

ODEA BANK A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT MARCH 31, 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 Odeabank A.Ş. (“the Bank”) at 31 March 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 three-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.d.1) of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated financial statements as at 31 March 2018 include a general reserve for possible risks amounting to TL 193.516 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 29.760 thousands for the period ended 31 March 2018, other provisions are overstated by TL 193.516 thousands, deferred tax asset is overstated by TL 42.574 thousands and profit reserves are understated by TL 180.702 thousands as at 31 March 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 31 March 2018 and of the results of its operations and its cash flows for the three-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

May 10, 2018
Istanbul, Türkiye

**THE UNCONSOLIDATED THREE MONTH FINANCIAL REPORT OF
ODEA BANK A.Ş. AS OF MARCH 31, 2018**

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

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

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

Samir HANNA	Naim HAKIM	Hüseyin ARITKAN
Chairman of the Board of Directors	Deputy General Manager and Assistant General Manager in charge of Finance	Financial Reporting Director
Ayşe KORKMAZ		Imad ITANI
Vice President of Board of Directors and Audit Committee Member		Member of Board of Directors and Audit Committee Member

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

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

INDEX

SECTION ONE

General Information About the Bank

- I. Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute
- 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
- 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
- IV. Information about the Persons and Institutions that have Qualified Shares
- V. Summary on the Bank's Functions and Areas of Activity
- 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
- 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

SECTION TWO

Unconsolidated Financial Statements of the Bank

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Income and Expense Items Accounted Under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

SECTION THREE

Accounting Policies

- I. Basis of Presentation
- II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions
- III. Explanations on Forward and Option Contracts and Derivative Instruments
- IV. Explanations on Interest Income and Expenses
- V. Explanations on Fees and Commission Income and Expenses
- VI. Explanations on Financial Assets
- VII. Explanations on Expected Credit Losses
- VIII. Explanations on Offsetting of Financial Assets and Liabilities
- IX. Explanations on Sales and Repurchase Agreements and Lending of Securities
- X. Explanations on Assets Held For Sale and Discontinued Operations
- XI. Explanations on Goodwill and Other Intangible Assets
- XII. Explanations on Tangible Fixed Assets
- XIII. Explanations on Leasing Transactions
- XIV. Explanations on Provisions and Contingent Liabilities
- XV. Explanations on Liabilities Regarding Employee Benefits
- XVI. Explanations on Taxation
- XVII. Additional Explanations on Borrowings
- XVIII. Explanations on Issued Share Certificates
- XIX. Explanations on Avalized Drafts and Acceptances
- XX. Explanations on Government Incentives
- XXI. Explanations on Segment Reporting
- XXII. Explanations on Reclassifications
- XXIII. Explanations on Other Matters
- XXIV. Explanations on TFRS 9 Financial Instruments Standard
- XXV. Explanations on Prior Period Accounting Policies Not Valid In The Current Period

SECTION FOUR

Information Related to Financial Position and Risk Management of the Bank

- I. Explanations on Equity
- II. Explanations on Currency Risk
- III. Explanations on Interest Rate Risk
- IV. Explanations on Share Certificates Position Risk
- V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio
- VI. Explanations on Leverage Ratio
- VII. Explanations on Risk Management
- VIII. Explanations on Business Segments

SECTION FIVE

Explanations and Notes Related to the Financial Statements

- I. Explanations and Disclosures Related to the Assets
- II. Explanations and Disclosures Related to the Liabilities
- III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments
- IV. Explanations and Disclosures Related to the Statement of Income
- V. Explanations on the Risk Group of the Bank
- VI. Explanations and Disclosures Related to Subsequent Events

SECTION SIX

Limited Review Report

- I. Explanations on Limited Review Report
- II. Explanations and Notes Prepared by Independent Auditor

SECTION SEVEN

Interim Activity Report

- I. Interim Activity Report Included Chairman of the Board of Directors and Ceo's Assessments for the Interim Activities

ODEA BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 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 March 31, 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%
Raymond Audi	-	-	-	-
Samir Hanna	-	-	-	-
Freddie Baz	-	-	-	-
	3.288.842	100,00%	3.288.842	100,00%

(*)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 MARCH 31, 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice Chairman of the Board of Directors	Ayşe KORKMAZ	Vice Chairman of the Board of Directors and Member of Audit Committee	Bachelor's Degree
Members of the Board of Directors	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master Degree
	Aristeidis VOURAKIS	Member of the Board of Directors	Master Degree
	Bülent ADANIR	Member of the Board of Directors	Master Degree
	Dragica Pilipovic-CHAFFEY	Member of the Board of Directors	Master Degree
Member of the Board of Directors and General Manager (*)	Mert ÖNCÜ	Member of the Board of Directors and General Manager	PHD Degree
Deputy General Manager	Naim HAKIM	Finance	Master Degree
Assistant General Managers (**)	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

(*) Pursuant to the resolution taken by the Board of Directors dated March 7, 2018, Mr. Mert ÖNCÜ has been appointed as a Member of the Board of Directors and General Manager as of April 2, 2018.

(**)As of March 23, 2018, Mr. Fevzi Tayfun KÜÇÜK, who was serving as Assistant General Manager responsible from Business Solutions, Direct Banking, Transactional Banking and Information Technologies, resigned.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 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 March 31, 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 March 31, 2018, there are 47 domestic branches with 1.126 employees. The Bank is organized to operate in all operational aspects of corporate, commercial, sme and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector (31 December 2017: 47 domestic branches, 1.185 employees).

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

The Bank has no consolidated subsidiaries.

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

The Bank has no consolidated subsidiaries.

Translated into English from the original Turkish report and financial statements

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Contingencies and Commitments
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- IV. Statement of Income and Expense Items Accounted Under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 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 (Section Five)	TL	FC	Reviewed Current Period 31.03.2018 Total
I.	FINANCIAL ASSETS (Net)		3.799.970	5.573.279	9.373.249
1.1	Cash and cash equivalents		2.621.877	3.345.481	5.967.358
1.1.1	Cash and balances at Central Bank	I-1	960.458	2.841.831	3.802.289
1.1.2	Banks	I-3	1.651.412	503.650	2.155.062
1.1.3	Receivables from Money Markets		10.007	-	10.007
1.2	Financial assets at fair value through profit or loss	I-2	3.206	-	3.206
1.2.1	Public debt securities		3.206	-	3.206
1.2.2	Equity instruments		-	-	-
1.2.3	Other financial assets		-	-	-
1.3	Financial assets at fair value through other comprehensive income	I-4	187.332	802.246	989.578
1.3.1	Public debt securities		182.435	798.954	981.389
1.3.2	Equity instruments		4.897	3.292	8.189
1.3.3	Other financial assets		-	-	-
1.4	Financial assets measured at amortized cost	I-6	443.432	1.364.960	1.808.392
1.4.1	Public debt securities		443.432	1.364.960	1.808.392
1.4.2	Other financial assets		-	-	-
1.5	Derivative financial assets	I-2	544.880	74.968	619.848
1.5.1	Derivative financial assets at fair value through profit or loss		544.880	74.968	619.848
1.5.2	Derivative financial assets at fair value through other comprehensive income		-	-	-
1.6	Non-performing financial assets		-	-	-
1.7	Allowance for expected credit losses (-)		(757)	(14.376)	(15.133)
II.	LOANS (Net)		12.009.028	9.772.253	21.781.281
2.1	Loans	I-5	11.524.791	9.935.301	21.460.092
2.1.1	Loans measured at amortized cost		11.524.791	9.935.301	21.460.092
2.1.2	Loans at fair value through profit or loss		-	-	-
2.1.3	Loans at fair value through other comprehensive income		-	-	-
2.2	Receivables from leasing transactions	I-10	-	-	-
2.2.1	Finance lease receivables		-	-	-
2.2.2	Operational lease receivables		-	-	-
2.2.3	Unearned income (-)		-	-	-
2.3	Factoring receivables		-	-	-
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		-	-	-
2.4	Non-performing loans	I-5	1.108.027	-	1.108.027
2.5	Allowance for expected credit losses (-)	I-5	(623.790)	(163.048)	(786.838)
2.5.1	12-Month expected credit losses		(74.260)	(26.653)	(100.913)
2.5.2	Significant increase in credit risk		(106.157)	(136.395)	(242.552)
2.5.3	Credit-Impaired		(443.373)	-	(443.373)
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-16	185.449	-	185.449
3.1	Held for sale		185.449	-	185.449
3.2	Held from discontinued operations		-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-
4.1	Investments in associates (Net)	I-7	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-
4.1.2	Non-consolidated associates		-	-	-
4.2	Investments in subsidiaries (Net)	I-8	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	I-9	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-
V.	TANGIBLE ASSETS (Net)	I-12	99.436	-	99.436
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	I-13	82.471	-	82.471
6.1	Goodwill		-	-	-
6.2	Other		82.471	-	82.471
VII.	INVESTMENT PROPERTIES (Net)	I-14	-	-	-
VIII.	CURRENT TAX ASSETS		-	-	-
IX.	DEFERRED TAX ASSETS	I-15	115.190	-	115.190
X.	OTHER ASSETS	I-17	236.875	146.868	383.743
TOTAL ASSETS			16.528.419	15.492.400	32.020.819

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

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

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

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 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)

		Note Ref. (Section Five)	TL	FC	Reviewed Current Period 31.03.2018 Total
I.	DEPOSITS	II-1	8.366.701	13.967.418	22.334.119
II.	LOANS RECEIVED	II-3	1.775	3.412.620	3.414.395
III.	MONEY MARKET FUNDS	II-4	864	-	864
IV.	MARKETABLE SECURITIES (Net)	II-5	-	-	-
4.1	Bills		-	-	-
4.2	Asset backed securities		-	-	-
4.3	Bonds		-	-	-
V.	FUNDS		-	-	-
5.1	Borrower funds		-	-	-
5.2	Other		-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	II-2	476.888	56.789	533.677
7.1	Derivative financial liabilities at fair value through profit or loss		476.888	56.789	533.677
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE PAYABLES	II-7	-	-	-
9.1	Finance lease payables		-	-	-
9.2	Operating lease payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred finance lease expenses (-)		-	-	-
X.	PROVISIONS	II-9	226.892	6.617	233.509
10.1	Provision for restructuring		-	-	-
10.2	Reserves for employee benefits		11.655	-	11.655
10.3	Insurance technical reserves (Net)		-	-	-
10.4	Other provisions		215.237	6.617	221.854
XI.	CURRENT TAX LIABILITIES		64.548	-	64.548
XII.	DEFERRED TAX LIABILITIES	II-10	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-11	-	-	-
13.1	Held for sale		-	-	-
13.2	Related to discontinued operations		-	-	-
XIV.	SUBORDINATED DEBT	II-12	-	1.205.257	1.205.257
14.1	Loans		-	1.205.257	1.205.257
14.2	Other debt instruments		-	-	-
XV.	OTHER LIABILITIES	II-6	183.538	185.305	368.843
XVI.	SHAREHOLDERS' EQUITY		3.865.015	592	3.865.607
16.1	Paid-in capital	II-13	3.288.842	-	3.288.842
16.2	Capital reserves		(2.198)	-	(2.198)
16.2.1	Equity share premiums		-	-	-
16.2.2	Share cancellation profits		-	-	-
16.2.3	Other capital reserves		(2.198)	-	(2.198)
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		-	876	876
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		2.194	(284)	1.910
16.5	Profit reserves		500.735	-	500.735
16.5.1	Legal reserves	II-13	25.291	-	25.291
16.5.2	Statutory reserves		-	-	-
16.5.3	Extraordinary reserves	II-13	475.444	-	475.444
16.5.4	Other profit reserves		-	-	-
16.6	Profit or loss		75.442	-	75.442
16.6.1	Prior years' profits or losses		-	-	-
16.6.2	Current period net profit or loss		75.442	-	75.442
16.7	Minority Shares	II-13	-	-	-
TOTAL LIABILITIES AND EQUITY			13.186.221	18.834.598	32.020.819

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 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. (Section Five)	TL	FC	Audited Prior Period 31.12.2017 Total
I.	DEPOSITS	II-1	10.291.845	13.618.542	23.910.387
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
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	329.823	74.648	404.471
III.	FUNDS BORROWED	II-3	2.940	2.939.780	2.942.720
IV.	MONEY MARKET BALANCES		-	-	-
4.1	Interbank money market takings		-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-
4.3	Funds provided under repurchase agreements	II-4	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)	II-5	-	-	-
5.1	Bills		-	-	-
5.2	Asset backed securities		-	-	-
5.3	Bonds		-	-	-
VI.	FUNDS		-	-	-
6.1	Borrower funds		-	-	-
6.2	Other		-	-	-
VII.	MISCELLANEOUS PAYABLES		8.563	923	9.486
VIII.	OTHER LIABILITIES	II-6	157.955	125.106	283.061
IX.	FACTORING PAYABLES		-	-	-
X.	LEASE PAYABLES (Net)	II-7	-	-	-
10.1	Finance lease payables		-	-	-
10.2	Operating lease payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred finance lease expenses (-)		-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-8	-	-	-
11.1	Fair value hedge		-	-	-
11.2	Cash flow hedge		-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-
XII.	PROVISIONS	II-9	407.021	151.775	558.796
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
XIII.	TAX LIABILITY	II-10	62.332	-	62.332
13.1	Current tax liability		62.332	-	62.332
13.2	Deferred tax liability		-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-11	-	-	-
14.1	Held for sale		-	-	-
14.2	Discontinued operations		-	-	-
XV.	SUBORDINATED LOANS	II-12	-	1.174.992	1.174.992
XVI.	SHAREHOLDERS' EQUITY	II-13	3.772.430	(14.300)	3.758.130
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	-	-	-
TOTAL LIABILITIES AND EQUITY			15.032.909	18.071.466	33.104.375

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 MARCH 31, 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

		Note Ref. (Section Five)	TL	FC	Reviewed Current Period 31.03.2018
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		25.189.149	51.087.484	76.276.633
I.	GUARANTEES	III-1	799.820	2.027.775	2.827.595
1.1	Letters of guarantee		799.005	676.818	1.475.823
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		799.005	676.818	1.475.823
1.2	Bank loans		815	236.125	236.940
1.2.1	Import letter of acceptance		815	236.125	236.940
1.2.2	Other bank acceptances		-	-	-
1.3	Letters of credit		-	851.265	851.265
1.3.1	Documentary letters of credit		-	851.265	851.265
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		-	263.567	263.567
1.9	Other collaterals		-	-	-
II.	COMMITMENTS	III-1	1.292.485	283.690	1.576.175
2.1	Irrevocable commitments		1.292.485	283.690	1.576.175
2.1.1	Forward asset purchase and sales commitments		218.247	226.280	444.527
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		160.909	50.419	211.328
2.1.5	Securities underwriting commitments		-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-
2.1.7	Payment commitment for checks		72.206	-	72.206
2.1.8	Tax and fund liabilities from export commitments		-	-	-
2.1.9	Commitments for credit card expenditure limits		841.123	-	841.123
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		-	6.991	6.991
2.2	Revocable commitments		-	-	-
2.2.1	Revocable loan granting commitments		-	-	-
2.2.2	Other revocable commitments		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		23.096.844	48.776.019	71.872.863
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		23.096.844	48.776.019	71.872.863
3.2.1	Forward foreign currency buy/sell transactions		2.269.734	3.981.111	6.250.845
3.2.1.1	Forward foreign currency transactions-buy		1.163.322	1.964.686	3.128.008
3.2.1.2	Forward foreign currency transactions-sell		1.106.412	2.016.425	3.122.837
3.2.2	Swap transactions related to foreign currency, and interest rates		12.856.419	34.107.346	46.963.765
3.2.2.1	Foreign currency swaps-buy		4.919.479	11.615.645	16.535.124
3.2.2.2	Foreign currency swaps-sell		7.291.968	9.165.851	16.457.819
3.2.2.3	Interest rate swaps-buy		322.486	6.662.925	6.985.411
3.2.2.4	Interest rate swaps-sell		322.486	6.662.925	6.985.411
3.2.3	Foreign currency, interest rate and securities options		7.970.691	10.687.562	18.658.253
3.2.3.1	Foreign currency options-buy		3.743.567	5.289.074	9.032.641
3.2.3.2	Foreign currency options-sell		4.227.124	4.944.654	9.171.778
3.2.3.3	Interest rate options-buy		-	226.917	226.917
3.2.3.4	Interest rate options-sell		-	226.917	226.917
3.2.3.5	Securities options-buy		-	-	-
3.2.3.6	Securities options-sell		-	-	-
3.2.4	Foreign currency futures		-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-
3.2.5	Interest rate futures		-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-
3.2.6	Other		-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		67.801.493	34.346.500	102.147.993
IV.	ITEMS HELD IN CUSTODY		398.837	276.572	675.409
4.1.	Assets under management		138.108	-	138.108
4.2.	Investment securities held in custody		6.183	12.528	18.711
4.3.	Checks received for collection		25.438	216.007	241.445
4.4.	Commercial notes received for collection		229.108	48.037	277.145
4.5.	Other assets received for collection		-	-	-
4.6.	Assets received for public offering		-	-	-
4.7.	Other items under custody		-	-	-
4.8.	Custodians		-	-	-
V.	PLEDGED ITEMS		67.402.656	34.069.928	101.472.584
5.1.	Marketable securities		-	-	-
5.2.	Guarantee notes		25.772.668	4.264.213	30.036.881
5.3.	Commodities		3.962.754	-	3.962.754
5.4.	Warrants		-	-	-
5.5.	Properties		26.953.641	17.222.561	44.176.202
5.6.	Other pledged items		10.713.593	12.583.154	23.296.747
5.7.	Pledged items-depository		-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			92.990.642	85.433.984	178.424.626

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 MARCH 31, 2018 AND DECEMBER 31, 2017

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

		Note Ref. (Section Five)	TL	FC	Audited Prior Period 31.12.2017
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		16.844.184	38.853.979	55.698.163
I.	GUARANTEES	III-1	912.612	1.665.278	2.577.890
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		-	-	-
II.	COMMITMENTS	III-1	1.262.638	236.092	1.498.730
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		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		14.668.934	36.952.609	51.621.543
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.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		69.029.493	32.738.213	101.767.706
IV.	ITEMS HELD IN CUSTODY		479.864	262.140	742.004
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		-	-	-
V.	PLEDGED ITEMS		68.549.629	32.476.073	101.025.702
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		-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			85.873.677	71.592.192	157.465.869

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED
MARCH 31, 2018 AND 2017

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

III. STATEMENT OF INCOME

		Note (Section Five)	Reviewed Current Period 01.01- 31.03.2018
I.	INTEREST INCOME	IV-1	756.455
1.1	Interest on loans		639.201
1.2	Interest received from reserve deposits		12.583
1.3	Interest received from banks		38.827
1.4	Interest received from money market transactions		14.784
1.5	Interest received from marketable securities portfolio		41.191
1.5.1	Financial assets at fair value through profit or loss		75
1.5.2	Financial assets at fair value through other comprehensive income		12.381
1.5.3	Financial assets measured at amortized cost		28.735
1.6	Finance lease income		-
1.7	Other interest income		9.869
II.	INTEREST EXPENSE	IV-2	468.760
2.1	Interest on deposits		422.002
2.2	Interest on funds borrowed		24.430
2.3	Interest on money market transactions		20
2.4	Interest on securities issued		22.284
2.5	Other interest expense		24
III.	NET INTEREST INCOME (I - II)		287.695
IV.	NET FEES AND COMMISSIONS INCOME		32.836
4.1	Fees and commissions received		41.887
4.1.1	Non-cash loans		8.026
4.1.2	Other		33.861
4.2	Fees and commissions paid	IV-12	9.051
4.2.1	Non-cash loans		-
4.2.2	Other	IV-12	9.051
V.	PERSONNEL EXPENSES (-)	IV-7	48.024
VI.	DIVIDEND INCOME	IV-3	3
VII.	TRADING PROFIT/LOSS (Net)	IV-4	(19.088)
7.1	Profit/losses from capital market transactions		(633)
7.2	Profit/losses from derivative financial transactions		(6.386)
7.3	Foreign exchange profit/losses		(12.069)
VIII.	OTHER OPERATING INCOME	IV-5	9.080
IX.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)		262.502
X.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-6	68.432
XI.	OTHER OPERATING EXPENSES (-)	IV-7	96.929
XII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		97.141
XIII.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-
XIV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-
XV.	NET MONETARY POSITION GAIN/LOSS		-
XVI.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	IV-8	97.141
XVII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-9	(21.699)
17.1	Current tax provision		(14.920)
17.2	Expense effect of deferred tax (+)		(6.779)
17.3	Income effect of deferred tax (-)		-
XVIII.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	IV-10	75.442
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-
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		-
XX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
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		-
XXI.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)		-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
22.1	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-
22.2	NET PROFIT/LOSS (XVII+XXII)		-
22.3	Income effect of deferred tax (-)		-
XXIII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXIV.	NET PROFIT/LOSSES (XVIII+XXIII)	IV-11	75.442
24.1	Group Profit/Loss		
24.2	Minority Share Profit/ Loss (-)		
	Profit / Loss per Share		0,023

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED
MARCH 31, 2018 AND 2017

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

III. STATEMENT OF INCOME

		Note (Section Five)	Reviewed Prior Period 01.01- 31.03.2017
I.	INTEREST INCOME	IV-1	851.070
1.1	Interest on loans		721.112
1.2	Interest received from reserve deposits		10.551
1.3	Interest received from banks		23.581
1.4	Interest received from money market placements		69.402
1.5	Interest received from marketable securities portfolio		22.515
1.5.1	Held-for-trading financial assets		115
1.5.2	Financial assets at fair value through profit and loss		-
1.5.3	Available-for-sale financial assets		18.322
1.5.4	Investments held-to-maturity		4.078
1.6	Finance lease income		-
1.7	Other interest income		3.909
II.	INTEREST EXPENSE	IV-2	459.438
2.1	Interest on deposits		422.551
2.2	Interest on funds borrowed		31.109
2.3	Interest on money market borrowings		41
2.4	Interest on securities issued		-
2.5	Other interest expense		5.737
III.	NET INTEREST INCOME (I - II)		391.632
IV.	NET FEES AND COMMISSIONS INCOME		49.961
4.1	Fees and commissions received		60.830
4.1.1	Non-cash loans		9.604
4.1.2	Other		51.226
4.2	Fees and commissions paid	IV-12	10.869
4.2.1	Non-cash loans		-
4.2.2	Other	IV-12	10.869
V.	DIVIDEND INCOME	IV-3	-
VI.	NET TRADING INCOME	IV-4	(75.138)
6.1	Securities trading gains/ (losses)		(107)
6.2	Gain/(losses) from derivative financial instruments		43.766
6.3	Foreign exchange gains/ (losses)		(118.797)
VII.	OTHER OPERATING INCOME	IV-5	7.738
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		374.193
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	76.896
X.	OTHER OPERATING EXPENSES (-)	IV-7	179.425
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		117.872
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII.	PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	IV-8	117.872
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(24.673)
16.1	Provision for current income taxes		(14.778)
16.2	Provision for deferred taxes		(9.895)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	IV-10	93.199
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-
18.1	Income on assets held for sale		-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-
18.3	Income on other discontinued operations		-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-
19.1	Loss from assets held for sale		-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-
19.3	Loss from other discontinued operations		-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
21.1	Provision for current income taxes		-
21.2	Provision for deferred taxes		-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	IV-11	93.199
	Profit / Loss per Share		0,028

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 MARCH 31, 2018 AND
2017

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

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

	Reviewed
	Current Period
	01.01-31.03.2018
I. PROFIT (LOSS)	75,442
II. OTHER COMPREHENSIVE INCOME	(1,210)
2.1 Other comprehensive income that will not be reclassified to profit or loss	131
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	131
2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	-
2.2 Other comprehensive income that will be reclassified to profit or loss	(1,341)
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	497
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	(1,729)
2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(109)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	74,232

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 MARCH 31, 2018 AND
2017

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

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

	Reviewed Prior Period 01.01-31.03.2017
I. Additions to marketable securities revaluation differences for available for sale financial assets	28.587
II. Tangible assets revaluation differences	-
III. Intangible assets revaluation differences	-
IV. Foreign currency translation differences for foreign currency transactions	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-
VII. The effect of corrections of errors and changes in accounting policies	-
VIII. Other profit loss items accounted for under equity due to TAS	-
IX. Tax of valuation differences	(5.717)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	22.870
XI. Profit/Loss	93.199
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	93.199
XII. Total Profit/Loss accounted for in the period (X±XI)	116.069

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 MARCH 31, 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves (**)	Status Reserves	Extraordinary Reserves	Other Reserves(*)	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets(***)	Bonus Shares From Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr.	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD																			
31/03/2017																			
I.		3.288.842	-	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	3.443.155	-	3.443.155
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3.288.842	-	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	3.443.155	-	3.443.155
Changes in the period																			
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	22.870	-	-	-	-	22.870	-	22.870
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	II-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	-	93.199	-	-	-	-	-	-	93.199	-	93.199
XX.		-	-	-	-	9.263	-	175.989	-	(200.354)	15.102	-	-	-	-	-	-	-	-
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	-	-	-	-	-	15.102	-	-	-	-	-	-	-	-
20.3		-	-	-	-	9.263	-	175.989	-	(200.354)	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVIII+XIX+XX)		3.288.842	-	-	-	9.263	-	175.989	(2.198)	93.199	-	(5.871)	-	-	-	-	3.559.224	-	3.559.224

(*) 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 MARCH 31, 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-31.03.2018
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		(21.303)
1.1.1 Interest received		710.391
1.1.2 Interest paid		(483.764)
1.1.3 Dividend received		3
1.1.4 Fees and commissions received		36.960
1.1.5 Other income		(87.669)
1.1.6 Collections from previously written off loans		20.922
1.1.7 Payments to personnel and service suppliers		(136.034)
1.1.8 Taxes paid		(56.891)
1.1.9 Others		(25.221)
1.2 Changes in operating assets and liabilities		(1.029.815)
1.2.1 Net (increase) decrease in financial assets held for trading		(529.116)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		(617.914)
1.2.3 Net (increase) decrease in due from banks and other financial institutions		535.513
1.2.4 Net (increase) decrease in loans		42.725
1.2.5 Net (increase) decrease in other assets		4.508
1.2.6 Net increase (decrease) in bank deposits		(1.571.313)
1.2.7 Net increase (decrease) in other deposits		69.527
1.2.8 Net increase (decrease) in funds borrowed		456.955
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		47.698
I. Net cash provided from banking operations		(1.051.118)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		
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		(2.395)
2.4 Fixed assets sales (*)		14.819
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		-
2.7 Cash paid for purchase of investment securities		-
2.8 Cash obtained from sale of investment securities		-
2.9 Others		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		
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		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities		(188.458)
V. Net increase / (decrease) in cash and cash equivalents		(1.407.755)
VI. Cash and cash equivalents at beginning of the period		4.597.836
VII. Cash and cash equivalents at end of the period		3.190.081

(*) The Bank generated cash inflow of TL 14.819 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 MARCH 31, 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note (Section Five)	Reviewed Prior Period 01.01-31.03.2017
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		54.964
1.1.1 Interest received		809.221
1.1.2 Interest paid		(441.368)
1.1.3 Dividend received		-
1.1.4 Fees and commissions received		65.720
1.1.5 Other income		(111.694)
1.1.6 Collections from previously written off loans		20.070
1.1.7 Payments to personnel and service suppliers		(181.850)
1.1.8 Taxes paid		(94.753)
1.1.9 Others		(10.382)
1.2 Changes in operating assets and liabilities		89.004
1.2.1 Net (increase) decrease in financial assets held for trading		3.984
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		(36.556)
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(420.814)
1.2.4 Net (increase) decrease in loans		(509.826)
1.2.5 Net (increase) decrease in other assets		(53.321)
1.2.6 Net increase (decrease) in bank deposits		(637.647)
1.2.7 Net increase (decrease) in other deposits		1.710.336
1.2.8 Net increase (decrease) in funds borrowed		6.423
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		26.425
I. Net cash provided from banking operations		143.968
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(11.763)
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		(6.865)
2.4 Fixed assets sales		-
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		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		-
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		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities		6.542
V. Net increase / (decrease) in cash and cash equivalents		138.747
VI. Cash and cash equivalents at beginning of the period		5.978.464
VII. Cash and cash equivalents at end of the period		6.117.211

(*)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 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 31 MARCH 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
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

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

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

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

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. As of March 31, 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 recognized through the gross book value of the non-performing loan.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

(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 shorterterm 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
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

(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 31 MARCH 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 March 31, 2018, the Bank has specific provision amount to TL 443.373 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 March 31, 2018, the Bank has TL 10.007 of reverse repo transactions (December 31, 2017: TL 2.742.869).

As of March 31, 2018, the Bank has TL 864 funds provided under repurchase agreements (December 31, 2017: None).

As of March 31, 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 March 31, 2018 the Bank has TL 185.449 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 March 31, 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 March 31, 2018, the Bank has corporate income tax provision amounting to TL 77.130, which is netted with prepaid taxes amounting to TL 66.681 and shown in the liabilities amounting to TL 10.449 (December 31, 2017: Tax Asset 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 March 31, 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/expense stated under the statement of income amounting to TL 6.779, deferred tax assets amounting to TL 115.190 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

There are no reclassifications.

XXIII. Explanations on Other Cases

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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:

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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
Fair value through P/L				
Balance before classification (held for trading)	775.195	-	-	-
Classified from available for sale	-	(774.448)	-	-
Book value after classification	-	-	-	747
Fair Value Through Other Comprehensive Income				
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
Measured at amortized cost				
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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

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

	Book value before TFRS 9 December 31, 2017	Remeasurements	Book value after TFRS 9 January 1, 2018
Loans	928.202	69.800	998.002
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
Financial assets (*)	27.729	(13.200)	14.529
Non-cash loans	11.566	10.997	22.563
Stage 1 and 2	4.217	7.254	11.471
Stage 3	7.349	3.743	11.092
Total	967.497	67.597	1.035.094

(**) 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 March 2018, Bank's total capital has been calculated as TL 5.261.051, a capital adequacy ratio is 20,26%. 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:

	Current Year 31 March 2018	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves (**)	500.735	
Gains recognized in equity as per TAS	4.840	
Profit	75.442	
Current Period Profit	75.442	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	3.869.859	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (*)	4.252	
Improvement costs for operating leasing	44.193	
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	-	
Total Deductions From Common Equity Tier 1 Capital	48.445	
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	
Total Common Equity Tier 1 Capital	3.867.487	

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Current Year 31 March 2018	Amounts Subject to Pre-BaseI III treatment (Before the 1/1/2014)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	73.309	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	73.309	
Total Additional Tier I Capital	73.309	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.794.178	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (***)	1.190.070	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	276.803	
Tier II Capital Before Deductions	1.466.873	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1.466.873	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.261.051	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	5.261.051	

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

I. Explanations on Equity (continued)

	Current Year 31 March 2018	Amounts Subject to Pre-Base III treatment (Before the 1/1/2014)
TOTAL CAPITAL		
Total Capital (TIER I Capital and TIER II Capital)	5.261.051	
Total risk weighted amounts	25.963.294	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,90	
Tier I Capital Adequacy Ratio	14,61	
Capital Adequacy Ratio	20,26	
BUFFERS		
Total buffer requirement	1,318	
Capital conservation buffer requirement	1,250	
Bank specific counter-cyclical buffer requirement	0,068	
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	10,11	

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)

370.919

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

276.803

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

I. Explanations on Equity (continued)

Information related to the components of shareholders' equity:

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

I. Explanations on Equity (continued)

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

I. Explanations on Equity (continued)

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

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

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

(***)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on April 28, 2017 to book primary legal reserves of TL 9.263, which is 5% of the distributable net profit of TL 185.252 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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) (***)	1.190.070
Per value of instrument (Thousand USD)	300.000
Accounting classification	Liability-Subordinated Loans
Original date of issuance	01/08/2017
Perpetual or dated	10 Years Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	On 1 August 2022, there is an early repayment option. Amount to pay back: TL 1.190.070 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

I. Explanations on Equity (continued)

Basic information in the TFRS 9 transition process: As of March 31, 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
EQUITY COMPONENTS					
Core Capital	3.867.487	3.855.969	3.844.450	3.832.932	3.821.414
Transition Process Unapplied Core Capital (a)	3.821.414	3.821.414	3.821.414	3.821.414	3.821.414
Tier I Capital	3.794.178	3.782.660	3.771.141	3.759.623	3.748.105
Transition Process Unapplied Main Capital (b)	3.748.105	3.748.105	3.748.105	3.748.105	3.748.105
Equity	5.261.051	5.249.533	5.238.014	5.226.496	5.214.978
Transition Process Unapplied Equity (c)	5.214.978	5.214.978	5.214.978	5.214.978	5.214.978
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	25.963.294	25.963.294	25.963.294	25.963.294	25.963.294
CAPITAL ADEQUACY RATIO					
Core Capital Adequacy Ratio (%)	14,90%	14,85%	14,81%	14,76%	14,72%
Transition Process Unapplied Core Capital Adequacy Ratio (%) (ç)	14,72%	14,72%	14,72%	14,72%	14,72%
Main Capital Adequacy Ratio (%)	14,61%	14,57%	14,52%	14,48%	14,44%
Transition Period Unapplied Main Capital Adequacy Ratio (%) (ç)	14,44%	14,44%	14,44%	14,44%	14,44%
Capital Adequacy Ratio (%)	20,26%	20,22%	20,17%	20,13%	20,09%
Transition Process Unapplied Capital Adequacy Ratio (%) (ç)	20,09%	20,09%	20,09%	20,09%	20,09%
LEVERAGE RATIO					
Total Leverage Ratio Risk Exposure	36.865.497	36.865.497	36.865.497	36.865.497	36.865.497
Leverage Ratio	9,52	9,52	9,52	9,52	9,52
Transition Process Unapplied Leverage Ratio (d)	9,50	9,50	9,50	9,50	9,50

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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 March 31, 2018 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	26 March 2018	27 March 2018	28 March 2018	29 March 2018	30 March 2018
USD	3,9742	3,9809	4,0129	3,9669	3,9669
CHF	4,2068	4,1966	4,1985	4,1534	4,1534
GBP	5,6454	5,6320	5,6586	5,5765	5,5765
100 JPY	3,7798	3,7664	3,7794	3,7337	3,7337
EURO	4,9442	4,935	4,9599	4,8962	4,8962

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

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before March 31, 2018 are as follows:

	Monthly Average Foreign Exchange Rate
USD	3,8911
CHF	4,1058
GBP	5,4363
100 JPY	3,6711
EURO	4,7984

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

II. Explanations on Currency Risk (continued)

March 31, 2018	EUR	USD	OTHER	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	650.173	1.717.121	474.537	2.841.831
Banks	51.861	417.310	34.479	503.650
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	115	802.131	-	802.246
Loans (*)	5.427.888	5.469.473	-	10.897.361
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Financial Assets Measured at Amortized Cost	340.868	1.023.120	972	1.364.960
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	16.533	130.334	1	146.868
Total Assets	6.487.438	9.559.489	509.989	16.556.916
Liabilities				
Bank Deposits	563.942	33.066	-	597.008
Other Deposits	3.675.687	9.619.078	75.645	13.370.410
Derivative Financial Liabilities (****)	-	-	-	-
Money Market Balances	-	-	-	-
Funds Provided From Other Financial Institutions	1.173.337	2.239.283	-	3.412.620
Subordinated Loan	-	1.205.257	-	1.205.257
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	114.601	68.415	2.289	185.305
Total Liabilities	5.527.567	13.165.099	77.934	18.770.600
Net Balance Sheet Position	959.871	(3.605.610)	432.055	(2.213.684)
Net Off-Balance Sheet Position	(407.357)	3.678.026	(440.358)	2.830.311
Financial Derivative Assets	5.837.202	18.435.561	1.643.542	25.916.305
Financial Derivative Liabilities	6.244.559	14.757.535	2.083.900	23.085.994
Non-Cash Loans (**)	870.111	1.157.664	-	2.027.775
December 31, 2017				
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 962.060 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	
		March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
USD	% 10	7.242	(2.601)	7.242	(2.601)
USD	%(10)	(7.242)	2.601	(7.242)	2.601
EUR	% 10	55.251	24.132	55.251	24.132
EUR	%(10)	(55.251)	(24.132)	(55.251)	(24.132)

(*) Represents before tax amounts.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

III. Explanations on Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
March 31, 2018							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.566.325	-	-	-	-	1.235.964	3.802.289
Banks	1.928.868	-	-	-	-	226.194	2.155.062
Financial Assets at Fair Value Through Profit and Loss	-	-	1.007	448	1.751	-	3.206
Money Market Placements	10.007	-	-	-	-	-	10.007
Financial Assets at FV Through Other Comprehensive Income	-	-	-	-	981.389	8.189	989.578
Loans (***)	6.905.296	4.490.733	3.385.724	5.565.692	1.112.647	321.189	21.781.281
Financial Assets Measured at Amortized Cost	-	-	502.259	525.138	780.995	-	1.808.392
Other Assets (****)	90.542	90.488	374.287	51.013	13.518	851.156	1.471.004
Total Assets	11.501.038	4.581.221	4.263.277	6.142.291	2.890.300	2.642.692	32.020.819
Liabilities							
Bank Deposits	509.368	68.310	20.275	-	-	958	598.911
Customer Deposits	16.701.426	3.918.383	109.473	752	-	1.005.174	21.735.208
Money Market Borrowings	864	-	-	-	-	-	864
Marketable Securities Issued	-	-	-	-	-	-	-
Subordinated Loans (*)	-	-	-	-	1.205.257	-	1.205.257
Funds Provided From Other Financial Institutions	487.145	970.578	856.320	433.470	666.882	-	3.414.395
Other Liabilities (**)	48.778	15.286	210.325	248.303	10.985	4.532.507	5.066.184
Total Liabilities	17.747.581	4.972.557	1.196.393	682.525	1.883.124	5.538.639	32.020.819
Balance Sheet Long Position	-	-	3.066.884	5.459.766	1.007.176	-	9.533.826
Balance Sheet Short Position	(6.246.543)	(391.336)	-	-	-	(2.895.947)	(9.533.826)
Off-Balance Sheet Long Position	13.352.155	5.426.064	13.403.481	3.314.923	411.478	-	35.908.101
Off-Balance Sheet Short Position	(14.893.830)	(6.672.263)	(9.505.482)	(3.585.984)	(1.307.203)	-	(35.964.762)
Total Position	(7.788.218)	(1.637.535)	6.964.883	5.188.705	111.451	(2.895.947)	(56.661)

(*) 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 3.865.607, tax liabilities amounting to TL 64.548, provisions amounting to TL 233.509 and other liabilities amounting to TL 368.843. In addition, other liabilities include derivative financial liabilities amounting to 533.677.

(***) 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 non-interest bearing column.

(****) Derivative financial assets are classified under other assets.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

III. Explanations on Interest Rate Risk (continued)

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

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

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

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

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
March 31, 2018				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	1,50	-	4,00
Banks	-	0,95	-	12,63
Financial Assets at Fair Value Through Profit and Loss	-	-	-	12,05
Money Market Placements	-	-	-	12,74
Financial Assets at Fair Value Through Other Comprehensive Income	-	6,26	-	13,02
Loans	5,77	7,38	-	16,13
Financial Assets Measured at Amortized Cost	1,59	5,04	-	11,27
Liabilities				
Bank Deposits	1,52	3,42	-	4,46
Customer Deposits	1,93	3,92	-	13,57
Money Market Borrowings	-	-	-	8,5
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,95	2,67	-	6,66

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

III. Explanations on Interest Rate Risk (continued)

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

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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.

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%.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

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

Current Period-31.03.2018		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
HIGH QUALITY LIQUID ASSETS				5.366.359	3.775.950
1	High quality liquid assets	7.532.708	5.942.299	5.366.359	3.775.950
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	15.393.458	8.109.918	1.453.364	810.992
3	Stable deposits	1.719.629	-	85.981	-
4	Less stable deposits	13.673.829	8.109.918	1.367.383	810.992
5	Unsecured Funding other than Retail and Small Business Customer Deposits	6.364.742	4.601.072	3.188.123	2.339.549
6	Operational deposits	676	80	169	20
7	Non-Operational Deposits	5.769.772	4.243.976	2.593.660	1.982.513
8	Other Unsecured Funding	594.294	357.016	594.294	357.016
9	Secured funding	-	-	-	-
10	Other Cash Outflows	4.605.899	3.619.970	1.007.001	1.998.582
11	Liquidity needs related to derivatives and market	659.112	1.806.092	659.112	1.806.092
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.946.787	1.813.878	347.889	192.490
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			5.648.488	5.149.123
CASH INFLOWS					
17	Secured Lending Transactions	470.283	-	-	-
18	Unsecured Lending Transactions	2.670.823	820.470	2.245.168	745.333
19	Other contractual cash inflows	416.573	2.718.300	416.572	2.718.300
20	TOTAL CASH INFLOWS	3.557.679	3.538.770	2.661.740	3.463.633
				Upper Limit Applied Amounts	
21	TOTAL HQLA			5.366.359	3.775.950
22	TOTAL NET CASH OUTFLOWS			2.986.748	1.947.883
23	Liquidity Coverage Ratio (%)			182,07	200,14

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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
HIGH QUALITY LIQUID ASSETS				6.143.539	3.801.100
1	High quality liquid assets	8.572.434	6.229.995	6.143.539	3.801.100
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	16.981.949	8.404.303	1.611.719	840.430
3	Stable deposits	1.729.514	-	86.475	-
4	Less stable deposits	15.252.435	8.404.303	1.525.244	840.430
5	Unsecured Funding other than Retail and Small Business Customer Deposits	7.737.939	5.542.850	3.975.603	2.942.098
6	Operational deposits	506	50	126	12
7	Non-Operational Deposits	6.811.823	4.872.699	3.049.867	2.271.985
8	Other Unsecured Funding	925.610	670.101	925.610	670.101
9	Secured funding	-	-	-	-
10	Other Cash Outflows	4.734.715	3.484.062	974.317	1.958.885
11	Liquidity needs related to derivatives and market	620.335	1.780.948	620.335	1.780.948
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.114.380	1.703.114	353.982	177.937
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			6.561.640	5.741.413
CASH INFLOWS					
17	Secured Lending Transactions	1.095.205	-	-	-
18	Unsecured Lending Transactions	3.505.074	1.546.346	2.908.096	1.357.900
19	Other contractual cash inflows	498.896	2.958.425	498.896	2.958.425
20	TOTAL CASH INFLOWS	5.099.175	4.504.771	3.406.992	4.316.325
				Upper Limit Applied Amounts	
21	TOTAL HQLA			6.143.539	3.801.100
22	TOTAL NET CASH OUTFLOWS			3.154.647	1.673.485
23	Liquidity Coverage Ratio (%)			196,62	236,33

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

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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 first three months and their average values are given below:

Current Year-31.03.2018		
	TL+FC	FC
Lowest Week	142,97 02.02.2018	130,10 02.03.2018
Highest Week	262,82 05.01.2018	285,59 12.01.2018
Average	182,07	200,14

Prior Year-31.12.2017		
	TL+FC	FC
Lowest Week	152,23 15.12.2017	159,38 27.10.2017
Highest Week	279,50 17.11.2017	326,64 29.12.2017
Average	196,62	236,33

Presentation of assets and liabilities according to their remaining maturities:

March 31, 2018	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	623.911	3.178.378	-	-	-	-	-	3.802.289
Banks	226.194	1.928.868	-	-	-	-	-	2.155.062
Financial Assets at Fair Value Through Profit and Loss	-	-	-	1.007	448	1.751	-	3.206
Money Market Placements	-	10.007	-	-	-	-	-	10.007
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	981.389	8.189	989.578
Loans (***)	-	1.716.400	841.366	2.832.280	10.286.560	5.783.486	321.189	21.781.281
Financial Assets Measured at Amortized Cost	-	-	-	502.259	525.138	780.995	-	1.808.392
Other Assets (****)	-	87.904	48.775	187.221	249.636	46.312	851.156	1.471.004
Total Assets	850.105	6.921.557	890.141	3.522.767	11.061.782	7.593.933	1.180.534	32.020.819
Liabilities								
Bank Deposits	958	509.368	68.310	20.275	-	-	-	598.911
Customer Deposits	1.005.174	16.701.426	3.918.383	109.473	752	-	-	21.735.208
Funds Provided From Other Financial Institutions	-	487.145	463.484	856.320	978.260	629.186	-	3.414.395
Money Market Borrowings	-	864	-	-	-	-	-	864
Marketable Securities Issued	-	-	-	-	-	-	-	-
Subordinated Loans (**)	-	-	-	-	-	1.205.257	-	1.205.257
Other Liabilities (***)	-	48.778	15.286	210.325	248.303	10.985	4.532.507	5.066.184
Total Liabilities	1.006.132	17.747.581	4.465.463	1.196.393	1.227.315	1.845.428	4.532.507	32.020.819
Liquidity Gap	(156.027)	(10.826.024)	(3.575.322)	2.326.374	9.834.467	5.748.505	(3.351.973)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	45.677	(27.343)	(92.596)	(3.699)	21.300	-	(56.661)
Financial Derivative Liabilities	-	11.874.026	3.521.690	12.224.484	6.544.979	1.742.922	-	35.908.101
Non-Cash Loans	-	11.828.349	3.549.033	12.317.080	6.548.678	1.721.622	-	35.964.762
Prior period								
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
Liquidity Gap	(406.998)	(10.123.855)	(4.457.957)	1.576.455	10.488.737	6.152.120	(3.228.502)	-

(*) 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 3.865.607, tax liabilities amounting to TL 64.548, provisions amounting to TL 233.509 and other liabilities amounting to TL 368.843. In addition, other liabilities include derivative financial liabilities amounting to 533.677.

(****) 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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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 9,52 % (December 31, 2017: 8,98 %). According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

	Current Period 31 March 2018 (*)
Balance sheet transactions	
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.501.644
2 (Assets deducted from Core capital)	(44.664)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.456.980
Derivative financial assets and credit derivatives	
4 Cost of replenishment for derivative financial assets and credit derivatives	407.031
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)	407.031
Financing transactions secured by marketable security or commodity	
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-
8 Risk amount arising from intermediary transactions	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-
Off-balance sheet transactions	
10 Gross notional amount of off-balance sheet transactions	8.520.450
11 (Correction amount due to multiplication with credit conversion rates)	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	8.520.450
Capital and total risk	
13 Core Capital	3.766.936
14 Total risk amount(sum of lines 3, 6, 9 and 12)	40.384.461
Leverage ratio	
15 Leverage ratio	9,52
	Prior Period 31 December 2017 (*)
Balance sheet transactions	
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	34.780.324
2 (Assets deducted from Core capital)	(64.033)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	34.716.291
Derivative financial assets and credit derivatives	
4 Cost of replenishment for derivative financial assets and credit derivatives	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)	292.878
Financing transactions secured by marketable security or commodity	
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-
8 Risk amount arising from intermediary transactions	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-
Off-balance sheet transactions	
10 Gross notional amount of off-balance sheet transactions	4.919.073
11 (Correction amount due to multiplication with credit conversion rates)	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	4.919.073
Capital and total risk	
13 Core Capital	3.577.376
14 Total risk amount(sum of lines 3, 6, 9 and 12)	39.928.242
Leverage ratio	
15 Leverage ratio	8,98

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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:

- 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 Current Period 31 March 2018	Minimum Capital Requirement Current Period 31 March 2018
1 Credit risk (excluding counterparty credit risk) (CCR)	22.289.680	1.783.174
2 Standardised approach (SA)	22.289.680	1.783.174
3 Internal rating-based (IRB) approach	-	-
4 Counterparty credit risk	748.976	59.918
5 Standardised approach for counterparty credit risk (SA-CCR)	748.976	59.918
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	502.625	40.210
17 Standardised approach (SA)	502.625	40.210
18 Internal model approaches (IMM)	-	-
19 Operational Risk	2.422.013	193.761
20 Basic Indicator Approach	2.422.013	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	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	25.963.294	2.077.063

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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.

Current Period (1 January-31 March 2018)	Corporate, Commercial,SME	Retail Banking	Treasury	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	143.414	48.111	6.613	89.557	287.695
Net Fee and Commission Income	20.607	13.018	(612)	(177)	32.836
Dividend Income	-	-	-	3	3
Other Operating Income and Net Profit/Loss	5.609	4.583	(3.128)	(17.072)	(10.008)
Operating Income	169.630	65.712	2.873	72.311	310.526
Other Operating Expenses (**)	-	-	-	(144.953)	(144.953)
Credit and Other Provisions	(68.745)	(28.491)	-	28.804	(68.432)
Profit Before Tax	-	-	-	97.141	97.141
Tax Provision	-	-	-	(21.699)	(21.699)
Net Profit	-	-	-	75.442	75.442
Total Asset	19.287.601	2.631.667	3.861.017	6.240.534	32.020.819
Segment Assets	19.287.601	2.631.667	3.861.017	6.240.534	32.020.819
Total Liability	6.689.015	15.567.517	4.072.379	5.691.908	32.020.819
Segment Liability	6.689.015	15.567.517	4.072.379	621.044	26.949.955
Subordinated Loan	-	-	-	1.205.257	1.205.257
Equity	-	-	-	3.865.607	3.865.607

(*) 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.

Prior Period (1 January-31 March 2017)	Corporate, Commercial,SME	Retail Banking	Treasury	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	190.957	54.769	4.931	140.975	391.632
Net Fee and Commission Income	41.842	9.993	(776)	(1.098)	49.961
Other Operating Income and Net Profit/Loss	6.180	5.707	18.315	(97.602)	(67.400)
Operating Income	238.979	70.469	22.470	42.275	374.193
Other Operating Expenses	-	-	-	(179.425)	(179.425)
Credit and Other Provisions	(52.495)	(24.401)	-	-	(76.896)
Profit Before Tax	-	-	-	117.872	117.872
Tax Provision	-	-	-	(24.673)	(24.673)
Net profit	-	-	-	93.199	93.199
Total Asset	19.407.521	3.002.120	5.622.682	5.072.052	33.104.375
Segment Assets	19.407.521	3.002.120	5.622.682	5.072.052	33.104.375
Total Liability	6.820.104	16.994.776	3.393.822	5.895.673	33.104.375
Segment Liability	6.820.104	16.994.776	3.393.822	962.551	28.171.253
Subordinated Loan	-	-	-	1.174.992	1.174.992
Equity	-	-	-	3.758.130	3.758.130

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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:

	March 31, 2018	
	TL	FC
Cash and foreign currency	73.216	78.168
Central Bank	887.242	2.763.663
Other	-	-
Total	960.458	2.841.831

	December 31, 2017	
	TL	FC
Cash in Vault	86.483	95.952
Balances with the Central Bank of Turkey	1.403.639	2.145.746
Other	-	-
Total	1.490.122	2.241.698

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

	March 31, 2018	
	TL	FC
Demand unrestricted amount	887.242	165
Time unrestricted amount	-	-
Time restricted amount	-	2.763.498
Total	887.242	2.763.663

	December 31, 2017	
	TL	FC
Unrestricted demand deposits	1.403.639	164
Unrestricted time deposits	-	-
Restricted time deposits	-	2.145.582
Total	1.403.639	2.145.746

c) Explanations related to reserve deposits:

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

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

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

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

	March 31, 2018	
	TL	FC
Classified as unrestricted	3.206	-
Subject to repurchase agreements	-	-
Given as collateral/blocked	-	-
Total	3.206	-

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

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:

	March 31, 2018	
	TL	FC
Forward Transactions	29.174	3.483
Swap Transactions	457.055	65.746
Futures Transactions	-	-
Options	58.651	5.739
Other	-	-
Total	544.880	74.968

	December 31, 2017	
	TL	FC
Forward Transactions	18.038	2.445
Swap Transactions	332.524	40.445
Futures Transactions	-	-
Options	23.886	3.778
Other	-	-
Total	374.448	46.668

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

3. Information on banks and bank accounts abroad:

	March 31, 2018	
	TL	FC
Banks		
Domestic	1.651.412	277.710
Foreign	-	225.940
Branches and head office abroad	-	-
Total	1.651.412	503.650

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

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

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

	March 31, 2018	
	TL	FC
Share certificates	-	-
Bond, treasury bill and similar securities	-	-
Other	-	-
Total	-	-

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

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

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

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

	March 31, 2018
Debt securities	981.389
Quoted on a stock exchange	981.389
Not quoted	-
Share certificates	8.189
Quoted on a stock exchange	-
Not quoted	8.189
Impairment Provision (-)	-
Total	989.578

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

	December 31, 2017
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 (+)	-
Total	1.262.433

5. Information on loans:

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

	March 31, 2018	
	Cash	Non-cash
Direct loans granted to shareholders	219	-
Corporate shareholders	219	-
Real person shareholders	-	-
Indirect loans granted to shareholders	-	32.784
Loans granted to employees	6.101	-
Total	6.320	32.784

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

b) Information on the first and second group loans 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	15.044.046	5.249.088	-	1.166.958
Loans given to enterprises	-	-	-	-
Export loans	884.671	58.589	-	2.747
Foreign loans	598.408	102.119	-	-
Loans given to financial sector	18.711	-	-	-
Consumer loans	1.680.104	100.210	-	28.464
Credit cards	491.880	19.222	-	-
Other	11.370.272	4.968.948	-	1.135.747
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	15.044.046	5.249.088	-	1.166.958

(*)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 3.591.574.

First and Second Stage Expected Loss Provisions	Standard Loans	Stage 2
12-Month provisions for possible losses	100.913	-
Significant increase in credit risk	-	242.552
Total	100.913	242.552

	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
Total	256.804

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

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

Number of extensions	Standard loans	Loans under close monitoring
Extended by 1 or 2 times	61.976	1.166.958
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	61.976	1.166.958

Number of modifications made to extend payment plan	Standard loans	Loans under close monitoring (*)
0 - 6 Months	5.865	274.644
6 - 12 Months	11.940	40.180
1 - 2 Years	20.063	323.184
2 - 5 Years	24.108	528.950
5 Years and over	-	-
Total	61.976	1.166.958

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

Information on loan types and provisions (*):

31 March 2018	Corporate and Commercial	SME	Consumer Loans	Total
Standard Loans	10.269.652	2.639.366	2.135.028	15.044.046
Watchlist	1.895.278	760.362	168.832	2.824.472
Significant Increase in Credit Risk	3.008.170	583.404	-	3.591.574
Non-performing Loans	399.203	690.850	17.974	1.108.027
Specific Provision (-)	(165.065)	(155.351)	(122.957)	(443.373)
Total	15.407.238	4.518.631	2.198.877	22.124.746

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

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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
Consumer Loans – TL	16.325	1.682.140	1.698.465
Housing Loans	-	527.133	527.133
Car Loans	27	17.549	17.576
General Purpose Loans	16.298	1.137.458	1.153.756
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	74.417	74.417
Housing Loans	-	74.417	74.417
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	476.226	17.003	493.229
With Installments	150.167	17.003	167.170
Without Installments	326.059	-	326.059
Individual Credit Cards-FC	103	-	103
With Installments	-	-	-
Without Installments	103	-	103
Personnel Loans - TL	216	4.135	4.351
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	216	4.135	4.351
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	1.748	2	1.750
With Installments	709	2	711
Without Installments	1.039	-	1.039
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	31.545	-	31.545
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	526.163	1.777.697	2.303.860

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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
Commercial loans with installment facility-TL	234.602	5.701.413	5.936.015
Business Loans	-	7.342	7.342
Car Loans	41	22.090	22.131
General Purpose Loans	234.561	5.671.981	5.906.542
Other	-	-	-
Commercial loans with installment facility-Indexed to FC	31.525	617.164	648.689
Business Loans	-	-	-
Car Loans	-	1.575	1.575
General Purpose Loans	31.525	615.589	647.114
Other	-	-	-
Commercial loans with installment facility -FC	19.764	9.339.409	9.359.173
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	19.764	9.339.409	9.359.173
Other	-	-	-
Corporate Credit Cards-TL	15.985	-	15.985
With Installments	3.803	-	3.803
Without Installments	12.182	-	12.182
Corporate Credit Cards-FC	35	-	35
With Installments	-	-	-
Without Installments	35	-	35
Overdraft Accounts-TL (Legal Entities)	72.056	-	72.056
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	373.967	15.657.986	16.031.953

f) Distribution of domestic and foreign loans:

	March 31, 2018
Domestic loans	20.759.565
Foreign loans	700.527
Total	21.460.092
	December 31, 2017
Domestic loans	21.558.475
Foreign loans	443.203
Total	22.001.678

g) Loans granted to subsidiaries and associates: None.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

h) Specific provisions provided against loans:

	March 31, 2018
Specific provisions	
Loans with limited collectability	67.460
Loans with doubtful collectability	105.245
Uncollectible loans	270.668
Total	443.373
	December 31, 2017
Specific provisions	
Loans and receivables with limited collectability	21.322
Loans and receivables with doubtful collectability	105.043
Uncollectible loans and receivables	319.279
Total	445.644

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:

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
December 31, 2017 balance	174.805	382.996	517.671
Additions (+)	178.293	-	-
Transfers from other categories of non-performing loans (+)	-	167.048	288.503
Transfers to other categories of non-performing loans (-)	167.048	288.503	-
Collections (-)	17.709	14.260	16.004
Write-offs (-) (*)	-	-	97.765
Sold			
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
March 31, 2018 balance	168.341	247.281	692.405
Specific provision (-)	67.460	105.245	270.668
Net Balances on Balance Sheet	100.881	142.036	421.737

(*) 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 97.765 have been removed from the assets, by the Bank.

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
March 31, 2018 (Net)	100.882	142.035	421.737
Loans to Real Persons and Legal Entities (Gross)	168.342	247.280	692.405
Specific provision (-)	67.460	105.245	270.668
Loans to Real Persons and Legal Entities (Net)	100.882	142.035	421.737
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2017 (Net)	153.483	277.953	198.392
Loans to Real Persons and Legal Entities (Gross)	174.805	382.996	517.671
Specific provision (-)	21.322	105.043	319.279
Loans to Real Persons and Legal Entities (Net)	153.483	277.953	198.392
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)			
Interest Accruals, Rediscounts and Valuation Differences	11.910	-	-
Provision Amount (-)	4.856	-	-
Prior Period (Net)			
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
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 March 31, 2018, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 421.737 (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 97.765 have been removed from the assets, by the Bank.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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 March 31, 2018, financial assets measured at amortized cost given as collateral is amounting to TL 879.158.

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: None.

c) The Bank has TL 1.808.392 financial assets measured at amortized cost as of March 31, 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:

	March 31, 2018
Beginning Balance	447.133
Foreign Currency Differences on Monetary Assets (*)	48.238
Purchases During Year	-
Transfers (**)	1.313.021
Disposals Through Sales and Redemptions	-
Impairment Provision (-)	-
Total	1.808.392

(*) 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:

	December 31, 2017
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
Total	447.133

(*)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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 25th 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 25th 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 March 31, 2018, the Bank has deferred tax asset amounting to TL 115.190 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 March 31, 2018 the Bank has assets held for sale and discontinued operations amounting to TL 185.449 (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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) **March 31, 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	197.675	-	2.140.377	4.483.235	2.551	4.722	17.124	-	6.845.684
Foreign currency deposits	598.501	-	1.135.131	11.351.487	53.576	194.980	22.791	-	13.356.466
Residents in Turkey	453.777	-	1.116.922	11.035.881	53.115	192.670	8.374	-	12.860.739
Residents abroad	144.724	-	18.209	315.606	461	2.310	14.417	-	495.727
Public sector deposits	8.243	-	1.501	1.521	-	-	-	-	11.265
Commercial deposits	186.282	-	242.192	1.049.621	75	39	46	-	1.478.255
Other institutions deposits	553	-	1.794	27.248	-	23	-	-	29.618
Precious metals deposits	13.920	-	-	-	-	-	-	-	13.920
Interbank deposits	958	-	-	519.364	47.372	31.217	-	-	598.911
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	958	-	-	519.364	47.372	31.217	-	-	598.911
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.006.132	-	3.520.995	17.432.476	103.574	230.981	39.961	-	22.334.119

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	-	-	-	-	-	-	-	-	-
Total	876.246	-	3.681.260	18.892.610	148.833	246.025	65.413	-	23.910.387

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 Exceeding the Limit of Insurance	
	March 31, 2018	March 31, 2018
Saving deposits	2.393.692	4.451.992
Foreign currency saving deposits	534.156	7.767.811
Other deposits in the form of saving deposits	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-
Total	2.927.848	12.219.803

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

Saving deposits (*)	Under the Guarantee of	Exceeding the Limit of
	Insurance	Insurance
	December 31, 2017	December 31, 2017
Saving deposits	2.534.217	5.503.988
Foreign currency saving deposits	582.697	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	-	-
Total	3.116.914	13.634.946

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

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

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

	March 31, 2018
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	4.246
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-
	December 31, 2017
Deposits and accounts in branches abroad	-
Deposits of ultimate shareholders and their close families	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	3.261
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

2. Information on derivative financial liabilities:

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

	March 31, 2018	
	TL	FC
Forward Transactions	22.356	5.614
Swap Transactions	353.484	43.284
Futures Transactions	-	-
Options	101.048	7.891
Other	-	-
Total	476.888	56.789

	December 31, 2017	
	TL	FC
Forward Transactions	5.244	302
Swap Transactions	308.446	69.711
Futures Transactions	-	-
Options	16.133	4.635
Other	-	-
Total	329.823	74.648

3. Information on borrowings:

a) Information on banks and other financial institutions:

	March 31, 2018	
	TL	FC
From Domestic Banks and Institutions	1.775	17.464
From Foreign Banks, Institutions and Funds	-	3.395.156
Total	1.775	3.412.620

	December 31, 2017	
	TL	FC
From Domestic Banks and Institutions	2.940	29.272
From Foreign Banks, Institutions and Funds	-	2.910.508
Total	2.940	2.939.780

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

b) Maturity analysis of borrowings:

	March 31, 2018	
	TL	FC
Short-term	1.265	904.936
Medium and long-term	510	2.507.684
Total	1.775	3.412.620

	December 31, 2017	
	TL	FC
Short-term	353	904.327
Medium and long-term	2.587	2.035.453
Total	2.940	2.939.780

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

	March 31, 2018
Funds Provided Under Repurchase Agreements	864
Total	864

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

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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: The foreign exchange losses amounting to TL 51 on the foreign currency indexed loans are netted off from loans on the balance sheet (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:

	March 31, 2018
Employee termination benefit provision	5.929
Unused vacation provision	5.726
Total of provision for employee benefits	11.655

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

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:

	March 31, 2018
Balance at beginning of the year	5.745
Change within the period	184
Actuarial gain/loss transferred to equity	-
Paid during the year	-
Balance at end of the period	5.929

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

c) Information on other provisions:

c.1) Provisions for possible losses: TL 193.516 (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 6.250 (December 31, 2017: TL 25.000) and promotions for credit cards and banking services amounting to TL 860 for the year of 2017 (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 March 31, 2018, the Bank has allocated first and second stage provisions amounting to TL 12.321 for non-cash loans and third stage provisions amounting to 8.907 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 March 31, 2018, the Bank has corporate income tax provision amounting to TL 77.130, which is netted with prepaid taxes amounting to TL 66.681 and shown in the liabilities amounting to TL 10.449 (December 31, 2017: Tax Asset TL 1.495 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

	March 31, 2018
Payroll Tax	9.821
Withholding taxation on deposits	21.553
BITT	13.997
Property Tax	386
Value Added Tax Payable	117
Stamp Tax	302
Corporate Taxes Payable	10.449
Foreign Exchange Transaction Tax	-
Other	333
Total	56.958

	December 31, 2017
Payroll Tax	9.365
Withholding taxation on deposits	26.283
BITT	15.996
Property Tax	483
Value Added Tax Payable	735
Stamp Tax	273
Corporate Taxes Payable	1.495
Foreign Exchange Transaction Tax	-
Other	548
Total	55.178

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

a.3) Information on premiums:

	March 31, 2018
Social Security Premiums-Employer	3.650
Social Security Premiums-Employee	3.251
Unemployment Insurance-Employer	459
Unemployment Insurance-Employee	230
Pension Fund Membership Fees and Provisions-Employee	-
Pension Fund Membership Fees and Provisions-Employer	-
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Other	-
Total	7.590

	December 31, 2017
Social Security Premiums-Employer	3.417
Social Security Premiums-Employee	3.085
Unemployment Insurance-Employer	435
Unemployment Insurance-Employee	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	-
Total	7.154

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:

	March 31, 2018	
	TL	FC
From domestic banks	-	-
From other domestic institutions	-	-
From foreign banks	-	-
From other foreign institutions	-	1.205.257
Total	-	1.205.257

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

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

13. Information on Shareholders' Equity:

- a) Presentation of Paid-in capital:

As of March 31, 2018 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1.

TL	March 31, 2018
Common stock(*)	3.288.842
Preferred stock	-
Total	3.288.842

(*) Nominal Capital

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

(*) Nominal Capital

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

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

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

	March 31, 2018
Valuation Difference	(465)
Foreign Exchange Difference	-
Total	(465)

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

i) Information on legal reserves (*):

	March 31, 2018
Primary Legal Reserves	25.291
Secondary Legal Reserve	-
Other Legal Reserves Per Special Legislation	-
Total	25.291

(*)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.

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

j) Information on extraordinary reserves (*):

	March 31, 2018
Reserves allocated by the General Assembly (**)	475.444
Retained Earnings	-
Accumulated Losses	-
Foreign Currency Capital Exchange Difference	-
Total	475.444

(*) 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.

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

14. Information on minority shares: None.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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:

	March 31, 2018
Forward asset purchase and sales commitments	444.527
Loan granting commitments	211.328
Commitments for checks	72.206
Credit card limit commitments	841.123
Other irrevocable commitments	6.991
Total	1.576.175
	December 31, 2017
Forward asset purchase and sales commitments	298.884
Loan granting commitments	237.158
Commitments for checks	72.796
Credit card limit commitments	883.203
Other irrevocable commitments	6.689
Total	1.498.730

- 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:

	March 31, 2018
Letters of guarantee	1.475.823
Letters of credit	851.265
Bank acceptance loans	236.940
Other guarantees	263.567
Total	2.827.595
	December 31, 2017
Letters of guarantee	1.460.185
Letters of credit	845.476
Bank acceptance loans	142.251
Other guarantees	129.978
Total	2.577.890

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

	March 31, 2018
Definite letter of guarantees	928.481
Temporary letter of guarantees	46.807
Other letter of guarantees	500.535
Total	1.475.823

	December 31, 2017
Definite letter of guarantees	1.016.686
Temporary letter of guarantees	40.364
Other letter of guarantees	403.135
Total	1.460.185

c) Total amount of non-cash loans:

	March 31, 2018
Non-cash loans given to cover cash loans	306.574
With maturity of 1 year or less than 1 year	306.574
With maturity of more than 1 year	-
Other non-cash loans	2.521.021
Total	2.827.595

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	March 31, 2018	
Interest on loans (*)	TL	FC
Short term loans	123.681	7.041
Medium and long term loans	347.502	158.110
Interest on non-performing loans	2.867	-
Total	474.050	165.151

	March 31, 2017	
Interest on loans (*)	TL	FC
Short term loans	191.790	14.288
Medium and long term loans	311.614	203.420
Interest on non-performing loans	-	-
Total	503.404	217.708

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

b) Information on interest received from banks:

	March 31, 2018	
	TL	FC
From The Central Bank of Turkey	4.707	7.876
From domestic banks	36.923	965
From foreign banks	14	925
From branches and offices abroad	-	-
Total	41.644	9.766

	March 31, 2017	
	TL	FC
The Central Bank of Republic of Turkey (CBRT)	5.847	4.704
Domestic banks	22.502	688
Foreign banks	7	384
Branches and head office abroad	-	-
Total	28.356	5.776

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

IV. Explanations and Disclosures Related to the Statement of Income

c) Interest received from marketable securities portfolio:

	March 31, 2018	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss (Net)	75	-
Financial Assets at Fair Value Through Other		
Comprehensive Income	-	12.381
Financial Assets Measured at Amortized Cost	14.897	13.838
Total	14.972	26.219

	March 31, 2017	
	TL	FC
Trading securities	115	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	10.152	8.170
Held-to-maturity securities	-	4.078
Total	10.267	12.248

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

2. a) Information on interest on funds borrowed:

	March 31, 2018	
	TL	FC
Interest on funds borrowed		
Banks	32	24.398
The Central Bank of Turkey	-	-
Domestic banks	32	83
Foreign banks	-	24.315
Branches and head office abroad	-	-
Other institutions	-	-
Total	32	24.398

	March 31, 2017	
	TL	FC
Interest on funds borrowed		
Banks	172	30.937
The Central Bank of Turkey	-	174
Domestic banks	172	141
Foreign banks	-	30.622
Branches and head office abroad	-	-
Other financial institutions	-	-
Total	172	30.937

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

c) Information on interest expense to marketable securities issued: As of March 31, 2018; The bank has interest expense to Tier II sub-loan issued amounting to TL 22.284 (March 31, 2017: None).

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

March 31, 2018								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	36	-	-	-	-	-	36
Saving deposits	69	69.864	179.510	80	322	521	-	250.366
Public sector deposits	-	31	26	389	-	-	-	446
Commercial deposits	5	5.526	49.913	-	42	2	-	55.488
Other deposits	-	95	1.915	-	-	-	-	2.010
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	74	75.552	231.364	469	364	523	-	308.346
Foreign Currency								
Foreign currency deposits	45	11.298	97.143	451	1.766	236	-	110.939
Bank deposits	-	2.717	-	-	-	-	-	2.717
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	45	14.015	97.143	451	1.766	236	-	113.656
Grand Total	119	89.567	328.507	920	2.130	759	-	422.002
March 31, 2017								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	171	-	-	-	-	-	171
Saving deposits	55	36.897	157.930	258	3.414	354	-	198.908
Public sector deposits	-	-	109	-	-	-	-	109
Commercial deposits	12	8.359	57.841	1.754	46	12	-	68.024
Other deposits	-	71	9.562	31	295	-	-	9.959
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	67	45.498	225.442	2.043	3.755	366	-	277.171
Foreign Currency								
Foreign currency deposits	73	9.400	117.329	5.796	4.795	509	-	137.902
Bank deposits	-	7.478	-	-	-	-	-	7.478
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	73	16.878	117.329	5.796	4.795	509	-	145.380
Grand Total	140	62.376	342.771	7.839	8.550	875	-	422.551

3. Information on Dividend Income: At the end of March, The Bank has TL 3 dividend income collected from share certificates (March 31, 2017: None).

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

4. Information on net trading income:

	March 31, 2018
Income	6.150.197
Gains on capital market operations	2
Gains on derivative financial instruments	625.593
Foreign exchange gains	5.524.602
Losses (-)	6.169.285
Losses on capital market operations	635
Losses on derivative financial instruments	631.979
Foreign exchange losses	5.536.671
Net Amount	(19.088)

	March 31, 2017
Income	6.192.237
Gains on capital market operations	239
Gains on derivative financial instruments	669.430
Foreign exchange gains	5.522.568
Losses (-)	6.267.375
Losses on capital market operations	346
Losses on derivative financial instruments	625.664
Foreign exchange losses	5.641.365
Net Amount	(75.138)

5. Information on other operating income: As of March 31, 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:

	March 31, 2018
Expected Credit Loss Provisions	98.192
12-Month Expected Credit Losses (Stage 1)	-
Significant Increase In Credit Risk (Stage 2)	-
Credit-Impaired (Stage 3)	98.192
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	(29.760)
Total	68.432

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

b) Provision for impairment of loans and other receivables:

	March 31, 2017
Specific provisions for loans and other receivables (*)	76.896
III. Group Loans and Receivables	23.770
IV. Group Loans and Receivables	25.697
V. Group Loans and Receivables	27.429
General loan loss provision expenses / (income)	-
Provision expenses for possible losses (**)	-
Marketable securities impairment losses	-
Financial assets at fair value through profit and loss	-
Investment securities available for sale	-
Impairment provision expense on investments	-
Associates	-
Subsidiaries	-
Jointly controlled entities	-
Investments held to maturity	-
Other	-
Total	76.896

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

7. Information on other operating expenses:

	March 31, 2018
Personnel expenses (**)	48.024
Employee termination benefit provision	183
Taxes and duties	-
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	6.269
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	8.527
Impairment for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	-
Depreciation expenses of assets to be disposed	532
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	81.418
Rent expenses	20.347
Maintenance expenses	1.059
Advertisement expenses	6.642
Other expenses (*)	53.370
Loss on sales of assets	-
Total	144.953

(*) As of March 31, 2018, other operating expenses include IT expenses amounting to TL 14.981, premiums for saving deposit insurance fund amounting to TL 4.690, support services amounting to TL 2.778, taxes and similar disbursements expenses amounting to TL 3.992, communication expenses amounting to TL 2.637 and other expenses amounting to TL 24.292.

(**) 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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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

	March 31, 2017
Personnel expenses	78.562
Employee termination benefit provision	212
Taxes and duties	-
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	11.388
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	8.316
Impairment for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	-
Depreciation expenses of assets to be disposed	194
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	80.753
Rent expenses	18.183
Maintenance expenses	1.168
Advertisement expenses	11.080
Other expenses (*)	50.322
Loss on sales of assets	-
Total	179.425

(*) As of March 31, 2017, other operating expenses include IT expenses amounting to TL 11.552, premiums for saving deposit insurance fund amounting to TL 5.221, support services amounting to TL 4.907, taxes and similar disbursements expenses amounting to TL 4.062, communication expenses amounting to TL 2.892 and other expenses amounting to TL 21.688.

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

As of March 31, 2018, the Bank's profit before tax from continued operations is TL 97.141.

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

As of March 31, 2018, The Bank has deferred tax expense amounting to TL 6.779 through temporary differences and current tax expense amounting to TL 14.920 (March 31, 2017: TL 9.895 deferred tax expense and TL 14.778 current tax expense).

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

As of March 31, 2018, the Bank's net profit from continued operations is TL 75.442 (31 March 2017: TL 93.199).

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

- a) Subsequent to the reversal of TL 34.424 as an opening adjustment and TL 29.760 during the current period, the Bank released free provisions amounting TL 64.184 that was provided in prior years.
- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- c) Profit or loss attributable to minority shares: None.

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

None.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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) **March 31, 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	32	80
Balance at end of period	-	-	219	32.784	-	75
Interest and commission income	-	-	1	-	-	-

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 (**)	-	-	3	-	-	-

b.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	March 31, 2018	March 31, 2018	March 31, 2018
Deposits			
Balance at beginning of period	-	584.775	-
Balance at end of period	-	598.101	9
Interest on deposits	-	2.500	2

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
Deposits			
Balance at beginning of period	-	1.202.909	8.623
Balance at end of period	-	584.775	-
Interest on deposits (**)	-	9.805	195

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

(**) Includes balances of March 31, 2017.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

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:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank	Other entities and real persons included in the risk group
Financial assets at fair value through profit and loss	March 31, 2018	March 31, 2018	March 31, 2018
Balance at beginning of period	-	64.525	-
Balance at end of period	-	65.453	-
Total Loss/ Profit	-	(1.216)	-

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
Financial assets at fair value through profit and loss	December 31, 2017	December 31, 2017	December 31, 2017
Balance at beginning of period	-	66.908	-
Balance at end of period	-	64.525	-
Total Loss/ Profit (*)	-	(742)	-

(*)Includes balances of March 31, 2017.

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

Gross payment made to the executive management as of March 31, 2018 is TL 5.149 (March 31, 2017: TL 17.045).

VI. Explanations And Disclosures Related To Subsequent Events

None.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

SECTION SIX

AUDITOR'S REVIEW REPORT

I. Explanations on the Auditor's Review Report

The unconsolidated financial statements for the period ended March 31, 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 May 10, 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 March 31, 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%
Raymond Audi	-	-	-	-
Samir Hanna	-	-	-	-
Freddie Baz	-	-	-	-
Total	3.288.842	100,00%	3.288.842	100,00%

(*)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 March 31, 2018 the Bank has 47 domestic branches and 1.126 personnel.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

Information on Board Members and executive management of the Bank

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice Chairman of the Board of Directors	Ayşe KORKMAZ	Vice Chairman of the Board of Directors and Member of Audit Committee	Bachelor's Degree
Members of the Board of Directors	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master Degree
	Aristeidis VOURAKIS	Member of the Board of Directors	Master Degree
	Bülent ADANIR	Member of the Board of Directors	Master Degree
	Dragica Pilipovic-CHAFFEY	Member of the Board of Directors	Master Degree
Member of the Board of Directors and General Manager (*)	Mert ÖNCÜ	Member of the Board of Directors and General Manager	PHD Degree
Deputy General Manager	Naim HAKIM	Finance	Master Degree
Assistant General Managers (**)	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

(*) Pursuant to the resolution taken by the Board of Directors dated March 7, 2018, Mr. Mert ÖNCÜ has been appointed as a Member of the Board of Directors and General Manager as of April 2, 2018.

(**)As of March 23, 2018, Mr. Fevzi Tayfun KÜÇÜK, who was serving as Assistant General Manager responsible from Business Solutions, Direct Banking, Transactional Banking and Information Technologies, resigned.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

Message from the Chairman

Dear Stakeholders,

For the last couple of quarters, while advanced economies have grown above their medium-term potential and many emerging markets economies have recovered, mounting tensions over the protectionist measures in global trade and geopolitical uncertainties have deteriorated the optimism over the world economic outlook to some extent.

In the meantime, Turkish economy maintained its resilience in the first quarter of 2018 albeit at a slower pace compared to 2017. In addition to the weakening global risk appetite, Turkish financial assets remained under selling pressure due to the challenges in short-term macroeconomic imbalances such as current account deficit and inflation. Nonetheless, we believe Turkey can achieve its long-term targets thanks to its strong fundamentals. In fact, with its promising potential, Turkey is one of the world's most important developing markets. As the country boasts the largest population in the region and achieved an average annual growth rate of over 5 percent over the last ten years, we believe Turkish banking sector has room for the depth and diversity for the penetration of financial products that will result in a host of new opportunities for the Turkish financial services sector.

Turkish banking sector, which is one of the most important pillars of Turkish economy, continued to perform well during the first quarter of 2018 despite the challenges from domestic and global risk factors. While growth momentum in the Turkish banking sector has lost some momentum, the asset quality of the sector remained resilient thanks to the effects of Credit Guarantee Fund (CGF). However, upward pressure on funding costs continued due to the global and domestic macroeconomic conditions. Meanwhile, we believe the banking sector will keep its profitability levels going forward, thanks to the sectors' strong financial metrics, cost efficacies and technological transformations that would lead to productivity improvements.

Since its launching in 2012 with a significant investment from Bank Audi Group, Odeabank has achieved great success both domestically and internationally. We did so by integrating technological advancements of the new information age into our banking operations, incorporating professional, young, dynamic and success oriented employees into the Bank's staff and by focusing on customer satisfaction-always. As one of the young and important player of the sector, Odeabank has been a source of pride for our group with the success it has achieved in Turkey.

As we made significant progress in our transition period which we initiated last year, we pursued a balanced and targeted growth strategy in the first quarter of 2018. Within this respect, while we continued to improve our key performance indicators and to increase our core business revenues, we kept the rank 10th in assets among private deposit banks as of the first quarter of 2018. Going forward, Odeabank will continue to provide funds to real sectors with its customer oriented service approach, reflecting our confidence towards Turkish economy.

Having adopted breaking new ground in the Turkish banking industry as one of its core principles, Odeabank will continue taking firm steps into the future with these mission and visions. Accordingly, with our faith in the Turkish economy, we plan to continue our investments, and thus contribute to Turkish economy going forward.

On behalf of the Board of Directors, I would like to express my gratitude to all our staff that have helped Odeabank to move forward to the point where we stand now, and to all our customers who honor us with their confidence and trust.

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
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

Message from the Deputy General Manager

While recent data releases pointed out the ongoing improvement in global macroeconomic fundamentals during the first quarter of 2018, recent increase in financial markets' volatility posed a downside risk on world economic activity. Besides, as the expectation for a faster monetary policy normalization in advanced economies weakened risk appetite, the financial conditions have tightened around the world due to the protectionist rhetoric over the world trade and ongoing geopolitical tensions.

Even though volatility in domestic financial markets stayed elevated due to the global developments, Turkish economy mainly kept its resilience. Early indicators for the first quarter suggest that GDP growth remained above its historical averages albeit at a slower pace compared to the second half of last year. However, large external financing needs and concerns over the inflation have deteriorated the sentiment towards Turkish financial assets to some extent in the first quarter of 2018. Despite the ongoing recoveries in exports and tourism sectors, imports and current account deficit widened due to the rising oil bill and gold demand. Meanwhile, as rising concerns over Turkey's large external deficit and financing needs led Turkish Lira to weaken, inflation remained elevated due to the volatility in food prices; therefore, CBRT kept unchanged its tight monetary policy stance throughout this period.

Despite this challenging global and domestic macroeconomic backdrop, the banking sector left behind the first quarter of 2018 successfully and proved its resilience once again. Even though the banking sector's loans and deposits annual growth rates remained above 20% as of March-end thanks to the increases in foreign exchange rates, FX adjusted figures suggest relatively modest growth rates.

In the first quarter of 2018, we pursued our consolidation and rebalancing initiative that we launched in the second half of 2017. In fact, after entering the Turkish banking sector at the end of 2012 and gaining a significant market share placing us at the 9th place in terms of deposits among the privately owned deposit banks, we entered a new phase in our development cycle in which we favor margin and efficiency improvements to reinforce profitability and asset quality. Within this scope, we are deliberately exiting form some activities and exposures that are not in line with our new priorities.

As such, our loan portfolio decreased by 3,8% in the first quarter of 2018 compared to the previous quarter. Customers' deposits, which represent our main source of funding, followed the same trend while keeping our loan to deposit ratio at 97,6%, one of the lowest in the sector.

Despite the ongoing sector-wide increase in deposit rates, we were able to improve our spreads and maintain our net interest margin in TL terms at TL 288 million, practically the same level of the previous quarter despite the lower assets volume.

Our efforts and actions to adapt our business model and cost base to our new directions started to bear its fruits as the overall operating expenses decreased by 17,4% quarter on quarter to reach TL 145 million in Q1-2018 compared to TL 175 million in Q4-2017. This translated in to a cost to income ratio of 46,7% and a cost to average assets ratio of 1,78% and continued to demonstrate best-in-class efficiency compared to the peer group in terms of operating expenses as a percentage of assets, as well as loan and deposit volumes per branch and per employee.

Our total NPLs remained practically at the same level of end-December 2017 of TL 1.1 billion, while our NPL ratio slightly increased to 4,9% on the back of decreasing total loans volume. NPLs are covered 40% by specific provisions and the coverage ratio reaches c. 60% when including the free provisions.

As a consequence of our ongoing rebalancing process and despite the challenging financial conditions, we finished the first quarter of 2018 with a net income of TL 75.4 million, in line with our Q1-budget. This represented a return on average assets ROAA of 0,9% slightly above the average of the year 2017.

Our capital adequacy ratio remained at its high level of 20,3% with our CET1 ratio at 14,6%.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Message from the Deputy General Manager (continued)

Going forward, our main strategic priority continues to be increasing our return on assets and equity towards sector averages gradually. In this scope, we will keep our efforts to further improve our business model and to deliver higher value to all our stakeholders.

In the same time, we will continue to add dynamism and innovation to the banking industry and to our community, thanks to the diligent efforts of our passionate banking professionals and the support of Bank Audi Group, our parent company, the largest financial corporation in Lebanon, and one of the most prestigious banks of the Middle East.

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.

Naim Hakim

Deputy General Manager

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Brief financial information of the Bank

ASSETS:

	Reviewed Current Period 31.03.2018		
	TL	FC	Total
CASH AND CASH EQUIVALENTS	2.621.877	3.345.481	5.967.358
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3.206	-	3.206
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	187.332	802.246	989.578
FINANCIAL ASSETS MEASURED AT AMORTIZED COST	443.432	1.364.960	1.808.392
DERIVATIVE FINANCIAL ASSETS	544.880	74.968	619.848
ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	(757)	(14.376)	(15.133)
LOANS (NET)	12.009.028	9.772.253	21.781.281
NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (NET)	185.449	-	185.449
TANGIBLE ASSETS (NET)	99.436	-	99.436
INTANGIBLE ASSETS AND GOODWILL (NET)	82.471	-	82.471
DEFERRED TAX ASSETS	115.190	-	115.190
OTHER ASSETS	236.875	146.868	383.743
Total	16.528.419	15.492.400	32.020.819

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

LIABILITES:

	Reviewed Current Period 31.03.2018		
	TL	FC	Total
DEPOSITS	8.366.701	13.967.418	22.334.119
LOANS RECEIVED	1.775	3.412.620	3.414.395
MONEY MARKET FUNDS	864	-	864
MARKETABLE SECURITIES (Net)	-	-	-
FUNDS	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
DERIVATIVE FINANCIAL LIABILITIES	476.888	56.789	533.677
FACTORING PAYABLES	-	-	-
LEASE PAYABLES	-	-	-
PROVISIONS	226.892	6.617	233.509
CURRENT TAX LIABILITIES	64.548	-	64.548
DEFERRED TAX LIABILITIES	-	-	-
LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	-	-	-
SUBORDINATED DEBT	-	1.205.257	1.205.257
OTHER LIABILITIES	183.538	185.305	368.843
SHAREHOLDERS' EQUITY	3.865.015	592	3.865.607
TOTAL LIABILITIES AND EQUITY	13.186.221	18.834.598	32.020.819

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Prior Period		
	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
TOTAL LIABILITIES AND EQUITY	15.032.909	18.071.466	33.104.375

STATEMENT OF INCOME:

	Reviewed Current Period
	01.01- 31.03.2018
INTEREST INCOME	756.455
INTEREST EXPENSE	468.760
NET INTEREST INCOME (I - II)	287.695
NET FEES AND COMMISSIONS INCOME	32.836
PERSONNEL EXPENSES (-)	48.024
DIVIDEND INCOME	3
NET TRADING PROFIT/LOSS (Net)	(19.088)
OTHER OPERATING INCOME	9.080
GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)	262.502
ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	68.432
OTHER OPERATING EXPENSES (-)	96.929
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	97.141
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)	97.141
PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(21.699)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	75.442
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)	-
NET PROFIT/LOSSES (XVIII+XXIII)	75.442

	Reviewed Prior Period
	01.01- 31.03.2017
INTEREST INCOME	851.070
INTEREST EXPENSE	459.438
NET INTEREST INCOME (I - II)	391.632
NET FEES AND COMMISSIONS INCOME	49.961
DIVIDEND INCOME	-
NET TRADING INCOME	(75.138)
OTHER OPERATING INCOME	7.738
NET OPERATING INCOME (III+IV+V+VI+VII)	374.193
PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	76.896
OTHER OPERATING EXPENSES (-)	179.425
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	117.872
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)	117.872
TAX PROVISION FOR CONTINUED OPERATIONS (±)	(24.673)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	93.199
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)	-
NET PROFIT/LOSSES (XVII+XXII)	93.199