) in bank deposits  |                     | (2.318.200)                                    |
| 1.2.7 Net increase (decrease) in other deposits   |                     | 45.807   |
| 1.2.8 Net increase (decrease) in funds borrowed   |                     | 886.239  |
| 1.2.9 Net increase (decrease) in matured payables   |                     | -  |
| 1.2.10 Net increase (decrease) in other liabilities   |                     | 23.388   |
| <b>I. Net cash provided from banking operations</b>   |                     | <b>(1.066.211)</b>                             |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |  |
| <b>II. Net cash provided from investing activities</b>  |                     | <b>(385.569)</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  |                     | (4.477)  |
| 2.4 Fixed assets sales (*)  |                     | 19.964   |
| 2.5 Cash paid for purchase of financial assets available for sale   |                     | (180.603)                                      |
| 2.6 Cash obtained from sale of financial assets available for sale  |                     | 922.463  |
| 2.7 Cash paid for purchase of investment securities   |                     | (1.142.916)                                    |
| 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>-</b>                                       |
| 3.1 Cash obtained from funds borrowed and securities issued   |                     | -  |
| 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>(687.381)</b>                               |
| <b>V. Net increase / (decrease) in cash and cash equivalents</b>  |                     | <b>(2.139.161)</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>2.458.675</b>                               |

(\*) The Bank generated cash inflow of TL 19.964 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 JUNE 30, 2018 AND 2017**

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

|   | Note (Section Five) | Reviewed<br>Prior Period<br>01.01-30.06.2017 |
|---|---------------------|--|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>  |                     |  |
| <b>1.1 Operating profit before changes in operating assets and liabilities</b>                                    |                     | <b>230.115</b>                               |
| 1.1.1 Interest received   |                     | 1.681.942                                    |
| 1.1.2 Interest paid   |                     | (935.157)                                    |
| 1.1.3 Dividend received   |                     | -  |
| 1.1.4 Fees and commissions received   |                     | 112.587                                      |
| 1.1.5 Other income  |                     | (163.906)                                    |
| 1.1.6 Collections from previously written off loans   |                     | 40.154                                       |
| 1.1.7 Payments to personnel and service suppliers   |                     | (335.731)                                    |
| 1.1.8 Taxes paid  |                     | (160.177)                                    |
| 1.1.9 Others  |                     | (9.597)                                      |
| <b>1.2 Changes in operating assets and liabilities</b>  |                     | <b>(1.831.760)</b>                           |
| 1.2.1 Net (increase) decrease in financial assets held for trading  |                     | 5.511  |
| 1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss                            |                     | 80.879                                       |
| 1.2.3 Net (increase) decrease in due from banks and other financial institutions                                  |                     | (434.194)                                    |
| 1.2.4 Net (increase) decrease in loans  |                     | (418.892)                                    |
| 1.2.5 Net (increase) decrease in other assets   |                     | (127.630)                                    |
| 1.2.6 Net increase (decrease) in bank deposits  |                     | (539.024)                                    |
| 1.2.7 Net increase (decrease) in other deposits   |                     | (364.839)                                    |
| 1.2.8 Net increase (decrease) in funds borrowed   |                     | (162.294)                                    |
| 1.2.9 Net increase (decrease) in matured payables   |                     | -  |
| 1.2.10 Net increase (decrease) in other liabilities   |                     | 128.723                                      |
| <b>I. Net cash provided from banking operations</b>   |                     | <b>(1.601.645)</b>                           |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |  |
| <b>II. Net cash provided from investing activities</b>  |                     | <b>2.216</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  |                     | (17.093)                                     |
| 2.4 Fixed assets sales (**)   |                     | 24.207                                       |
| 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>100.614</b>                               |
| 3.1 Cash obtained from funds borrowed and securities issued   |                     | 100.614                                      |
| 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>(81.038)</b>                              |
| <b>V. Net increase / (decrease) in cash and cash equivalents</b>  |                     | <b>(1.579.853)</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>4.398.611</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**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 JUNE 2018**

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

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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

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

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

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

**b. Explanation for convenience translation into English:**

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

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

Accounting policies and valuation principles used in the preparation of the financial statements are determined by the TMS / TFRS (all "BRSA Accounting and Financial Reporting Legislation"), which are issued by the BRSA in the regulations, communiqués, explanations and general notices published by the BRSA regarding the accounting and financial reporting principles and by the POA for those that are not stipulated by them. In accordance with the transition provisions of TFRS 9, the prior period financial statements and footnotes are not restated. Accounting policies and valuation principles used for 2018 and 2017 periods are separately presented in the footnotes; The accounting policies for the period of 2017 are included in footnote XXV. The application and effects of the transition of TFRS 9 are disclosed in Note XXIV.



**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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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 June 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 Forward and Option Contracts and Derivative Instruments**

The Bank’s derivative instruments consist of options, foreign currency and interest swaps and forward foreign currency buy/sell transactions. Derivative instruments are accounted for at their fair values as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as Derivative Financial Assets at Fair Value Through Profit or Loss since they are not qualified to be a hedging instrument as per “Financial Instruments” (“TFRS 9”).

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

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

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

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

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

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

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

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

**VI. Explanations on Financial Assets**

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

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

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

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

The 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.

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

**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 was 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.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 JUNE 2018**

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

**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 June 30, 2018, the Bank has specific provision amount to TL 615.035 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 June 30, 2018, the Bank has TL 10.011 of reverse repo transactions (December 31, 2017: TL 2.742.869).

As of June 30, 2018, the Bank has TL 148.369 funds provided under repurchase agreements (December 31, 2017: None).

As of June 30, 2018, the Bank does not have any 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 June 30, 2018 the Bank has TL 201.861 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 June 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 June 30, 2018, the Bank has corporate income tax provision amounting to TL 75.817, which is netted with prepaid taxes amounting to TL 18.507 and shown in the liabilities amounting to TL 57.310 (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 June 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 income stated under the statement of income amounting to TL 23.410, deferred tax assets amounting to TL 146.028 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**

The Bank does not have any issued share certificates.

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

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

**XX. Explanations on Government Grants**

There are no government grants utilized by the Bank.

**XXI. Explanations on Segment Reporting**

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

**XXII. Explanations on Reclassifications**

In order to be consistent with the presentation of financial statements dated June 30, 2018, there are certain reclassifications made on the income statement as of June 30, 2017.

**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<br>December 31, 2017 | Remeasurements  | Book value after TFRS 9<br>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**

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 30 June 2018, Bank's total capital has been calculated as TL 5.573.830, a capital adequacy ratio is 20,17%. 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<br/>30 June 2018</b> | <b>Amounts<br/>Subject to Pre-<br/>Basel III<br/>treatment<br/>(Before the<br/>1/1/2014)</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   | 6.070                                |  |
| Profit  | 163.682                              |  |
| Current Period Profit   | 163.682                              |  |
| 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>3.959.329</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 (*)   | 7.781                                |  |
| Improvement costs for operating leasing   | 42.785                               |  |
| 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>50.566</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   | 46.073                               |  |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>3.954.836</b>                     |  |

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

|  | Current Year<br>30 June 2018 | Amounts Subject<br>to Pre-BaseI III<br>treatment<br>(Before the<br>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 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 (-)   | 63.107                       |  |
| 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>63.107</b>                |  |
| <b>Total Additional Tier I Capital</b>   | <b>63.107</b>                |  |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>   | <b>3.891.729</b>             |  |
| <b>TIER II CAPITAL</b>   |                              |  |
| Debt instruments and share issue premiums deemed suitable by the BRSA (***)  | 1.374.330                    |  |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)  | -                            |  |
| Provisions (Article 8 of the Regulation on the Equity of Banks)  | 307.771                      |  |
| <b>Tier II Capital Before Deductions</b>   | <b>1.682.101</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>1.682.101</b>             |  |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>   | <b>5.573.830</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>5.573.830</b>             |  |

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

|   | Current Year<br>30 June<br>2018 | Amounts Subject<br>to Pre-Base III<br>treatment (Before<br>the 1/1/2014) |
|---|---------------------------------|--|
| <b>TOTAL CAPITAL</b>  |                                 |  |
| Total Capital (TIER I Capital and TIER II Capital)  | 5,573.830                       |  |
| Total risk weighted amounts   | 27,631.671                      |  |
| <b>Capital Adequacy Ratios</b>  |                                 |  |
| Core Capital Adequacy Ratio   | 14,31                           |  |
| Tier I Capital Adequacy Ratio   | 14,08                           |  |
| Capital Adequacy Ratio  | 20,17                           |  |
| <b>BUFFERS</b>  |                                 |  |
| Total buffer requirement  | 1,328                           |  |
| Capital conservation buffer requirement   | 1,250                           |  |
| Bank specific counter-cyclical buffer requirement   | 0,078                           |  |
| 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 | 9,81                            |  |

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

Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital

-

Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital

-

Amount arising from deferred tax assets based on temporary differences

-

Limits related to provisions considered in Tier II calculation

-

**Limits related to provisions considered in Tier II calculation**

General provisions for standard based receivables (before tenthousandtwentyfive limitation)

394.668

Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used

307.771

Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation

-

Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation

-

**Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)**

Upper limit for Additional Tier I Capital subjected to temporary Article 4

-

Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4

-

Upper limit for Additional Tier II Capital subjected to temporary Article 4

-

Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4

-

(\*) 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 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.

(\*\*\*)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<br>Period 31<br>December<br>2017 | Amounts<br>Subject to Pre-<br>Basel III<br>treatment<br>(Before the<br>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<br>31 December<br>2017 | Amounts<br>Subject to<br>Pre-Basel III<br>treatment<br>(Before the<br>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<br>31 December<br>2017 | Amounts Subject<br>to Pre-Basel III<br>treatment (Before<br>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 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                      | 10,25                               |   |
| <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.

(\*\*)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 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.

(\*\*\*\*)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) (***)                         | 1.374.330   |
| 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.<br>Amount to pay back: TL 1.374.330 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 June 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   | 3.954.836  | 3.943.317  | 3.931.799  | 3.920.281  | 3.908.762  |
| Transition Process Unapplied Core Capital (a)                    | 3.908.762  | 3.908.762  | 3.908.762  | 3.908.762  | 3.908.762  |
| Tier I Capital   | 3.891.729  | 3.880.210  | 3.868.692  | 3.857.174  | 3.845.655  |
| Transition Process Unapplied Main Capital (b)                    | 3.845.655  | 3.845.655  | 3.845.655  | 3.845.655  | 3.845.655  |
| Equity   | 5.573.829  | 5.562.311  | 5.550.793  | 5.539.274  | 5.527.756  |
| Transition Process Unapplied Equity (c)                          | 5.527.756  | 5.527.756  | 5.527.756  | 5.527.756  | 5.527.756  |
| <b>TOTAL RISK WEIGHTED AMOUNTS</b>                               |            |            |            |            |            |
| Total Risk Weighted Amounts                                      | 27.631.671 | 27.631.671 | 27.631.671 | 27.631.671 | 27.631.671 |
| <b>CAPITAL ADEQUACY RATIO</b>                                    |            |            |            |            |            |
| Core Capital Adequacy Ratio (%)                                  | % 14,31    | % 14,27    | % 14,23    | % 14,19    | % 14,15    |
| Transition Process Unapplied Core Capital Adequacy Ratio (%) (d) | % 14,15    | % 14,15    | % 14,15    | % 14,15    | % 14,15    |
| Main Capital Adequacy Ratio (%)                                  | % 14,08    | % 14,04    | % 14,00    | % 13,96    | % 13,92    |
| Transition Period Unapplied Main Capital Adequacy Ratio (%) (d)  | % 13,92    | % 13,92    | % 13,92    | % 13,92    | % 13,92    |
| Capital Adequacy Ratio (%)                                       | % 20,17    | % 20,13    | % 20,09    | % 20,05    | % 20,01    |
| Transition Process Unapplied Capital Adequacy Ratio (%) (d)      | % 20,01    | % 20,01    | % 20,01    | % 20,01    | % 20,01    |
| <b>LEVERAGE RATIO</b>  |            |            |            |            |            |
| Total Leverage Ratio Risk Exposure                               | 40.116.458 | 40.116.458 | 40.116.458 | 40.116.458 | 40.116.458 |
| Leverage Ratio   | 8,80       | 8,80       | 8,80       | 8,80       | 8,80       |
| Transition Process Unapplied Leverage Ratio (e)                  | 9,02       | 9,02       | 9,02       | 9,02       | 9,02       |

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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 June 30, 2018 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

|                | <b>25 June 2018</b> | <b>26 June 2018</b> | <b>27 June 2018</b> | <b>28 June 2018</b> | <b>29 June 2018</b> |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>USD</b>     | 4,7036              | 4,6441              | 4,6023              | 4,5884              | 4,5811              |
| <b>CHF</b>     | 4,7636              | 4,6934              | 4,6254              | 4,5992              | 4,6106              |
| <b>GBP</b>     | 6,2443              | 6,1502              | 6,0559              | 6,0028              | 6,0274              |
| <b>100 JPY</b> | 4,2959              | 4,2328              | 4,1707              | 4,1658              | 4,1386              |
| <b>EURO</b>    | 5,4958              | 5,4193              | 5,3451              | 5,3155              | 5,3358              |

  

|                | <b>25 December 2017</b> | <b>26 December 2017</b> | <b>27 December 2017</b> | <b>28 December 2017</b> | <b>29 December 2017</b> |
|----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>USD</b>     | 3,8205                  | 3,8073                  | 3,8246                  | 3,7759                  | 3,7956                  |
| <b>CHF</b>     | 3,8593                  | 3,8442                  | 3,8667                  | 3,8530                  | 3,8873                  |
| <b>GBP</b>     | 5,1118                  | 5,0827                  | 5,1318                  | 5,0748                  | 5,1332                  |
| <b>100 JPY</b> | 3,3695                  | 3,3621                  | 3,3790                  | 3,3523                  | 3,3751                  |
| <b>EURO</b>    | 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 June 30, 2018 are as follows:

|                | <b>Monthly Average Foreign Exchange Rate</b> |
|----------------|--|
| <b>USD</b>     | 4,6180                                       |
| <b>CHF</b>     | 4,6703                                       |
| <b>GBP</b>     | 6,1452                                       |
| <b>100 JPY</b> | 4,2008                                       |
| <b>EURO</b>    | 5,4057                                       |

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

| <b>June 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 | 764.655          | 1.597.056          | 422.900          | 2.784.611          |
| Banks  | 125.202          | 1.127.329          | 96.287           | 1.348.818          |
| Financial Assets at Fair Value Through Profit and Loss (****)  | -                | -                  | -                | -                  |
| Money Market Placements  | -                | -                  | -                | -                  |
| Financial Assets at Fair Value Through Other Comprehensive Income  | 125              | 4.045              | -                | 4.170              |
| Loans (*)  | 5.585.108        | 5.661.484          | 2.427            | 11.249.019         |
| Subsidiaries, Associates and Jointly Controlled Entities   | -                | -                  | -                | -                  |
| Financial Assets Measured at Amortized Cost  | 361.760          | 2.331.194          | 1.589            | 2.694.543          |
| Derivative Financial Assets for Hedging Purposes   | -                | -                  | -                | -                  |
| Tangible Assets  | -                | -                  | -                | -                  |
| Intangible Assets  | -                | -                  | -                | -                  |
| Other Assets   | 27.511           | 207.274            | 3                | 234.788            |
| <b>Total Assets</b>  | <b>6.864.361</b> | <b>10.928.382</b>  | <b>523.206</b>   | <b>18.315.949</b>  |
| <b>Liabilities</b>   |                  |                    |                  |                    |
| Bank Deposits  | 379.084          | 60.067             | -                | 439.151            |
| Other Deposits   | 4.772.313        | 8.663.735          | 121.263          | 13.557.311         |
| Derivative Financial Liabilities (****)  | -                | -                  | -                | -                  |
| Money Market Balances  | -                | 148.357            | -                | 148.357            |
| Funds Provided From Other Financial Institutions   | 1.063.046        | 2.622.446          | 2.425            | 3.687.917          |
| Subordinated Loan  | -                | 1.417.862          | -                | 1.417.862          |
| Derivative Financial Liabilities for Hedging Purposes  | -                | -                  | -                | -                  |
| Other Liabilities (***)  | 147.585          | 79.860             | 977              | 228.422            |
| <b>Total Liabilities</b>   | <b>6.362.028</b> | <b>12.992.327</b>  | <b>124.665</b>   | <b>19.479.020</b>  |
| <b>Net Balance Sheet Position</b>  | <b>502.333</b>   | <b>(2.063.945)</b> | <b>398.541</b>   | <b>(1.163.071)</b> |
| <b>Net Off-Balance Sheet Position</b>  | <b>(287.610)</b> | <b>1.199.595</b>   | <b>(401.166)</b> | <b>510.819</b>     |
| Financial Derivative Assets  | 7.467.596        | 27.351.971         | 776.725          | 35.596.292         |
| Financial Derivative Liabilities   | 7.755.206        | 26.152.376         | 1.177.891        | 35.085.473         |
| Non-Cash Loans (**)  | 1.123.560        | 1.369.839          | 25.520           | 2.518.919          |
| <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 781.777 are included in the loan portfolio. Expected loss provisions are not considered.

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

(\*\*\*) FC denominated GLLP were not included in currency risk calculation.

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

**Foreign currency sensitivity:**

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

|     | Change in currency rate in % | Effect on profit or loss (*) |                   | Effect on equity |                   |
|-----|------------------------------|------------------------------|-------------------|------------------|-------------------|
|     |                              | June 30, 2018                | December 31, 2017 | June 30, 2018    | December 31, 2017 |
| USD | % 10                         | (86.435)                     | (2.601)           | (86.435)         | (2.601)           |
| USD | %(10)                        | 86.435                       | 2.601             | 86.435           | 2.601             |
| EUR | % 10                         | 21.472                       | 24.132            | 21.472           | 24.132            |
| EUR | %(10)                        | (21.472)                     | (24.132)          | (21.472)         | (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<br>Month   | 1-3<br>Months      | 3-12<br>Months   | 1-5<br>Years     | Over<br>5 Years  | Non-interest<br>bearing | Total             |
|--|--------------------|--------------------|------------------|------------------|------------------|-------------------------|-------------------|
| <b>June 30, 2018</b>   |                    |                    |                  |                  |                  |                         |                   |
| Assets   |                    |                    |                  |                  |                  |                         |                   |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 2.154.362          | -                  | -                | -                | -                | 1.301.417               | 3.455.779         |
| Banks  | 923.062            | -                  | -                | -                | -                | 776.315                 | 1.699.377         |
| Financial Assets at Fair Value Through Profit and Loss   | 1.037              | -                  | 117              | 394              | 1.448            | -                       | 2.996             |
| Money Market Placements  | 10.011             | -                  | -                | -                | -                | -                       | 10.011            |
| Financial Assets at FV Through Other Comprehensive Income  | -                  | -                  | -                | -                | 186.656          | 9.067                   | 195.723           |
| Loans (***)  | 7.467.079          | 3.463.249          | 4.600.588        | 4.544.335        | 1.048.214        | 417.430                 | 21.540.895        |
| Financial Assets Measured at Amortized Cost  | -                  | 263.399            | 287.538          | 1.231.340        | 1.368.075        | -                       | 3.150.352         |
| Other Assets (****)  | 191.930            | 174.036            | 1.027.155        | 106.484          | 25.829           | 1.239.551               | 2.764.985         |
| <b>Total Assets</b>  | <b>10.747.481</b>  | <b>3.900.684</b>   | <b>5.915.398</b> | <b>5.882.553</b> | <b>2.630.222</b> | <b>3.743.780</b>        | <b>32.820.118</b> |
| Liabilities  |                    |                    |                  |                  |                  |                         |                   |
| Bank Deposits  | 367.634            | 71.517             | -                | -                | -                | 983                     | 440.134           |
| Customer Deposits  | 15.408.060         | 4.088.832          | 175.827          | 955              | -                | 1.315.904               | 20.989.578        |
| Money Market Borrowings  | 148.369            | -                  | -                | -                | -                | -                       | 148.369           |
| Marketable Securities Issued   | -                  | -                  | -                | -                | -                | -                       | -                 |
| Subordinated Loans (*)   | -                  | -                  | -                | -                | 1.417.862        | -                       | 1.417.862         |
| Funds Provided From Other Financial Institutions   | 46.949             | 444.136            | 2.191.794        | 363.829          | 643.246          | -                       | 3.689.954         |
| Other Liabilities (**)   | 144.010            | 183.651            | 603.559          | 513.880          | 17.881           | 4.671.240               | 6.134.221         |
| <b>Total Liabilities</b>   | <b>16.115.022</b>  | <b>4.788.136</b>   | <b>2.971.180</b> | <b>878.664</b>   | <b>2.078.989</b> | <b>5.988.127</b>        | <b>32.820.118</b> |
| Balance Sheet Long Position  | -                  | -                  | 2.944.218        | 5.003.889        | 551.233          | -                       | 8.499.340         |
| Balance Sheet Short Position   | (5.367.541)        | (887.452)          | -                | -                | -                | (2.244.347)             | (8.499.340)       |
| Off-Balance Sheet Long Position  | 16.929.048         | 12.547.617         | 15.473.272       | 3.998.060        | 2.434.024        | -                       | 51.382.021        |
| Off-Balance Sheet Short Position   | (18.779.019)       | (13.327.486)       | (12.977.473)     | (4.254.424)      | (2.297.932)      | -                       | (51.636.334)      |
| <b>Total Position</b>  | <b>(7.217.512)</b> | <b>(1.667.321)</b> | <b>5.440.017</b> | <b>4.747.525</b> | <b>687.325</b>   | <b>(2.244.347)</b>      | <b>(254.313)</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.

(\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.951.549, tax liabilities amounting to TL 115.319, provisions amounting to TL 206.600 and other liabilities amounting to TL 397.771. In addition, other liabilities include derivative financial liabilities amounting to TL 1.462.982.

(\*\*\*) 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.



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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<br>Month   | 1-3<br>Months      | 3-12<br>Months   | 1-5<br>Years     | Over<br>5 Years  | Non-interest<br>bearing | Total             |
|--|--------------------|--------------------|------------------|------------------|------------------|-------------------------|-------------------|
| <b>December 31, 2017</b>   |                    |                    |                  |                  |                  |                         |                   |
| Assets   |                    |                    |                  |                  |                  |                         |                   |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 3.003.191          | -                  | -                | -                | -                | 728.629                 | 3.731.820         |
| Banks  | -                  | -                  | -                | -                | -                | 286.729                 | 286.729           |
| Financial Assets at Fair Value Through Profit and Loss   | 75.087             | 83.013             | 218.025          | 38.976           | 781.210          | -                       | 1.196.311         |
| Money Market Placements  | 2.742.869          | -                  | -                | -                | -                | -                       | 2.742.869         |
| Available-For-Sale Financial Assets  | -                  | 258.265            | -                | 287.011          | 709.256          | 7.901                   | 1.262.433         |
| Loans  | 6.410.470          | 3.688.727          | 4.530.335        | 6.091.804        | 1.280.342        | 629.828                 | 22.631.506        |
| Held-To-Maturity Investments   | -                  | -                  | -                | 447.133          | -                | -                       | 447.133           |
| Other Assets   | -                  | -                  | -                | -                | -                | 805.574                 | 805.574           |
| <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> |
| Liabilities  |                    |                    |                  |                  |                  |                         |                   |
| Bank Deposits  | 541.994            | 42.073             | 10.121           | -                | -                | 160                     | 594.348           |
| Customer Deposits  | 17.278.425         | 4.969.878          | 191.359          | 291              | -                | 876.086                 | 23.316.039        |
| Money Market Borrowings  | -                  | -                  | -                | -                | -                | -                       | -                 |
| Miscellaneous Payables   | -                  | -                  | -                | -                | -                | 9.486                   | 9.486             |
| Marketable Securities Issued   | -                  | -                  | -                | -                | -                | -                       | -                 |
| Subordinated Loans (*)   | -                  | -                  | -                | -                | 1.174.992        | -                       | 1.174.992         |
| Funds Provided From Other Financial Institutions   | 146.681            | 393.369            | 1.719.403        | 293.289          | 389.978          | -                       | 2.942.720         |
| Other Liabilities (**)   | 96.226             | 58.144             | 89.433           | 157.185          | 3.483            | 4.662.319               | 5.066.790         |
| <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<br>% | USD<br>% | JPY<br>% | TL<br>% |
|--|-----------|----------|----------|---------|
| <b>June 30, 2018</b>   |           |          |          |         |
| Assets   |           |          |          |         |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | -         | 1,50     | -        | 7,00    |
| Banks  | -         | 0,88     | -        | 18,59   |
| Financial Assets at Fair Value Through Profit and Loss   | -         | -        | -        | 13,01   |
| Money Market Placements  | -         | -        | -        | 16,48   |
| Financial Assets at Fair Value Through Other Comprehensive Income  | -         | -        | -        | 16,70   |
| Loans  | 5,75      | 8,02     | -        | 17,29   |
| Financial Assets Measured at Amortized Cost  | 1,59      | 6,24     | -        | 10,96   |
| Liabilities  |           |          |          |         |
| Bank Deposits  | 1,51      | 3,67     | -        | 4,65    |
| Customer Deposits  | 2,20      | 4,00     | -        | 16,16   |
| Money Market Borrowings  | -         | 2,85     | -        | 10,00   |
| Subordinated Loans   | -         | 7,63     | -        | -       |
| Marketable Securities Issued   | -         | -        | -        | -       |
| Funds Provided From Other Financial Institutions   | 1,69      | 3,46     | -        | 6,72    |

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

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

**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 second quarter of 2018 is as follows:

| Current Period-30.06.2018         |  | 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>4.562.839</b>  | <b>3.553.213</b> |
| 1                                 | High quality liquid assets   | 6.880.489   | 5.869.099        | 4.562.839   | 3.553.213        |
| <b>CASH OUTFLOWS</b>              |  |   |                  |   |                  |
| 2                                 | <b>Retail and Small Business Customer Deposits</b>   | <b>14.137.486</b>   | <b>7.483.071</b> | <b>1.327.395</b>  | <b>748.307</b>   |
| 3                                 | Stable deposits  | 1.727.073   | -                | 86.354  | -                |
| 4                                 | Less stable deposits   | 12.410.413  | 7.483.071        | 1.241.041   | 748.307          |
| 5                                 | <b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>                          | <b>6.496.091</b>  | <b>5.128.633</b> | <b>3.280.156</b>  | <b>2.586.425</b> |
| 6                                 | Operational deposits   | 1.376   | 22               | 344   | 5                |
| 7                                 | Non-Operational Deposits   | 5.867.887   | 4.741.880        | 2.652.984   | 2.199.688        |
| 8                                 | Other Unsecured Funding  | 626.828   | 386.732          | 626.828   | 386.732          |
| 9                                 | Secured funding  | -   | -                | -   | -                |
| 10                                | <b>Other Cash Outflows</b>   | <b>5.060.327</b>  | <b>4.839.182</b> | <b>1.187.860</b>  | <b>2.805.341</b> |
| 11                                | Liquidity needs related to derivatives and market  | 801.020   | 2.563.478        | 801.020   | 2.563.478        |
| 12                                | Debts related to the structured financial products   | -   | -                | -   | -                |
| 13                                | Commitment related to debts to financial markets and other off balance sheet liabilities                 | 4.259.308   | 2.275.704        | 386.840   | 241.863          |
| 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>5.795.411</b>  | <b>6.140.074</b> |
| <b>CASH INFLOWS</b>               |  |   |                  |   |                  |
| 17                                | Secured Lending Transactions   | 39.775  | -                | -   | -                |
| 18                                | Unsecured Lending Transactions   | 2.685.386   | 958.268          | 2.117.294   | 810.897          |
| 19                                | Other contractual cash inflows   | 634.067   | 2.750.024        | 634.067   | 2.750.024        |
| 20                                | <b>TOTAL CASH INFLOWS</b>  | <b>3.359.228</b>  | <b>3.708.292</b> | <b>2.751.361</b>  | <b>3.560.922</b> |
|                                   |  |   |                  | <b>Upper Limit Applied Amounts</b>  |                  |
| 21                                | <b>TOTAL HQLA</b>  |   |                  | <b>4.562.839</b>  | <b>3.553.213</b> |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>   |   |                  | <b>3.044.050</b>  | <b>2.592.311</b> |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  |   |                  | <b>152,26</b>   | <b>148,01</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 second three months and their average values are given below:

|         | Current Year-30.06.2018 |            | Prior Year-31.12.2017 |            |
|---------|-------------------------|------------|-----------------------|------------|
|         | TL+FC                   | FC         | TL+FC                 | FC         |
| Lowest  | 125,18                  | 88,20      | 152,23                | 159,38     |
|         | 11.05.2018              | 22.06.2018 | 15.12.2017            | 27.10.2017 |
| Highest | 211,61                  | 247,26     | 279,50                | 326,64     |
| Week    | 06.04.2018              | 06.04.2018 | 17.11.2017            | 29.12.2017 |
| Average | 152,26                  | 148,01     | 196,62                | 236,33     |

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

| June 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 | 144.607          | 3.311.172           | -                  | -                | -                 | -                | -                  | 3.455.779         |
| Banks  | 776.315          | 923.062             | -                  | -                | -                 | -                | -                  | 1.699.377         |
| Financial Assets at Fair Value Through Profit and Loss   | -                | 1.037               | -                  | 117              | 394               | 1.448            | -                  | 2.996             |
| Money Market Placements  | -                | 10.011              | -                  | -                | -                 | -                | -                  | 10.011            |
| Financial Assets at Fair Value Through Other Comprehensive Income  | -                | -                   | -                  | -                | -                 | 186.656          | 9.067              | 195.723           |
| Loans (***)  | -                | 2.026.103           | 755.806            | 3.068.002        | 9.249.393         | 6.024.161        | 417.430            | 21.540.895        |
| Financial Assets Measured at Amortized Cost  | -                | -                   | 263.399            | 287.538          | 1.231.340         | 1.368.075        | -                  | 3.150.352         |
| Other Assets (****)  | -                | 178.185             | 156.404            | 659.703          | 505.313           | 25.829           | 1.239.551          | 2.764.985         |
| <b>Total Assets</b>  | <b>920.922</b>   | <b>6.449.570</b>    | <b>1.175.609</b>   | <b>4.015.360</b> | <b>10.986.440</b> | <b>7.606.169</b> | <b>1.666.048</b>   | <b>32.820.118</b> |
| <b>Liabilities</b>   |                  |                     |                    |                  |                   |                  |                    |                   |
| Bank Deposits  | 983              | 367.634             | 71.517             | -                | -                 | -                | -                  | 440.134           |
| Customer Deposits  | 1.315.904        | 15.408.060          | 4.088.832          | 175.827          | 955               | -                | -                  | 20.989.578        |
| Funds Provided From Other Financial Institutions   | -                | 46.949              | 444.136            | 1.675.277        | 838.744           | 684.848          | -                  | 3.689.954         |
| Money Market Borrowings  | -                | 148.369             | -                  | -                | -                 | -                | -                  | 148.369           |
| Marketable Securities Issued   | -                | -                   | -                  | -                | -                 | -                | -                  | -                 |
| Subordinated Loans (**)  | -                | -                   | -                  | -                | -                 | 1.417.862        | -                  | 1.417.862         |
| Other Liabilities (***)  | -                | 144.010             | 183.651            | 603.559          | 513.880           | 17.881           | 4.671.240          | 6.134.221         |
| <b>Total Liabilities</b>   | <b>1.316.887</b> | <b>16.115.022</b>   | <b>4.788.136</b>   | <b>2.454.663</b> | <b>1.353.579</b>  | <b>2.120.591</b> | <b>4.671.240</b>   | <b>32.820.118</b> |
| <b>Liquidity Gap</b>   | <b>(395.965)</b> | <b>(9.665.452)</b>  | <b>(3.612.527)</b> | <b>1.560.697</b> | <b>9.632.861</b>  | <b>5.485.578</b> | <b>(3.005.192)</b> | <b>-</b>          |
| <b>Net Off-Balance Sheet Position</b>  |                  |                     |                    |                  |                   |                  |                    |                   |
| Financial Derivative Assets  | -                | (133.094)           | (166.215)          | 23.693           | 21.304            | (1)              | -                  | (254.313)         |
| Financial Derivative Liabilities   | -                | 15.850.787          | 8.104.672          | 15.053.020       | 7.641.581         | 4.731.961        | -                  | 51.382.021        |
| <b>Non-Cash Loans</b>  | <b>296.857</b>   | <b>483.624</b>      | <b>372.215</b>     | <b>2.121.410</b> | <b>38.556</b>     | <b>-</b>         | <b>-</b>           | <b>3.312.662</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, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

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

(\*\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.951.549, tax liabilities amounting to TL 115.319, provisions amounting to TL 206.600 and other liabilities amounting to TL 397.771. In addition, other liabilities include derivative financial liabilities amounting to TL 1.462.982.

(\*\*\*\*) 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.

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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 8,80 % (December 31, 2017: 8,98 %). According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
|  | <b>30 June</b>        | <b>31 December</b>  |
|  | <b>2018 (*)</b>       | <b>2017 (*)</b>     |
| <b>Balance sheet transactions</b>  |                       |                     |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)     | 32.381.342            | 34.780.324          |
| 2 (Assets deducted from Core capital)  | (118.188)             | (64.033)            |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2)   | 32.263.154            | 34.716.291          |
| <b>Derivative financial assets and credit derivatives</b>  |                       |                     |
| 4 Cost of replenishment for derivative financial assets and credit derivatives                                   | 517.569               | 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)                 | 517.569               | 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   | 11.156.416            | 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)   | 11.156.416            | 4.919.073           |
| <b>Capital and total risk</b>  |                       |                     |
| 13 Core Capital  | 3.854.923             | 3.577.376           |
| 14 Total risk amount (sum of lines 3, 6, 9 and 12)   | 43.937.139            | 39.928.242          |
| <b>Leverage ratio</b>  |                       |                     |
| 15 Leverage ratio  | 8,82                  | 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 June 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<br>30 June<br>2018 | Prior Period<br>31 December<br>2017 | Current Period<br>30 June<br>2018 |
| 1 Credit risk (excluding counterparty credit risk) (CCR)                                 | 23.129.477                        | 20.911.154                          | 1.850.358                         |
| 2 Standardised approach (SA)   | 23.129.477                        | 20.911.154                          | 1.850.358                         |
| 3 Internal rating-based (IRB) approach   | -                                 | -                                   | -                                 |
| 4 Counterparty credit risk   | 1.492.194                         | 497.600                             | 119.376                           |
| 5 Standardised approach for counterparty credit risk (SA-CCR)                            | 1.492.194                         | 497.600                             | 119.376                           |
| 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   | 587.988                           | 1.516.863                           | 47.039                            |
| 17 Standardised approach (SA)  | 587.988                           | 1.516.863                           | 47.039                            |
| 18 Internal model approaches (IMM)   | -                                 | -                                   | -                                 |
| 19 Operational Risk  | 2.422.012                         | 1.812.150                           | 193.761                           |
| 20 Basic Indicator Approach  | 2.422.012                         | 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>27.631.671</b>                 | <b>24.737.767</b>                   | <b>2.210.534</b>                  |



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**VII. Explanations on Risk Management (continued)**

**b) Credit quality of assets**

| Gross carrying values of (according to TAS) |                             |                     |                         |                            |                   |
|---|-----------------------------|---------------------|-------------------------|----------------------------|-------------------|
| Current Period<br>30 June 2018              |                             | Defaulted exposures | Non-defaulted exposures | Allowances/<br>impairments | Net values        |
| 1   | Loans                       | 1.396.162           | 21.123.465              | 978.732                    | 21.540.895        |
| 2   | Debt Securities             | -                   | 3.340.345               | 341                        | 3.340.004         |
| 3   | Off-balance sheet exposures | 6.999               | 6.702.820               | 11.931                     | 6.697.888         |
| <b>4</b>                                    | <b>Total</b>                | <b>1.403.161</b>    | <b>31.166.630</b>       | <b>991.004</b>             | <b>31.578.787</b> |

| Gross carrying values of (according to TAS) |                             |                     |                         |                            |                   |
|---|-----------------------------|---------------------|-------------------------|----------------------------|-------------------|
| Prior Period<br>31 December 2017            |                             | Defaulted exposures | Non-defaulted exposures | Allowances/<br>impairments | Net values        |
| 1   | Loans                       | 1.075.472           | 22.001.678              | 445.644                    | 22.631.506        |
| 2   | Debt Securities             | -                   | 2.509.135               | 32.275                     | 2.476.860         |
| 3   | Off-balance sheet exposures | 11.665              | 4.064.955               | 7.349                      | 4.069.271         |
| <b>4</b>                                    | <b>Total</b>                | <b>1.087.137</b>    | <b>28.575.768</b>       | <b>485.268</b>             | <b>29.177.637</b> |

**c) Changes in stock of defaulted loans and debt securities**

|          | 30.06.2018  | 31.12.2017       |                  |
|----------|---|------------------|------------------|
| <b>1</b> | <b>Defaulted loans and debt securities at end of the previous reporting period</b>    | <b>1.075.472</b> | <b>688.443</b>   |
| 2        | Loans and debt securities that have defaulted since the last reporting period         | 678.599          | 804.461          |
| 3        | Returned to non-defaulted status  | -                | -                |
| 4        | Amounts written off   | (97.930)         | (21.088)         |
| 5        | Other changes   | (259.979)        | (396.344)        |
| <b>6</b> | <b>Defaulted loans and debt securities at end of the reporting period (1+2+3+4+5)</b> | <b>1.396.162</b> | <b>1.075.472</b> |

**d) Credit risk mitigation techniques – overview**

| Current Period<br>30 June 2018 | Exposures<br>unsecured:<br>carrying<br>amount | Exposures<br>secured by<br>collateral (*) | Exposures<br>secured by<br>collateral, of<br>which:<br>secured<br>amount (**) | Exposures<br>secured by<br>financial<br>guarantees | Exposures<br>secured by<br>financial<br>guarantees,<br>of which:<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives,<br>of which:<br>secured<br>amount |
|--------------------------------|---|---|---|--|---|--|---|
| 1                              | Loans   | 19.398.742                                | 2.142.152   | 393.797  | -   | -  | -   |
| 2                              | Debt securities                               | 3.340.004                                 | -   | -  | -   | -  | -   |
| <b>3</b>                       | <b>Total</b>                                  | <b>22.738.746</b>                         | <b>2.142.152</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| 4                              | Of which defaulted                            | 1.396.162                                 | 3   | 3  | -   | -  | -   |

| Prior Period<br>31 December 2017 | Exposures<br>unsecured:<br>carrying<br>amount | Exposures<br>secured by<br>collateral (*) | Exposures<br>secured by<br>collateral, of<br>which:<br>secured<br>amount (**) | Exposures<br>secured by<br>financial<br>guarantees | Exposures<br>secured by<br>financial<br>guarantees,<br>of which:<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives,<br>of which:<br>secured<br>amount |
|----------------------------------|---|---|---|--|---|--|---|
| 1                                | Loans   | 20.869.546                                | 1.761.960   | 323.973  | -   | -  | -   |
| 2                                | Debt securities                               | 2.476.860                                 | -   | -  | -   | -  | -   |
| <b>3</b>                         | <b>Total</b>                                  | <b>23.346.406</b>                         | <b>1.761.960</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| 4                                | Of which defaulted                            | 1.075.472                                 | -   | -  | -   | -  | -   |

(\*) Shows loans that are covered with cash collateral.

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

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**VII. Explanations on Risk Management (continued)**

**e) Standard approach – credit risk exposure and credit risk mitigation (CRM) effects**

| <b>Current Period - 30.06.2018</b> |   | <b>Exposures before CCF and CRM</b> |                                | <b>Exposures post-CCF and CRM</b> |                  | <b>RWA and RWA density</b> |            |
|------------------------------------|---|-------------------------------------|--------------------------------|-----------------------------------|------------------|----------------------------|------------|
| <b>Assets classes</b>              | <b>On-balance sheet amount</b>  | <b>Off-balance sheet amount</b>     | <b>On-balance sheet amount</b> | <b>Off-balance sheet amount</b>   | <b>RWA</b>       | <b>RWA density</b>         |            |
| 1                                  | Exposures to central governments or central banks                                     | 7.149.753                           | 43                             | 8.192.621                         | 4                | 2.177.253                  | %27        |
| 2                                  | Exposures to regional governments or local authorities                                | -                                   | -                              | -                                 | -                | -                          | -          |
| 3                                  | Exposures to public sector entities   | -                                   | -                              | -                                 | -                | -                          | -          |
| 4                                  | Exposures to multilateral development banks   | -                                   | -                              | -                                 | -                | -                          | -          |
| 5                                  | Exposures to international organisations  | -                                   | -                              | -                                 | -                | -                          | -          |
| 6                                  | Exposures to institutions   | 3.841.178                           | 2.361.248                      | 3.841.178                         | 51.232           | 1.466.515                  | %38        |
| 7                                  | Exposures to corporates   | 12.605.758                          | 3.089.062                      | 11.665.572                        | 1.843.796        | 13.509.368                 | %100       |
| 8                                  | Retail exposures  | 2.270.554                           | 921.427                        | 1.970.882                         | 46.957           | 1.520.306                  | %75        |
| 9                                  | Exposures secured by residential property   | 1.212.690                           | 32.867                         | 1.161.456                         | 16.608           | 412.322                    | %35        |
| 10                                 | Exposures secured by commercial real estate   | 5.227.772                           | 163.017                        | 5.057.091                         | 97.849           | 3.417.055                  | %66        |
| 11                                 | Past-due loans  | 752.645                             | -                              | 751.101                           | -                | 830.476                    | %111       |
| 12                                 | Higher-risk categories by the Agency Board  | 24.019                              | -                              | 24.019                            | -                | 23.722                     | %99        |
| 13                                 | Exposures in the form of covered bonds  | -                                   | -                              | -                                 | -                | -                          | -          |
| 14                                 | Exposures to institutions and corporates with a short-term credit assessment          | -                                   | -                              | -                                 | -                | -                          | -          |
| 15                                 | Exposures in the form of units or shares in collective investment undertakings (CIUs) | -                                   | -                              | -                                 | -                | -                          | -          |
| 16                                 | Other assets  | 1.023.616                           | -                              | 1.023.616                         | -                | 857.967                    | %84        |
| 17                                 | Investments in equities   | -                                   | -                              | -                                 | -                | -                          | -          |
| <b>18</b>                          | <b>Total</b>  | <b>34.107.985</b>                   | <b>6.567.664</b>               | <b>33.687.536</b>                 | <b>2.056.446</b> | <b>24.214.984</b>          | <b>68%</b> |

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

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**VII. Explanations on Risk Management (continued)**

**f) Standard approach – exposures by asset classes and risk weights**

| Current Period 30.06.2018<br>Asset classes/ Risk weight*                              | 0%               | 10%      | 20%              | 50%(*)           | 75%              | 100%              | 150%           | 200%     | Other            | Total credit               |
|---|------------------|----------|------------------|------------------|------------------|-------------------|----------------|----------|------------------|----------------------------|
|   |                  |          |                  |                  |                  |                   |                |          | (35% - 50% (**)) | risk exposure amount (***) |
| Exposures to central governments or central banks                                     | 5.416.246        | -        | -                | -                | -                | 1.578.126         | -              | -        | 1.198.253        | 8.192.625                  |
| Exposures to regional governments or local authorities                                | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to public sector entities   | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to multilateral development banks   | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to international organisations  | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to institutions   | -                | -        | 1.737.710        | -                | -                | 83.245            | -              | -        | 2.071.455        | 3.892.410                  |
| Exposures to corporates   | -                | -        | -                | -                | -                | 13.509.368        | -              | -        | -                | 13.509.368                 |
| Retail exposures  | -                | -        | -                | -                | 1.990.135        | 27.704            | -              | -        | -                | 2.017.839                  |
| Exposures secured by residential property   | -                | -        | -                | -                | -                | -                 | -              | -        | 1.178.064        | 1.178.064                  |
| Exposures secured by commercial real estate   | -                | -        | -                | 3.475.770        | -                | 1.679.170         | -              | -        | -                | 5.154.940                  |
| Past-due loans  | -                | -        | -                | -                | -                | 187.668           | 361.091        | -        | 202.342          | 751.101                    |
| Higher-risk categories by the Agency Board  | -                | -        | -                | -                | -                | 18.823            | 2.301          | -        | 2.895            | 24.019                     |
| Exposures in the form of covered bonds  | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to institutions and corporates with a short-term credit assessment          | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures in the form of units or shares in collective investment undertakings (CIUs) | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Investments in equities   | -                | -        | -                | -                | -                | -                 | -              | -        | -                | -                          |
| Other assets  | 165.649          | -        | -                | -                | -                | 857.967           | -              | -        | -                | 1.023.616                  |
| <b>Total</b>  | <b>5.581.895</b> | <b>-</b> | <b>1.737.710</b> | <b>3.475.770</b> | <b>1.990.135</b> | <b>17.942.071</b> | <b>363.392</b> | <b>-</b> | <b>4.653.009</b> | <b>35.743.982</b>          |

| Prior Period 31.12.2017<br>Asset classes/ Risk weight*                                | 0%               | 10%      | 20%            | 50%(*)           | 75%              | 100%              | 150%           | 200%     | Other            | Total credit               |
|---|------------------|----------|----------------|------------------|------------------|-------------------|----------------|----------|------------------|----------------------------|
|   |                  |          |                |                  |                  |                   |                |          | (35% - 50% (**)) | risk exposure amount (***) |
| Exposures to central governments or central banks                                     | 5.198.643        | -        | -              | -                | -                | 516.095           | -              | -        | 830.692          | 6.545.430                  |
| Exposures to regional governments or local authorities                                | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to public sector entities   | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to multilateral development banks   | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to international organisations  | 1                | -        | -              | -                | -                | -                 | -              | -        | -                | 1                          |
| Exposures to institutions   | -                | -        | 515.472        | -                | -                | 16.783            | -              | -        | 588.801          | 1.121.056                  |
| Exposures to corporates   | -                | -        | -              | -                | -                | 12.617.229        | -              | -        | -                | 12.617.229                 |
| Retail exposures  | -                | -        | -              | -                | 2.626.670        | 24.129            | -              | -        | -                | 2.650.799                  |
| Exposures secured by residential property   | -                | -        | -              | -                | -                | -                 | -              | -        | 1.070.387        | 1.070.387                  |
| Exposures secured by commercial real estate   | -                | -        | -              | 3.846.954        | -                | 1.792.702         | -              | -        | -                | 5.639.656                  |
| Past-due loans  | -                | -        | -              | -                | -                | 241.210           | 262.187        | -        | 98.530           | 601.927                    |
| Higher-risk categories by the Agency Board  | -                | -        | -              | -                | -                | 3.043             | 3.172          | -        | 543              | 6.758                      |
| Exposures in the form of covered bonds  | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures to institutions and corporates with a short-term credit assessment          | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Exposures in the form of units or shares in collective investment undertakings (CIUs) | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Investments in equities   | -                | -        | -              | -                | -                | -                 | -              | -        | -                | -                          |
| Other assets  | 243.150          | -        | -              | -                | -                | 532.197           | -              | -        | -                | 775.347                    |
| <b>Total</b>  | <b>5.441.794</b> | <b>-</b> | <b>515.472</b> | <b>3.846.954</b> | <b>2.626.670</b> | <b>15.743.388</b> | <b>265.359</b> | <b>-</b> | <b>2.588.953</b> | <b>31.028.590</b>          |

(\*) Collateralized with the Real Estate Mortgage

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

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

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**VII. Explanations on Risk Management (continued)**

**g) Analysis of counterparty credit risk (CCR) exposure by approach**

| <b>Current Period - 30.06.2018</b> |  | <b>Revaluation Cost</b> | <b>Potential credit risk exposure</b> | <b>EBPRT(*)</b> | <b>Alpha</b> | <b>Exposure after credit risk mitigation</b> | <b>Risk Weighted Amounts</b> |
|------------------------------------|--|-------------------------|---------------------------------------|-----------------|--------------|--|------------------------------|
| 1                                  | Standard Approach-CCR  | 1.479.435               | 610.799                               | -               | 1,4          | 2.056.459                                    | 1.078.980                    |
| 2                                  | Internal Model Approach  | -                       | -                                     | -               | -            | -  | -                            |
| 3                                  | Simplified Standardised Approach for Credit Risk Mitigation                                    | -                       | -                                     | -               | -            | -  | -                            |
| 4                                  | Comprehensive Method for Credit Risk Mitigation  | -                       | -                                     | -               | -            | 13.050                                       | 6.525                        |
| 5                                  | Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions | -                       | -                                     | -               | -            | 13.050                                       | 6.525                        |
| <b>6</b>                           | <b>Total</b>   | <b>-</b>                | <b>-</b>                              | <b>-</b>        | <b>-</b>     | <b>-</b>                                     | <b>1.085.505</b>             |

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

(\*) Effective expected positive risk amount

**h) Credit valuation adjustment (CVA) capital charge**

|  | <b>Current Period 30.06.2018</b>                       |                              | <b>Prior Period 31.12.2017</b>                         |                              |
|--|--|------------------------------|--|------------------------------|
|  | <b>Exposure (After credit risk mitigation methods)</b> | <b>Risk Weighted Amounts</b> | <b>Exposure (After credit risk mitigation methods)</b> | <b>Risk Weighted Amounts</b> |
| Total portfolio value with comprehensive approach CVA capital adequacy |  |                              |  |                              |
| 1 (i) Value at risk component (3*multiplier included)                  | -  | -                            | -  | -                            |
| 2 (ii) Stressed Value at Risk (3*multiplier included)                  | -  | -                            | -  | -                            |
| 3 Total portfolio value with simplified approach CVA capital adequacy  | 74   | 406.688                      | 667.115  | 136.833                      |
| 4 Total amount of CVA capital adequacy                                 | 74   | 406.688                      | 667.115  | 136.833                      |

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**VII. Explanations on Risk Management (continued)**

**i) Standard approach – CCR exposures by regulatory portfolio and risk weights**

| <b>Current Period 30.06.2018</b>  |               |            |                |                  |              |                |             |              | <b>Total</b>          |
|---|---------------|------------|----------------|------------------|--------------|----------------|-------------|--------------|-----------------------|
| <b>Risk Weights/ Risk Classes</b>                                       | <b>0%</b>     | <b>10%</b> | <b>20%</b>     | <b>50%</b>       | <b>75%</b>   | <b>100%</b>    | <b>150%</b> | <b>Other</b> | <b>Credit Risk(*)</b> |
| Central governments and central banks receivables                       | 23.643        | -          | -              | -                | -            | -              | -           | -            | -                     |
| Local governments and municipalities receivables                        | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Administrative and non commercial receivables                           | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Multilateral Development Bank receivables                               | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Internatinal Organisations receivables                                  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Banks and Intermediary Institutions receivables                         | -             | -          | 192.404        | 1.609.893        | -            | 48.006         | -           | -            | 891.434               |
| Corporate receivables   | -             | -          | -              | -                | -            | 189.593        | -           | -            | 189.593               |
| Retail receivables  | -             | -          | -              | -                | 5.970        | -              | -           | -            | 4.478                 |
| Mortgage receivables  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Non performing receivables  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| High risk defined receivables   | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Mortgage backed securities  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Securitisatıon Positions  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Short term credit rated banks and Intermediary Institutions receivables | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Collective investment undertaking investments                           | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Equity investments  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Other receivables   | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| Other assets(**)  | -             | -          | -              | -                | -            | -              | -           | -            | -                     |
| <b>Total</b>  | <b>23.643</b> | <b>-</b>   | <b>192.404</b> | <b>1.609.893</b> | <b>5.970</b> | <b>237.599</b> | <b>-</b>    | <b>-</b>     | <b>1.085.505</b>      |

| <b>Prior Period 31.12.2017</b>  |           |            |               |                |              |                |             |              | <b>Total</b>          |
|---|-----------|------------|---------------|----------------|--------------|----------------|-------------|--------------|-----------------------|
| <b>Risk Weights/ Risk Classes</b>                                       | <b>0%</b> | <b>10%</b> | <b>20%</b>    | <b>50%</b>     | <b>75%</b>   | <b>100%</b>    | <b>150%</b> | <b>Other</b> | <b>Credit Risk(*)</b> |
| Central governments and central banks receivables                       | -         | -          | -             | 159            | -            | -              | -           | -            | 79                    |
| Local governments and municipalities receivables                        | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Administrative and non commercial receivables                           | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Multilateral Development Bank receivables                               | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Internatinal Organisations receivables                                  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Banks and Intermediary Institutions receivables                         | -         | -          | 74.224        | 483.015        | -            | 484            | -           | -            | 256.836               |
| Corporate receivables   | -         | -          | -             | -              | -            | 99.934         | -           | -            | 99.934                |
| Retail receivables  | -         | -          | -             | -              | 5.224        | -              | -           | -            | 3.918                 |
| Mortgage receivables  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Non performing receivables  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| High risk defined receivables   | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Mortgage backed securities  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Securitisatıon Positions  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Short term credit rated banks and Intermediary Institutions receivables | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Collective investment undertaking investments                           | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Equity investments  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Other receivables   | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| Other assets(**)  | -         | -          | -             | -              | -            | -              | -           | -            | -                     |
| <b>Total</b>  | <b>-</b>  | <b>-</b>   | <b>74.224</b> | <b>483.174</b> | <b>5.224</b> | <b>100.418</b> | <b>-</b>    | <b>-</b>     | <b>360.767</b>        |

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

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

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**VII. Explanations on Risk Management (continued)**

- j) **Composition of collateral for CCR exposure:** Due to absence of derivative collateral considered in the calculation of capital adequacy, related table was not given.
- k) **Credit derivatives exposures:** None.
- l) **Risk exposure to CCP:** None.
- m) **Securization explanation:** None.
- n) **Market risk under standardised approach:**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
|   | <b>30.06.2018</b>     | <b>31.12.2017</b>   |
|   | <b>RWA</b>            | <b>RWA</b>          |
| <b>Outright products</b>                    |                       |                     |
| 1 Interest rate risk (general and specific) | 542.950               | 1.461.086           |
| 2 Equity risk (general and specific)        | -                     | -                   |
| 3 Foreign exchange risk                     | 33.488                | 26.063              |
| 4 Commodity risk                            | -                     | -                   |
| <b>Options</b>                              |                       |                     |
| 5 Simplified approach                       | -                     | -                   |
| 6 Delta-plus method                         | 11.550                | 29.714              |
| 7 Scenario approach                         | -                     | -                   |
| 8 Securitisation                            | -                     | -                   |
| <b>9 Total</b>                              | <b>587.988</b>        | <b>1.516.863</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<br/>(1 January-30 June 2018)</b> | <b>Corporate,<br/>Commercial,SME</b> | <b>Retail<br/>Banking</b> | <b>Treasury</b>  | <b>Other and<br/>Unallocated<br/>(* )</b> | <b>Bank's Total<br/>Activities</b> |
|--|--------------------------------------|---------------------------|------------------|---|------------------------------------|
| Net Interest Income                                | 287.269                              | 105.714                   | 16.062           | 212.725                                   | 621.770                            |
| Net Fee and Commission Income                      | 37.597                               | 26.307                    | (738)            | (4.278)                                   | 58.888                             |
| Dividend Income                                    | -                                    | -                         | -                | 7   | 7                                  |
| Other Operating Income and Net Profit/Loss         | 10.161                               | 10.299                    | 38.331           | (38.486)                                  | 20.305                             |
| <b>Operating Income</b>                            | <b>335.027</b>                       | <b>142.320</b>            | <b>53.655</b>    | <b>169.968</b>                            | <b>700.970</b>                     |
| Other Operating Expenses (**)                      | -                                    | -                         | -                | (288.340)                                 | (288.340)                          |
| Credit and Other Provisions                        | (225.363)                            | (37.811)                  | -                | 60.478                                    | (202.696)                          |
| <b>Profit Before Tax</b>                           | -                                    | -                         | -                | <b>209.934</b>                            | <b>209.934</b>                     |
| <b>Tax Provision</b>                               | -                                    | -                         | -                | <b>(46.252)</b>                           | <b>(46.252)</b>                    |
| <b>Net Profit</b>                                  | -                                    | -                         | -                | <b>163.682</b>                            | <b>163.682</b>                     |
| <b>Total Asset</b>                                 | <b>19.570.395</b>                    | <b>2.355.892</b>          | <b>3.603.790</b> | <b>7.290.041</b>                          | <b>32.820.118</b>                  |
| Segment Assets                                     | 19.570.395                           | 2.355.892                 | 3.603.790        | 7.290.041                                 | 32.820.118                         |
| <b>Total Liability</b>                             | <b>6.902.341</b>                     | <b>14.448.474</b>         | <b>5.402.032</b> | <b>6.067.271</b>                          | <b>32.820.118</b>                  |
| Segment Liability                                  | 6.902.341                            | 14.448.474                | 5.402.032        | 6.067.271                                 | 32.820.118                         |
| Subordinated Loan                                  | -                                    | -                         | -                | 1.417.862                                 | 1.417.862                          |
| Equity   | -                                    | -                         | -                | 3.951.549                                 | 3.951.549                          |

(\*) 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<br/>(1 January-31 December 2017)(**)</b> | <b>Corporate,<br/>Commercial,SME</b> | <b>Retail<br/>Banking</b> | <b>Treasury</b>  | <b>Other and<br/>Unallocated<br/>(* )</b> | <b>Bank's Total<br/>Activities</b> |
|--|--------------------------------------|---------------------------|------------------|---|------------------------------------|
| Net Interest Income                                      | 319.451                              | 116.362                   | 11.794           | 309.341                                   | 756.948                            |
| Net Fee and Commission Income                            | 71.103                               | 28.720                    | (1.647)          | (5.529)                                   | 92.647                             |
| Other Operating Income and Net Profit/Loss               | (13.507)                             | 8.705                     | 15.896           | (177.881)                                 | (166.787)                          |
| <b>Operating Income</b>                                  | <b>377.047</b>                       | <b>153.787</b>            | <b>26.043</b>    | <b>125.931</b>                            | <b>682.808</b>                     |
| Other Operating Expenses                                 | -                                    | -                         | -                | (363.040)                                 | (363.040)                          |
| Credit and Other Provisions                              | (80.195)                             | (49.286)                  | -                | -   | (129.481)                          |
| <b>Profit Before Tax</b>                                 | -                                    | -                         | -                | <b>190.287</b>                            | <b>190.287</b>                     |
| <b>Tax Provision</b>                                     | -                                    | -                         | -                | <b>(39.987)</b>                           | <b>(39.987)</b>                    |
| <b>Net Profit</b>  | -                                    | -                         | -                | <b>150.300</b>                            | <b>150.300</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        | 5.895.673                                 | 33.104.375                         |
| 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 June 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:**

|  | June 30, 2018  |                  | December 31, 2017 |                  |
|--|----------------|------------------|-------------------|------------------|
|  | TL             | FC               | TL                | FC               |
| Cash in Vault                            | 54.927         | 89.633           | 86.483            | 95.952           |
| Balances with the Central Bank of Turkey | 616.241        | 2.694.978        | 1.403.639         | 2.145.746        |
| Other                                    | -              | -                | -                 | -                |
| <b>Total</b>                             | <b>671.168</b> | <b>2.784.611</b> | <b>1.490.122</b>  | <b>2.241.698</b> |

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

|                            | June 30, 2018  |                  | December 31, 2017 |                  |
|----------------------------|----------------|------------------|-------------------|------------------|
|                            | TL             | FC               | TL                | FC               |
| Demand unrestricted amount | 616.241        | 108              | 1.403.639         | 164              |
| Time unrestricted amount   | -              | -                | -                 | -                |
| Time restricted amount     | -              | 2.694.870        | -                 | 2.145.582        |
| <b>Total</b>               | <b>616.241</b> | <b>2.694.978</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 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 June 2018 (31 December 2017: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 June 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>June 30, 2018</b> |           |
|----------------------------------|----------------------|-----------|
|                                  | <b>TL</b>            | <b>FC</b> |
| Classified as unrestricted       | 2.996                | -         |
| Subject to repurchase agreements | -                    | -         |
| Given as collateral/blocked      | -                    | -         |
| <b>Total</b>                     | <b>2.996</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>June 30, 2018</b> |                | <b>December 31, 2017</b> |               |
|----------------------|----------------------|----------------|--------------------------|---------------|
|                      | <b>TL</b>            | <b>FC</b>      | <b>TL</b>                | <b>FC</b>     |
| Forward Transactions | 135.850              | 2.081          | 18.038                   | 2.445         |
| Swap Transactions    | 978.626              | 97.339         | 332.524                  | 40.445        |
| Futures Transactions | -                    | -              | -                        | -             |
| Options              | 304.278              | 7.260          | 23.886                   | 3.778         |
| Other                | -                    | -              | -                        | -             |
| <b>Total</b>         | <b>1.418.754</b>     | <b>106.680</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>June 30, 2018</b> |                  | <b>December 31, 2017</b> |                |
|---------------------------------|----------------------|------------------|--------------------------|----------------|
|                                 | <b>TL</b>            | <b>FC</b>        | <b>TL</b>                | <b>FC</b>      |
| Banks                           |                      |                  |                          |                |
| Domestic                        | 350.559              | 343.622          | 203                      | 1              |
| Foreign                         | -                    | 1.005.196        | -                        | 286.525        |
| Branches and head office abroad | -                    | -                | -                        | -              |
| <b>Total</b>                    | <b>350.559</b>       | <b>1.348.818</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>June 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 June 30, 2018, there is no financial assets at fair value through other comprehensive income subject to repurchase agreements (31 December 2017: None).

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

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

|                                   | <b>June 30,<br/>2018</b> |
|-----------------------------------|--------------------------|
| Debt securities                   | 186.656                  |
| Quoted on a stock exchange        | 186.656                  |
| Not quoted                        | -                        |
| Share certificates                | 9.067                    |
| Quoted on a stock exchange        | -                        |
| Not quoted                        | 9.067                    |
| Value Decrease (-) / Increase (+) | -                        |
| <b>Total</b>                      | <b>195.723</b>           |

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

|                                   | <b>December 31,<br/>2017</b> |
|-----------------------------------|------------------------------|
| Debt securities                   | 1.254.532                    |
| Quoted on a stock exchange        | 1.254.532                    |
| Not quoted                        | -                            |
| Share certificates                | 7.901                        |
| Quoted on a stock exchange        | -                            |
| Not quoted                        | 7.901                        |
| Value Decrease (-) / Increase (+) | -                            |
| <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>June 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   | 692                  | -               | 304                      | -               |
| Corporate shareholders                 | 692                  | -               | 304                      | -               |
| Real person shareholders               | -                    | -               | -                        | -               |
| Indirect loans granted to shareholders | -                    | 41.010          | -                        | 21.257          |
| Loans granted to employees             | 6.001                | -               | 7.304                    | -               |
| <b>Total</b>                           | <b>6.693</b>         | <b>41.010</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:

| Cash Loans                      | Stage 2 (*)       |                                      |                                       |                  |
|---------------------------------|-------------------|--------------------------------------|---------------------------------------|------------------|
|                                 | Standard loans    | Not under the scope of restructuring | Loans under restructuring             |                  |
|                                 |                   |                                      | Modifications on agreement conditions | Refinancing      |
| Non-specialized loans           | 15.489.813        | 4.462.692                            | -                                     | 1.170.960        |
| Loans given to enterprises      | -                 | -                                    | -                                     | -                |
| Export loans                    | 954.289           | 44.393                               | -                                     | 11.583           |
| Foreign loans                   | 751.189           | 58.990                               | -                                     | 46.542           |
| Loans given to financial sector | 16.759            | -                                    | -                                     | -                |
| Consumer loans                  | 1.408.173         | 114.260                              | -                                     | 30.067           |
| Credit cards                    | 462.114           | 21.139                               | -                                     | -                |
| Other                           | 11.897.289        | 4.223.910                            | -                                     | 1.082.768        |
| Specialized lending             | -                 | -                                    | -                                     | -                |
| Other receivables               | -                 | -                                    | -                                     | -                |
| <b>Total</b>                    | <b>15.489.813</b> | <b>4.462.692</b>                     | <b>-</b>                              | <b>1.170.960</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 2.669.046.

| First and Second Stage Expected Loss Provisions | Standard Loans | Loans Under Close Monitoring |
|---|----------------|------------------------------|
| 12-Month provisions for possible losses         | 114.093        | -                            |
| Significant increase in credit risk             | -              | 249.604                      |
| <b>Total</b>                                    | <b>114.093</b> | <b>249.604</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 Regulation had been applied, the Bank has total excess general provisions of 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      | 66.351                | 1.170.960                           |
| Extended by 3,4 or 5 times    | -                     | -                                   |
| Extended by more than 5 times | -                     | -                                   |
| <b>Total</b>                  | <b>66.351</b>         | <b>1.170.960</b>                    |

| <b>Number of modifications made to extend payment plan</b> | <b>Standard loans</b> | <b>Loans under close monitoring (*)</b> |
|--|-----------------------|---|
| 0 - 6 Months   | 6.123                 | 227.642                                 |
| 6 - 12 Months  | 10.394                | 72.092                                  |
| 1 - 2 Years  | 19.106                | 340.549                                 |
| 2 - 5 Years  | 30.728                | 530.677                                 |
| 5 Years and over   | -                     | -                                       |
| <b>Total</b>   | <b>66.351</b>         | <b>1.170.960</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 June 2018</b>                 | <b>Corporate and Commercial</b> | <b>SME</b>       | <b>Consumer Loans</b> | <b>Total</b>      |
|-------------------------------------|---------------------------------|------------------|-----------------------|-------------------|
| Standard Loans                      | 11.445.443                      | 2.208.887        | 1.835.483             | 15.489.813        |
| Watchlist                           | 1.835.801                       | 939.330          | 189.475               | 2.964.606         |
| Significant Increase in Credit Risk | 2.256.369                       | 412.677          | -                     | 2.669.046         |
| Non-performing Loans                | 572.859                         | 572.113          | 251.190               | 1.396.162         |
| Specific Provision (-)              | (294.871)                       | (183.485)        | (136.679)             | (615.035)         |
| <b>Total</b>                        | <b>15.815.601</b>               | <b>3.949.522</b> | <b>2.139.469</b>      | <b>21.904.592</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>5.620</b>   | <b>1.431.774</b>     | <b>1.437.394</b> |
| Housing Loans                                 | -              | 489.184              | 489.184          |
| Car Loans                                     | -              | 13.547               | 13.547           |
| General Purpose Loans                         | 5.620          | 929.043              | 934.663          |
| Other   | -              | -                    | -                |
| <b>Consumer Loans - Indexed to FC</b>         | -              | -                    | -                |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Consumer Loans - FC</b>                    | -              | <b>81.084</b>        | <b>81.084</b>    |
| Housing Loans                                 | -              | 81.084               | 81.084           |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Individual Credit Cards - TL</b>           | <b>453.119</b> | <b>17.384</b>        | <b>470.503</b>   |
| With Installments                             | 134.125        | 17.384               | 151.509          |
| Without Installments                          | 318.994        | -                    | 318.994          |
| <b>Individual Credit Cards-FC</b>             | <b>103</b>     | -                    | <b>103</b>       |
| With Installments                             | -              | -                    | -                |
| Without Installments                          | 103            | -                    | 103              |
| <b>Personnel Loans - TL</b>                   | <b>155</b>     | <b>3.992</b>         | <b>4.147</b>     |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | 155            | 3.992                | 4.147            |
| Other   | -              | -                    | -                |
| <b>Personnel Loans- Indexed to FC</b>         | -              | -                    | -                |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Personnel Loans - FC</b>                   | -              | -                    | -                |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Personnel Credit Cards - TL</b>            | <b>1.853</b>   | <b>1</b>             | <b>1.854</b>     |
| With Installments                             | 821            | 1                    | 822              |
| Without Installments                          | 1.032          | -                    | 1.032            |
| <b>Personnel Credit Cards - FC</b>            | -              | -                    | -                |
| With Installments                             | -              | -                    | -                |
| Without Installments                          | -              | -                    | -                |
| <b>Overdraft Accounts – TL (Real Persons)</b> | <b>29.873</b>  | -                    | <b>29.873</b>    |
| <b>Overdraft Accounts – FC (Real Persons)</b> | -              | -                    | -                |
| <b>Total</b>                                  | <b>490.723</b> | <b>1.534.235</b>     | <b>2.024.958</b> |

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

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>322.222</b> | <b>4.864.124</b>     | <b>5.186.346</b>  |
| Business Loans  | -              | 6.858                | 6.858             |
| Car Loans   | 15             | 16.996               | 17.011            |
| General Purpose Loans   | 322.207        | 4.840.270            | 5.162.477         |
| Other   | -              | -                    | -                 |
| <b>Commercial loans with installment facility-Indexed to FC</b> | <b>13.729</b>  | <b>588.713</b>       | <b>602.442</b>    |
| Business Loans  | -              | -                    | -                 |
| Car Loans   | -              | 630                  | 630               |
| General Purpose Loans   | 13.729         | 588.083              | 601.812           |
| Other   | -              | -                    | -                 |
| <b>Commercial loans with installment facility -FC</b>           | <b>11.392</b>  | <b>9.628.710</b>     | <b>9.640.102</b>  |
| Business Loans  | -              | -                    | -                 |
| Car Loans   | -              | -                    | -                 |
| General Purpose Loans   | 11.392         | 9.628.710            | 9.640.102         |
| Other   | -              | -                    | -                 |
| <b>Corporate Credit Cards-TL</b>                                | <b>10.764</b>  | -                    | <b>10.764</b>     |
| With Installments   | 2.630          | -                    | 2.630             |
| Without Installments  | 8.134          | -                    | 8.134             |
| <b>Corporate Credit Cards-FC</b>                                | <b>29</b>      | -                    | <b>29</b>         |
| With Installments   | -              | -                    | -                 |
| Without Installments  | 29             | -                    | 29                |
| <b>Overdraft Accounts-TL (Legal Entities)</b>                   | <b>51.118</b>  | -                    | <b>51.118</b>     |
| <b>Overdraft Accounts-FC (Legal Entities)</b>                   | <b>-</b>       | <b>-</b>             | <b>-</b>          |
| <b>Total</b>  | <b>409.254</b> | <b>15.081.547</b>    | <b>15.490.801</b> |

f) Distribution of domestic and foreign loans:

|                | June 30,<br>2018  | December 31,<br>2017 |
|----------------|-------------------|----------------------|
| Domestic loans | 20.266.744        | 21.558.475           |
| Foreign loans  | 856.721           | 443.203              |
| <b>Total</b>   | <b>21.123.465</b> | <b>22.001.678</b>    |

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

|  | June 30,<br>2018     |
|--|----------------------|
| Specific provisions                                |                      |
| Loans with limited collectability                  | 261.506              |
| Loans with doubtful collectability                 | 125.510              |
| Uncollectible loans                                | 228.019              |
| <b>Total</b>                                       | <b>615.035</b>       |
|  | December 31,<br>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) 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 (+)   | 678.599                                  | -   | -                          |
| Transfers from other categories of non-performing loans (+) | -  | 306.100                                   | 343.220                    |
| Transfers to other categories of non-performing loans (-)   | 306.100                                  | 343.220                                   | -                          |
| Collections (-)   | 53.863                                   | 21.374                                    | 184.742                    |
| Write-offs (-) (*)  | -  | -   | 97.930                     |
| Sold  |  |   |                            |
| Corporate and commercial loans                              | -  | -   | -                          |
| Retail loans  | -  | -   | -                          |
| Credit cards  | -  | -   | -                          |
| Other (-)   | -  | -   | -                          |
| <b>June 30, 2018 balance</b>                                | <b>493.441</b>                           | <b>324.502</b>                            | <b>578.219</b>             |
| Specific provision (-)                                      | 261.506                                  | 125.510                                   | 228.019                    |
| <b>Net Balances on Balance Sheet</b>                        | <b>231.935</b>                           | <b>198.992</b>                            | <b>350.200</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<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and other<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans and other<br/>receivables</b> |
| <b>June 30, 2018 (Net)</b>                       | <b>231.935</b>   | <b>198.992</b>  | <b>350.200</b>   |
| Loans to Real Persons and Legal Entities (Gross) | 493.441  | 324.502   | 578.219  |
| Specific provision (-)                           | 261.506  | 125.510   | 228.019  |
| Loans to Real Persons and Legal Entities (Net)   | 231.935  | 198.992   | 350.200  |
| 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, discounts 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<br/>with limited<br/>collectability</b> | <b>Loans with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans</b> |
| <b>Current Period (Net)</b>                            |  |   |                                |
| Interest Accruals, Discounts and Valuation Differences | 4.703  | 4.923   | 39                             |
| Special Provision Amount (-)                           | 4.703  | 4.923   | 39                             |
| <b>Prior Period (Net)</b>                              |  |   |                                |
| Interest Accruals, Discounts 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 June 30, 2018, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 350.200 (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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**I. Explanations and Disclosures Related to the Assets (continued)**

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

a) Information on financial assets given as collateral or blocked: As of June 30, 2018, financial assets measured at amortized cost given as collateral is amounting to TL 1.079.553.

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 June 30, 2018, financial assets measured at amortized cost subject to repurchase agreements is amounting to TL 203.810.

c) The Bank has TL 3.150.352 financial assets measured at amortized cost as of June 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>June 30,<br/>2018</b> |
|---|--------------------------|
| Beginning Balance                                   | 447.133                  |
| Foreign Currency Differences on Monetary Assets (*) | 247.282                  |
| Purchases During Year                               | 1.142.916                |
| Transfers (**)                                      | 1.313.021                |
| Disposals Through Sales and Redemptions             | -                        |
| Impairment Provision (-)                            | -                        |
| <b>Total</b>  | <b>3.150.352</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 classified 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,<br/>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 June 30, 2018, the Bank has deferred tax asset amounting to TL 146.028 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 June 30, 2018 the Bank has assets held for sale and discontinued operations amounting to TL 201.861 (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) **June 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             | 199.376          | -                   | 1.626.569        | 4.193.946         | 111.661        | 9.183          | 8.267           | -                     | 6.149.002         |
| Foreign currency deposits   | 837.539          | -                   | 1.509.611        | 10.895.478        | 52.747         | 167.016        | 21.426          | -                     | 13.483.817        |
| Residents in Turkey         | 801.253          | -                   | 1.469.929        | 10.569.093        | 52.291         | 164.904        | 6.732           | -                     | 13.064.202        |
| Residents abroad            | 36.286           | -                   | 39.682           | 326.385           | 456            | 2.112          | 14.694          | -                     | 419.615           |
| Public sector deposits      | 5.165            | -                   | -                | -                 | -              | -              | -               | -                     | 5.165             |
| Commercial deposits         | 199.436          | -                   | 153.934          | 749.083           | 99.596         | 25.230         | 44              | -                     | 1.227.323         |
| Other institutions deposits | 924              | -                   | 2.049            | 47.806            | -              | 28             | -               | -                     | 50.807            |
| Precious metals deposits    | 73.464           | -                   | -                | -                 | -              | -              | -               | -                     | 73.464            |
| Interbank deposits          | 983              | -                   | -                | 416.202           | 749            | 22.200         | -               | -                     | 440.134           |
| Central Bank of Turkey      | -                | -                   | -                | -                 | -              | -              | -               | -                     | -                 |
| Domestic Banks              | -                | -                   | -                | -                 | -              | -              | -               | -                     | -                 |
| Foreign Banks               | 983              | -                   | -                | 416.202           | 749            | 22.200         | -               | -                     | 440.134           |
| Participation Banks         | -                | -                   | -                | -                 | -              | -              | -               | -                     | -                 |
| Other                       | -                | -                   | -                | -                 | -              | -              | -               | -                     | -                 |
| <b>Total</b>                | <b>1.316.887</b> | <b>-</b>            | <b>3.292.163</b> | <b>16.302.515</b> | <b>264.753</b> | <b>223.657</b> | <b>29.737</b>   | <b>-</b>              | <b>21.429.712</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 |                   |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
|  | June 30, 2018                    | December 31, 2017 | June 30, 2018                    | December 31, 2017 |
| Saving deposits  | 2.098.722                        | 2.534.217         | 4.050.280                        | 5.503.988         |
| Foreign currency saving deposits   | 559.545                          | 582.697           | 7.353.609                        | 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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**II. Explanations and Disclosures Related to the Liabilities (continued)**

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

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

|  | <b>June 30,<br/>2018</b> | <b>December 31,<br/>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                                      | 4.368                    | 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:**

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

|                      | <b>June 30, 2018</b> |               | <b>December 31, 2017</b> |               |
|----------------------|----------------------|---------------|--------------------------|---------------|
|                      | <b>TL</b>            | <b>FC</b>     | <b>TL</b>                | <b>FC</b>     |
| Forward Transactions | 125.783              | 4.821         | 5.244                    | 302           |
| Swap Transactions    | 939.330              | 58.075        | 308.446                  | 69.711        |
| Futures Transactions | -                    | -             | -                        | -             |
| Options              | 325.964              | 9.009         | 16.133                   | 4.635         |
| Other                | -                    | -             | -                        | -             |
| <b>Total</b>         | <b>1.391.077</b>     | <b>71.905</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:

|  | June 30, 2018 |                  | December 31, 2017 |                  |
|--|---------------|------------------|-------------------|------------------|
|  | TL            | FC               | TL                | FC               |
| From Domestic Banks and Institutions       | 2.037         | 22.522           | 2.940             | 29.272           |
| From Foreign Banks, Institutions and Funds | -             | 3.665.395        | -                 | 2.910.508        |
| <b>Total</b>                               | <b>2.037</b>  | <b>3.687.917</b> | <b>2.940</b>      | <b>2.939.780</b> |

b) Maturity analysis of borrowings:

|                      | June 30, 2018 |                  | December 31, 2017 |                  |
|----------------------|---------------|------------------|-------------------|------------------|
|                      | TL            | FC               | TL                | FC               |
| Short-term           | 2.037         | 971.972          | 353               | 904.327          |
| Medium and long-term | -             | 2.715.945        | 2.587             | 2.035.453        |
| <b>Total</b>         | <b>2.037</b>  | <b>3.687.917</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:

|  | June 30, 2018  | December 31, 2017 |
|--|----------------|-------------------|
| Funds Provided Under Repurchase Agreements | 148.369        | -                 |
| <b>Total</b>                               | <b>148.369</b> | <b>-</b>          |

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

None.

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

None.

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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 for hedging purposes: None.**

**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:

|   | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Employee termination benefit provision          | 6.148                | 5.745                    |
| Unused vacation provision                       | 6.076                | 5.257                    |
| <b>Total of provision for employee benefits</b> | <b>12.224</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:

|   | <b>June 30, 2018</b> |
|---|----------------------|
| <b>Balance at beginning of the year</b>   | <b>5.745</b>         |
| Change within the period                  | 1.344                |
| Actuarial gain/loss transferred to equity | -                    |
| Paid during the year                      | (941)                |
| <b>Balance at end of the period</b>       | <b>6.148</b>         |

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

c) Information on other provisions:

c.1) Provisions for possible losses: TL 161.451 (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 personnel premium amounting to TL 12.500 (December 31, 2017: TL 25.000) and promotions for credit cards and banking services amounting to TL 780 for the year of 2018 (December 31, 2017: TL 941).

c.3) Third stage expected loss provisions for NPL customers' non-cash loans that are not converted into cash: As of June 30, 2018, the Bank has allocated first and second stage provisions amounting to TL 12.884 for non-cash loans and third stage provisions amounting to 6.761 for NPL customers' non-cash loans that are not converted into cash (December 31, 2017: TL 7.349 specific 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 June 30, 2018, the Bank has corporate income tax provision amounting to TL 75.817, which is netted with prepaid taxes amounting to TL 18.507 and shown in the liabilities amounting to TL 57.310 (December 31, 2017: TL 1.495 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

|                                  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|----------------------------------|----------------------|--------------------------|
| Payroll Tax                      | 3.025                | 9.365                    |
| Withholding tax on deposits      | 19.640               | 26.283                   |
| BITT                             | 27.447               | 15.996                   |
| Property Tax                     | 641                  | 483                      |
| Value Added Tax Payable          | 277                  | 735                      |
| Stamp Tax                        | 101                  | 273                      |
| Corporate Taxes Payable          | 57.310               | 1.495                    |
| Foreign Exchange Transaction Tax | -                    | -                        |
| Other                            | 295                  | 548                      |
| <b>Total</b>                     | <b>108.736</b>       | <b>55.178</b>            |



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

a.3) Information on premiums:

|  | June 30, 2018 | December 31, 2017 |
|--|---------------|-------------------|
| Social Security Premiums-Employer                    | 3.172         | 3.417             |
| Social Security Premiums-Employee                    | 2.815         | 3.085             |
| Unemployment Insurance-Employer                      | 397           | 435               |
| Unemployment Insurance-Employee                      | 199           | 217               |
| Pension Fund Membership Fees and Provisions-Employee | -             | -                 |
| Pension Fund Membership Fees and Provisions-Employer | -             | -                 |
| Bank Social Aid Pension Fund Premium-Employee        | -             | -                 |
| Bank Social Aid Pension Fund Premium-Employer        | -             | -                 |
| Other  | -             | -                 |
| <b>Total</b>   | <b>6.583</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:**

|                                  | June 30, 2018 |                  | December 31, 2017 |                  |
|----------------------------------|---------------|------------------|-------------------|------------------|
|                                  | TL            | FC               | TL                | FC               |
| From domestic banks              | -             | -                | -                 | -                |
| From other domestic institutions | -             | -                | -                 | -                |
| From foreign banks               | -             | -                | -                 | -                |
| From other foreign institutions  | -             | 1.417.862        | -                 | 1.174.992        |
| <b>Total</b>                     | -             | <b>1.417.862</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 June 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               | June 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>June 30, 2018</b> |
|-----------------------------|----------------------|
| Valuation Difference        | (2.763)              |
| Foreign Exchange Difference | -                    |
| <b>Total</b>                | <b>(2.763)</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>June 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>June 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>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| Forward asset purchase and sales commitments | 2.453.248            | 298.884                  |
| Loan granting commitments                    | 183.721              | 237.158                  |
| Commitments for checks                       | 41.833               | 72.796                   |
| Credit card limit commitments                | 710.282              | 883.203                  |
| Other irrevocable commitments                | 8.073                | 6.689                    |
| <b>Total</b>                                 | <b>3.397.157</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>June 30, 2018</b> | <b>December 31, 2017</b> |
|-----------------------|----------------------|--------------------------|
| Letters of guarantee  | 1.550.433            | 1.460.185                |
| Letters of credit     | 960.185              | 845.476                  |
| Bank acceptance loans | 419.699              | 142.251                  |
| Other guarantees      | 382.345              | 129.978                  |
| <b>Total</b>          | <b>3.312.662</b>     | <b>2.577.890</b>         |

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

|                                | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--------------------------------|----------------------|--------------------------|
| Definite letter of guarantees  | 905.027              | 1.016.686                |
| Temporary letter of guarantees | 32.040               | 40.364                   |
| Other letter of guarantees     | 613.366              | 403.135                  |
| <b>Total</b>                   | <b>1.550.433</b>     | <b>1.460.185</b>         |

c) Total amount of non-cash loans:

|   | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Non-cash loans given to cover cash loans    | 403.590              | 194.378                  |
| With maturity of 1 year or less than 1 year | 403.590              | 194.378                  |
| With maturity of more than 1 year           | -                    | -                        |
| Other non-cash loans                        | 2.909.072            | 2.383.512                |
| <b>Total</b>                                | <b>3.312.662</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:**

|  | June 30, 2018  |                | June 30, 2017    |                |
|--|----------------|----------------|------------------|----------------|
|  | TL             | FC             | TL               | FC             |
| Interest on loans (*)                        |                |                |                  |                |
| Short term loans                             | 296.912        | 18.012         | 377.038          | 24.703         |
| Medium and long term loans                   | 654.493        | 334.641        | 680.476          | 363.217        |
| Interest collected from non-performing loans | 4.744          | -              | 2.829            | -              |
| <b>Total</b>                                 | <b>956.149</b> | <b>352.653</b> | <b>1.060.343</b> | <b>387.920</b> |

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

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

|   | June 30, 2018 |               | June 30, 2017 |               |
|---|---------------|---------------|---------------|---------------|
|   | TL            | FC            | TL            | FC            |
| From The Central Bank of Republic of Turkey | 8.028         | 15.741        | 10.555        | 11.668        |
| From domestic banks                         | 69.999        | 2.251         | 54.609        | 1.144         |
| From foreign banks                          | 20            | 1.601         | 7             | 1.254         |
| From branches and offices abroad            | -             | -             | -             | -             |
| <b>Total</b>                                | <b>78.047</b> | <b>19.593</b> | <b>65.171</b> | <b>14.066</b> |

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

|   | June 30, 2018 |               |
|---|---------------|---------------|
|   | TL            | FC            |
| Financial assets at fair value through profit or loss (Net)       | 172           | 1             |
| Financial assets at fair value through other comprehensive income | -             | 20.046        |
| Financial Assets Measured at Amortized Cost                       | 35.354        | 44.089        |
| <b>Total</b>  | <b>35.526</b> | <b>64.136</b> |

  

|  | June 30, 2017 |               |
|--|---------------|---------------|
|  | TL            | FC            |
| Trading securities                                     | 197           | -             |
| Financial assets at fair value through profit and loss | -             | -             |
| Available-for-sale securities                          | 20.982        | 16.098        |
| Held-to-maturity securities                            | -             | 7.683         |
| <b>Total</b>   | <b>21.179</b> | <b>23.781</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>June 30, 2018</b> |               | <b>June 30, 2017</b> |               |
|-----------------------------------|----------------------|---------------|----------------------|---------------|
|                                   | <b>TL</b>            | <b>FC</b>     | <b>TL</b>            | <b>FC</b>     |
| Banks                             | 69                   | 56.073        | 324                  | 62.017        |
| The Central Bank of Turkey        | -                    | -             | -                    | 174           |
| Domestic banks                    | 69                   | 214           | 324                  | 300           |
| Foreign banks                     | -                    | 55.859        | -                    | 61.543        |
| Branches and offices abroad       | -                    | -             | -                    | -             |
| Other institutions                | -                    | -             | -                    | -             |
| <b>Total</b>                      | <b>69</b>            | <b>56.073</b> | <b>324</b>           | <b>62.017</b> |

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

**c) Information on interest expense to marketable securities issued:** As of June 30, 2018, the Bank has interest expense to Tier II sub-loan issued amounting to TL 51.072 (June 30, 2017: TL 3.143).

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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>June 30, 2018</b>      |                        |                      |                       |                       |                     |                         |                              |                |
|---------------------------|------------------------|----------------------|-----------------------|-----------------------|---------------------|-------------------------|------------------------------|----------------|
| <b>Time Deposits</b>      |                        |                      |                       |                       |                     |                         |                              |                |
| <b>Account Name</b>       | <b>Demand Deposits</b> | <b>Up to 1 Month</b> | <b>Up to 3 Months</b> | <b>Up to 6 Months</b> | <b>Up to 1 Year</b> | <b>More than 1 Year</b> | <b>Accumulating Deposits</b> | <b>Total</b>   |
| <b>TL</b>                 |                        |                      |                       |                       |                     |                         |                              |                |
| Bank deposits             | -                      | 170                  | -                     | -                     | -                   | -                       | -                            | 170            |
| Saving deposits           | 90                     | 140.694              | 339.650               | 1.942                 | 498                 | 850                     | -                            | 483.724        |
| Public sector deposits    | -                      | 64                   | 27                    | 389                   | -                   | -                       | -                            | 480            |
| Commercial deposits       | 14                     | 12.838               | 82.659                | 1.809                 | 286                 | 3                       | -                            | 97.609         |
| Other deposits            | -                      | 188                  | 3.364                 | -                     | 1                   | -                       | -                            | 3.553          |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>104</b>             | <b>153.954</b>       | <b>425.700</b>        | <b>4.140</b>          | <b>785</b>          | <b>853</b>              | <b>-</b>                     | <b>585.536</b> |
| <b>Foreign Currency</b>   |                        |                      |                       |                       |                     |                         |                              |                |
| Foreign currency deposits | 70                     | 18.433               | 199.309               | 990                   | 3.164               | 476                     | -                            | 222.442        |
| Bank deposits             | -                      | 5.973                | -                     | -                     | -                   | -                       | -                            | 5.973          |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>70</b>              | <b>24.406</b>        | <b>199.309</b>        | <b>990</b>            | <b>3.164</b>        | <b>476</b>              | <b>-</b>                     | <b>228.415</b> |
| <b>Grand Total</b>        | <b>174</b>             | <b>178.360</b>       | <b>625.009</b>        | <b>5.130</b>          | <b>3.949</b>        | <b>1.329</b>            | <b>-</b>                     | <b>813.951</b> |
| <b>June 30, 2017</b>      |                        |                      |                       |                       |                     |                         |                              |                |
| <b>Time Deposits</b>      |                        |                      |                       |                       |                     |                         |                              |                |
| <b>Account Name</b>       | <b>Demand Deposits</b> | <b>Up to 1 Month</b> | <b>Up to 3 Months</b> | <b>Up to 6 Months</b> | <b>Up to 1 Year</b> | <b>More than 1 Year</b> | <b>Accumulating Deposits</b> | <b>Total</b>   |
| <b>TL</b>                 |                        |                      |                       |                       |                     |                         |                              |                |
| Bank deposits             | -                      | 243                  | -                     | -                     | -                   | -                       | -                            | 243            |
| Saving deposits           | 155                    | 94.867               | 335.576               | 2.498                 | 5.482               | 912                     | -                            | 439.490        |
| Public sector deposits    | -                      | 1                    | 239                   | -                     | -                   | -                       | -                            | 240            |
| Commercial deposits       | 21                     | 18.223               | 136.329               | 3.586                 | 203                 | 116                     | -                            | 158.478        |
| Other deposits            | -                      | 178                  | 17.503                | 530                   | 918                 | -                       | -                            | 19.129         |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>176</b>             | <b>113.512</b>       | <b>489.647</b>        | <b>6.614</b>          | <b>6.603</b>        | <b>1.028</b>            | <b>-</b>                     | <b>617.580</b> |
| <b>Foreign Currency</b>   |                        |                      |                       |                       |                     |                         |                              |                |
| Foreign currency deposits | 97                     | 22.769               | 231.137               | 7.654                 | 8.368               | 830                     | -                            | 270.855        |
| Bank deposits             | -                      | 10.184               | -                     | -                     | -                   | -                       | -                            | 10.184         |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>97</b>              | <b>32.953</b>        | <b>231.137</b>        | <b>7.654</b>          | <b>8.368</b>        | <b>830</b>              | <b>-</b>                     | <b>281.039</b> |
| <b>Grand Total</b>        | <b>273</b>             | <b>146.465</b>       | <b>720.784</b>        | <b>14.268</b>         | <b>14.971</b>       | <b>1.858</b>            | <b>-</b>                     | <b>898.619</b> |

**3. Information on Dividend Income:** At the end of June, the Bank has TL 7 dividend income collected from share certificates (June 30, 2017: None).

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

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

|  | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|--|----------------------|----------------------|
| <b>Income</b>                              | <b>19.431.153</b>    | <b>10.178.795</b>    |
| Gains on capital market operations         | 91                   | 428                  |
| Gains on derivative financial instruments  | 2.645.792            | 931.144              |
| Foreign exchange gains                     | 16.785.270           | 9.247.223            |
| <b>Losses (-)</b>                          | <b>19.424.424</b>    | <b>10.358.445</b>    |
| Losses on capital market operations        | 790                  | 371                  |
| Losses on derivative financial instruments | 2.365.225            | 1.078.072            |
| Foreign exchange losses                    | 17.058.409           | 9.280.002            |
| <b>Net Amount</b>                          | <b>6.729</b>         | <b>(179.650)</b>     |

**5. Information on other operating income:** As of June 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:

|   | <b>June 30, 2018</b> |
|---|----------------------|
| Expected Credit Loss Provisions   | 264.521              |
| 12-Month Expected Credit Losses (Stage 1)   | -                    |
| Significant Increase In Credit Risk (Stage 2)   | -                    |
| Credit-Impaired (Stage 3)   | 264.521              |
| 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 (*)   | (61.825)             |
| <b>Total</b>  | <b>202.696</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:

|   | <b>June 30, 2017</b> |
|---|----------------------|
| Specific provisions for loans and other receivables (*) | 165.481              |
| III. Group Loans and Receivables                        | 31.749               |
| IV. Group Loans and Receivables                         | 79.807               |
| V. Group Loans and Receivables                          | 53.925               |
| General loan loss provision expenses / (income)         | -                    |
| Provision expenses for possible losses (**)             | (36.000)             |
| 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>129.481</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:**

|   | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|---|----------------------|----------------------|
| Personnel expenses (**)   | 94.051               | 149.948              |
| Employee termination benefit provision                                  | 403                  | 436                  |
| Taxes and duties  | -                    | -                    |
| Bank social aid fund deficit provision                                  | -                    | -                    |
| Impairment expenses of fixed assets                                     | -                    | -                    |
| Depreciation expenses of fixed assets                                   | 12.505               | 22.817               |
| Impairment expenses of intangible assets                                | -                    | -                    |
| Impairment expense of goodwill  | -                    | -                    |
| Amortization expenses of intangible assets                              | 16.652               | 16.473               |
| Impairment for investments accounted for under equity method            | -                    | -                    |
| Impairment expenses of assets to be disposed                            | -                    | -                    |
| Depreciation expenses of assets to be disposed                          | -                    | 336                  |
| Impairment expenses of assets held for sale and discontinued operations | -                    | -                    |
| Other operating expenses  | 164.729              | 173.030              |
| Rent expenses   | 40.678               | 37.448               |
| Maintenance expenses  | 2.208                | 2.429                |
| Advertisement expenses  | 12.172               | 28.919               |
| Other expenses (*)  | 109.671              | 104.234              |
| Loss on sales of assets   | -                    | -                    |
| <b>Total</b>  | <b>288.340</b>       | <b>363.040</b>       |

(\*) As of June 30, 2018, other operating expenses include IT expenses amounting to TL 31.613, premiums for saving deposit insurance fund amounting to TL 8.947, support services amounting to TL 5.812, taxes and similar disbursements expenses amounting to TL 8.916, communication expenses amounting to TL 5.153 and other expenses amounting to TL 49.230.

(\*\*) 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.

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

As of June 30, 2018, the Bank's profit before tax from continued operations is TL 209.934.

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

As of June 30, 2018, The Bank has deferred tax income amounting to TL 23.410 through temporary differences and current tax expense amounting to TL 69.662 (June 30, 2017: TL 20.488 deferred tax expense and TL 19.499 current tax expense).

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

As of June 30, 2018, the Bank's net profit from continued operations is TL 163.682 (June 30, 2017: TL 150.300).

**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 61.825 during the first two quarters, the Bank released free provisions amounting TL 96.249 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) **June 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       | -  | -        | 692  | 41.010   | -  | 125      |
| Interest and commission income | -  | -        | 9  | -        | -  | -        |

**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 (**) | -  | -        | -  | -        | -  | -        |

b.1) Information on related party deposits balances:

**June 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 |
|--------------------------------|--|---|--|
|                                | June 30, 2018  | June 30, 2018                                   | June 30, 2018  |
| <b>Deposits</b>                |  |   |  |
| Balance at beginning of period | -  | 584.775   | -  |
| Balance at end of period       | -  | 440.098   | 794  |
| <b>Interest on deposits</b>    | -  | 5.730   | 3  |

**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 (**)      | -  | 13.339  | 477  |

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

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

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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:

**June 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>June 30, 2018</b>  | <b>June 30, 2018</b>                                | <b>June 30, 2018</b>  |
| Balance at beginning of period                                | -   | 64.525  | -   |
| Balance at end of period                                      | -   | 4.196.287   | -   |
| Total loss/ profit  | -   | 15.071  | -   |

**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 (*)  | -   | (742)   | -   |

(\*)Includes balances of June 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 June 30, 2018 is TL 7.785 (June 30, 2017: TL 21.576).

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

The Bank issued a bond of a nominal value of TL 90.560 with a simple interest rate of 19% with a maturity of October 31, 2018 in TL terms to be sold to qualified investors outside the stock market without being publicly offered on July 25, 2018 with the decision of Board of Directors and following the approval of BRSA and CMB.

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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 June 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 August 9, 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 June 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 June 30, 2018 the Bank has 46 domestic branches and 1.066 personnel.

**ODEA BANK ANONİM ŞİRKETİ**  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**Information on Board Members and executive management of the Bank**

| <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                                      | Master Degree           |
|   | Dragica Pilipovic-CHAFFEY      | Member of the Board of Directors                                      | Master Degree           |
| <b>Member of the Board of Directors and General Manager</b> | 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, Project Financing and Financial Institutions                 | Master Degree           |
|   | Cem MURATOĞLU                  | Retail Banking  | Master Degree           |
|   | Gökhan ERKIRALP                | Treasury and Capital Markets  | Bachelor's Degree       |
|   | Yalçın AVCI                    | Corporate and Commercial Banking                                      | Master Degree           |
|   | Gökhan SUN                     | Small and Medium Sized Enterprises                                    | Master Degree           |
|   | Mehmet Gökmen UÇAR             | Strategy and Business Development                                     | Bachelor's Degree       |

(\*) Pursuant to decision of the Board of Directors dated June 6, 2018, Mr. Mehmet Gökmen UÇAR has been appointed as Assistant General Manager responsible for Strategy and Business Development beginning from July 2, 2018.

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**Message from the Chairman**

Dear Stakeholders,

In the second quarter of 2018, Odea Bank continued to progress gradually along its performance management direction launched in the second half of 2017 while maintaining its positioning among the private deposit banks, increasing its revenues from core businesses and improving its key performance indicators.

The second quarter of 2018 has marked a further stage in the development of Odea Bank as we welcomed its new CEO, its second CEO since its establishment, Mr. Mert Oncu. Mert Oncu with his 25 year distinguished career in the Turkish banking system will bring his experience to bear in Odea Bank's second stage of development.

Meanwhile, Turkey is set to continue benefiting from the global economic recovery given its key strategic position between the East and the West, its strong domestic demand along with its relatively sound fundamentals, despite persistent challenges related to large external financing needs and recently putting pressure on real exchange rate and market volatility.

The second quarter of 2018 has marked increased pressure in the financial markets for Turkey despite the strong economic progress made and the resumption of tourism activity in the country. Bank Audi maintains an optimistic outlook on Turkey in the medium term through its strategic location and diversified economy and remains highly committed to the Turkish banking market.

With this once again I would like to thank our employees, business partners, and shareholder for their cooperation in Q2 18 and looking forward into the rest of the year.

Respectfully yours,

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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**Message from the General Manager**

Despite the challenging global and local conditions, we sustained our operations consistent with our long term strategies.

Worldwide data releases revealed the ongoing recovery in global growth during the second quarter of 2018, although there has been slowdown in some economies. However, protectionist measures in foreign trade and global political and geopolitical uncertainties intensified the concerns over the sustainability of the synchronization in global growth trend to some extent. Therefore, global financial conditions remained tight in general.

On the domestic side, the resilience of Turkish economy has been re-tested with the ongoing global uncertainties which was accompanied by the domestic election period. Slowdown in economic activity was limited despite the volatility in financial markets and GDP continued to grow faster than its long-term averages. As depreciation in TL accelerated the inflation, CBRT simplified its monetary policy framework and raised the policy interest rates considerably. Even though growth may decelerate to some extent due to tightening in financial conditions, we think that risks on Turkish economic outlook are partly balanced as the domestic political uncertainties been eased sooner than concerned.

Undeterred by the unfavorable global and domestic macroeconomic environment, the banking sector left behind the second quarter of 2018 successfully and proved its resilience once again. Although there has been a gradual slowdown in the banking industry there were no significant deteriorations in profitability and soundness indicators despite the high volatility in financial markets. However, persisting increases in funding costs pose some risks on banking sector medium-term performances.

In the second quarter of 2018, we sustained our rebalancing strategy which was launched a year ago. Within this scope, we aim to strengthen our profitability and asset quality through improving our margins and productivity eventually. We have concentrated on export-oriented and higher value-added companies and sectors in accordance with our new priorities.

In this context, even though our loan portfolio decreased by 1,1% in the second quarter of 2018 compared to the previous quarter, we enlarged our total assets by 2,5% in the same period. Meanwhile, customers' deposits, which represent our main source of funding, moved in tandem with the amount of loan portfolio.

Despite the increase in funding costs, by improving our spreads, our net interest income reached to TL 622 million, implying a quarter on quarter growth of 16,1%. Besides, we were able to improve our productivity with the effective operational costs management.

While our total NPLs remained at TL 1,4 billion, our NPL ratio increased to some extent on the back of decreasing total loans volume. Post-guaranties, NPLs are covered 44,1% by specific provisions and the coverage ratio reaches c. 55,6% when including the free provisions.

Our capital adequacy ratio remained at its high level of 20,2% with our CET1 ratio at 14,1%. With these challenging financial conditions and our ongoing rebalancing process, we finished the second quarter of 2018 with a net income of TL 88,2 million, in line with our Q2-budget. This represented a return on average assets of 1,1%.

Going forward, our main strategic priority continues to increase our return on assets and equity at a sustainable pace. In this scope, we will keep our efforts to further improve our business model and to deliver higher value to all our stakeholders.

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 ÖNCÜ**

**General Manager**

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

**ASSETS:**

|  |                   |                   | Reviewed<br>Current Period<br>30.06.2018 |
|--|-------------------|-------------------|--|
|  | TL                | FC                | Total                                    |
| CASH AND CASH EQUIVALENTS  | 1.031.738         | 4.133.429         | 5.165.167                                |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS  | 2.996             | -                 | 2.996                                    |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME                              | 191.553           | 4.170             | 195.723                                  |
| FINANCIAL ASSETS MEASURED AT AMORTIZED COST  | 455.809           | 2.694.543         | 3.150.352                                |
| DERIVATIVE FINANCIAL ASSETS  | 1.418.754         | 106.680           | 1.525.434                                |
| ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)   | 1.151             | 16.936            | 18.087                                   |
| LOANS (NET)  | 11.253.411        | 10.287.484        | 21.540.895                               |
| NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (NET) | 201.861           | -                 | 201.861                                  |
| TANGIBLE ASSETS (NET)  | 93.527            | -                 | 93.527                                   |
| INTANGIBLE ASSETS AND GOODWILL (NET)   | 76.100            | -                 | 76.100                                   |
| DEFERRED TAX ASSETS  | 146.028           | -                 | 146.028                                  |
| OTHER ASSETS   | 505.334           | 234.788           | 740.122                                  |
| <b>Total</b>   | <b>15.375.960</b> | <b>17.444.158</b> | <b>32.820.118</b>                        |

|  |                   |                   | Audited<br>Prior Period<br>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<br>Current Period<br>30.06.2018 |
|---|-------------------|-------------------|--|
|   | TL                | FC                | Total                                    |
| DEPOSITS  | 7.433.250         | 13.996.462        | 21.429.712                               |
| LOANS RECEIVED  | 2.037             | 3.687.917         | 3.689.954                                |
| MONEY MARKET FUNDS  | 12                | 148.357           | 148.369                                  |
| MARKETABLE SECURITIES (Net)   | -                 | -                 | -  |
| FUNDS   | -                 | -                 | -  |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS                                    | -                 | -                 | -  |
| DERIVATIVE FINANCIAL LIABILITIES  | 1.391.077         | 71.905            | 1.462.982                                |
| FACTORING PAYABLES  | -                 | -                 | -  |
| LEASE PAYABLES  | -                 | -                 | -  |
| PROVISIONS  | 198.885           | 7.715             | 206.600                                  |
| CURRENT TAX LIABILITIES   | 115.319           | -                 | 115.319                                  |
| DEFERRED TAX LIABILITIES  | -                 | -                 | -  |
| LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net) | -                 | -                 | -  |
| SUBORDINATED DEBT   | -                 | 1.417.862         | 1.417.862                                |
| OTHER LIABILITIES   | 169.349           | 228.422           | 397.771                                  |
| SHAREHOLDERS' EQUITY  | 3.950.245         | 1.304             | 3.951.549                                |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>13.260.174</b> | <b>19.559.944</b> | <b>32.820.118</b>                        |

|   |                   |                   | Audited Prior<br>Period<br>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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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**STATEMENT OF INCOME:**

|  | <b>Reviewed<br/>Current Period<br/>01.01- 30.06.2018</b> |
|--|--|
| INTEREST INCOME  | 1.543.447  |
| INTEREST EXPENSE   | 921.677  |
| NET INTEREST INCOME (I - II)                                       | 621.770  |
| NET FEES AND COMMISSIONS INCOME                                    | 58.888   |
| PERSONNEL EXPENSES (-)   | 94.051   |
| DIVIDEND INCOME  | 7  |
| NET TRADING PROFIT/LOSS (Net)                                      | 6.729  |
| OTHER OPERATING INCOME   | 13.576   |
| GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)      | 606.919  |
| ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)                          | 202.696  |
| OTHER OPERATING EXPENSES (-)                                       | 194.289  |
| NET OPERATING INCOME/(LOSS) (VIII-IX-X)                            | 209.934  |
| 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)   | 209.934  |
| PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)       | (46.252)   |
| NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)             | 163.682  |
| 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>163.682</b>   |

|  | <b>Reviewed<br/>Prior Period<br/>01.01- 30.06.2017</b> |
|--|--|
| INTEREST INCOME  | 1.727.541  |
| INTEREST EXPENSE   | 970.593  |
| NET INTEREST INCOME (I - II)   | 756.948  |
| NET FEES AND COMMISSIONS INCOME                                      | 92.647   |
| DIVIDEND INCOME  | -  |
| NET TRADING INCOME   | (179.650)  |
| OTHER OPERATING INCOME   | 12.863   |
| NET OPERATING INCOME (III+IV+V+VI+VII)                               | 682.808  |
| PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)                  | 129.481  |
| OTHER OPERATING EXPENSES (-)   | 363.040  |
| NET OPERATING INCOME/(LOSS) (VIII-IX-X)                              | 190.287  |
| 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)    | 190.287  |
| TAX PROVISION FOR CONTINUED OPERATIONS (±)                           | (39.987)   |
| NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)                 | 150.300  |
| 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>150.300</b>   |