

# **ODEA BANK A.Ş.**

## **UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT SEPTEMBER 30, 2017 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 30 September 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for 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*

The accompanying unconsolidated financial statements as at 30 September 2017 include a general reserve for possible risks amounting to TL 298.200 thousands, of which TL 84.500 thousands is provided in current period by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions. In addition to that; a deferred tax asset is provided based on this reserve amounting to TL 59.640 thousands in the accompanying unconsolidated financial statements as at 30 September 2017.

### *Qualified Conclusion*

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Odea Bank A.Ş. at 30 September 2017 and of the results of its operations and its cash flows for the nine-month-period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim annual report in Section VII, 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 the 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

Istanbul, 7 November 2017

**THE UNCONSOLIDATED NINE MONTH FINANCIAL REPORT OF  
ODEA BANK A.Ş. AS OF SEPTEMBER 30, 2017**

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The unconsolidated financial report for the nine 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 nine 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	Hüseyin ÖZKAYA	Naim HAKIM	Hüseyin ARITKAN
Chairman of the Board of Directors	Member of Board of Directors and General Manager	Deputy General Manager and Assistant General Manager in charge of Finance	Financial Reporting Director
	Ayşe KORKMAZ		Imad ITANI
	Member of Board of Directors and Audit Committee Member		Member of Board of Directors and Audit Committee Member

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

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 Impairment of Financial Assets
- 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

**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 SEPTEMBER 30, 2017

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

#### SECTION ONE

##### GENERAL INFORMATION ABOUT THE BANK

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

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

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

As of September 30, 2017 and December 31, 2016, 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	2.422.595	73,661%	2.420.930	73,610%
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%
Audi Private Bank sal	90.698	2,758%	90.698	2,758%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
Raymond Audi	-	-	555	0,017%
Samir Hanna	-	-	555	0,017%
Freddie Baz	-	-	555	0,017%
	<b>3.288.842</b>	<b>100,00%</b>	<b>3.288.842</b>	<b>100,00%</b>

(\*) It has been decided during the Board of Directors meeting on March 23, 2017 and then approved on the General Assembly on April 28, 2017 that, 554.860,80 shares each having a nominal value of 1.00 TL (one Turkish Lira) that belong to our shareholders Mr. Raymond AUDI, Mr. Samir HANNA and Mr. Freddie BAZ on behalf of whom registered share certificates have been issued, to be transferred to Bank Audi sal, shareholder of the bank, by way of endorsement of the mentioned registered share certificates.

**ODEA BANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017**

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

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

<b><u>Title</u></b>	<b><u>Name-Surname</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chairman of the Board of Directors</b>	Samir HANNA	Chairman	High School
<b>Vice President of the Executive Board</b>	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
<b>Members of the Board of Directors</b>	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Ayşe KORKMAZ	Member of the Board of Directors and Member of Audit Committee	Bachelor's 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
	Guy Charles HARINGTON	Member of the Board of Directors	Master Degree
<b>Member of the Board of Directors and General Manager</b>	Hüseyin ÖZKAYA	Member of the Board of Directors and General Manager	Master Degree
<b>Deputy General Manager</b>	Naim HAKIM	Finance	Master Degree
<b>Assistant General Managers</b>	Alpaslan YURDAGÜL	Financial Institutions and Investment Banking	Master Degree
	Cem MURATOĞLU	Retail Banking	Master Degree
	Fevzi Tayfun KÜÇÜK	Business Solutions, Direct Banking, Transactional Banking and Information Technologies	Master Degree
	Gökhan ERKIRALP	Treasury and Capital Markets	Bachelor's Degree
	Yalçın AVCI	Corporate and Commercial Banking	Master Degree
	Gökhan SUN	Small and Medium Sized Enterprises	Master Degree

**ODEA BANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017**

(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 September 30, 2017:

Name / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	2.422.595	73,661%	2.422.595	-

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

The headquarter of the Bank is located in Istanbul and as of September 30, 2017, there are 51 domestic branches with 1.616 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 2016: 50 domestic branches, 1.681 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
- III. Statement of Income
- IV. Statement of Income and Expense Items Accounted Under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
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**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

	Note Ref (Section Five)	Reviewed Current Period 30.09.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	I-1	1.327.181	2.616.524	3.943.705	1.364.386	3.353.854	4.718.240
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	I-2	350.488	794.533	1.145.021	321.278	104.655	425.933
2.1 Financial assets held for trading		350.488	794.533	1.145.021	321.278	104.655	425.933
2.1.1 Public sector debt securities		771	-	771	5.905	-	5.905
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		349.717	81.889	431.606	315.373	104.655	420.028
2.1.4 Other marketable securities		-	712.644	712.644	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	I-3	1.343.448	1.210.785	2.554.233	139	118.585	118.724
<b>IV. MONEY MARKET PLACEMENTS</b>		1.731.161	-	1.731.161	4.412.052	-	4.412.052
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		1.731.161	-	1.731.161	4.412.052	-	4.412.052
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	I-4	430.827	503.392	934.219	425.565	479.890	905.455
5.1 Share certificates		4.897	2.606	7.503	-	1.927	1.927
5.2 Public sector debt securities		425.930	500.786	926.716	425.565	477.963	903.528
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	I-5	14.505.098	10.412.058	24.917.156	13.342.398	13.105.388	26.447.786
6.1 Loans and receivables		13.878.020	10.412.058	24.290.078	12.955.273	13.105.388	26.060.661
6.1.1 Loans to risk group of the Bank		189	-	189	1.186	-	1.186
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		13.877.831	10.412.058	24.289.889	12.954.087	13.105.388	26.059.475
6.2 Non-performing loans		1.096.890	-	1.096.890	688.443	-	688.443
6.3 Specific provisions (-)		469.812	-	469.812	301.318	-	301.318
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	I-6	-	422.233	422.233	-	428.155	428.155
8.1 Public sector debt securities		-	422.233	422.233	-	428.155	428.155
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	I-12	110.232	-	110.232	129.466	-	129.466
<b>XV. INTANGIBLE ASSETS (Net)</b>	I-13	82.934	-	82.934	98.807	-	98.807
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		82.934	-	82.934	98.807	-	98.807
<b>XVI. INVESTMENT PROPERTY (Net)</b>	I-14	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	I-15	69.838	-	69.838	92.593	-	92.593
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		69.838	-	69.838	92.593	-	92.593
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	I-16	142.400	-	142.400	42.094	-	42.094
18.1 Held for sale		142.400	-	142.400	42.094	-	42.094
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	I-17	161.246	139.340	300.586	230.979	228.116	459.095
<b>TOTAL ASSETS</b>		<b>20.254.853</b>	<b>16.098.865</b>	<b>36.353.718</b>	<b>20.459.757</b>	<b>17.818.643</b>	<b>38.278.400</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

			Reviewed Current Period 30.09.2017			Audited Prior Period 31.12.2016		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total	
<b>I.</b>	<b>DEPOSITS</b>	II-1	12.243.777	14.943.498	27.187.275	10.774.307	18.480.089	29.254.396
1.1	Deposits from risk group of the Bank		10.386	855.120	865.506	16.644	1.194.888	1.211.532
1.2	Other		12.233.391	14.088.378	26.321.769	10.757.663	17.285.201	28.042.864
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	II-2	322.132	69.387	391.519	472.909	72.966	545.875
<b>III.</b>	<b>FUNDS BORROWED</b>	II-3	4.936	2.996.686	3.001.622	8.616	3.656.881	3.665.497
<b>IV.</b>	<b>MONEY MARKET BALANCES</b>		105	-	105	2.457	-	2.457
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	II-4	105	-	105	2.457	-	2.457
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>	II-5	-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		19.785	1.225	21.010	9.179	722	9.901
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	II-6	151.926	141.686	293.612	162.257	35.941	198.198
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	II-7	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses ( - )		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	II-8	-	-	-	-	-	-
11.1	Fair value hedge		-	-	-	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	II-9	459.788	149.034	608.822	414.936	122.541	537.477
12.1	General loan loss provisions		107.768	149.034	256.802	132.295	122.541	254.836
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		13.357	-	13.357	14.915	-	14.915
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		338.663	-	338.663	267.726	-	267.726
<b>XIII.</b>	<b>TAX LIABILITY</b>	II-10	80.398	-	80.398	93.027	-	93.027
13.1	Current tax liability		80.398	-	80.398	93.027	-	93.027
13.2	Deferred tax liability		-	-	-	-	-	-
<b>XIV.</b>	<b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	II-11	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	II-12	-	1.081.040	1.081.040	-	528.417	528.417
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	II-13	3.689.054	(739)	3.688.315	3.452.080	(8.925)	3.443.155
16.1	Paid-in capital		3.288.842	-	3.288.842	3.288.842	-	3.288.842
16.2	Supplementary capital		(12.091)	(739)	(12.830)	(22.014)	(8.925)	(30.939)
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund		(13.144)	(739)	(13.883)	(19.816)	(8.925)	(28.741)
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)	(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		230.302	-	230.302	185.252	-	185.252
16.4.1	Prior years' income/ (losses)		-	-	-	(15.102)	-	(15.102)
16.4.2	Current year income/ (losses)		230.302	-	230.302	200.354	-	200.354
16.5	Minority shares	II-14	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>16.971.901</b>	<b>19.381.817</b>	<b>36.353.718</b>	<b>15.389.768</b>	<b>22.888.632</b>	<b>38.278.400</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**

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

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

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>21.130.829</b>	<b>54.080.425</b>	<b>75.211.254</b>	<b>18.985.010</b>	<b>43.335.254</b>	<b>62.320.264</b>
<b>I. GUARANTEES</b>	III-1	<b>1.060.280</b>	<b>1.466.709</b>	<b>2.526.989</b>	<b>1.023.257</b>	<b>1.876.881</b>	<b>2.900.138</b>
1.1 Letters of guarantee		1.054.182	675.324	1.729.506	1.013.390	1.200.672	2.214.062
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1.054.182	675.324	1.729.506	1.013.390	1.200.672	2.214.062
1.2 Bank loans		6.098	124.868	130.966	9.867	104.656	114.523
1.2.1 Import letter of acceptance		6.098	124.868	130.966	9.867	104.656	114.523
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	666.517	666.517	-	571.553	571.553
1.3.1 Documentary letters of credit		-	666.517	666.517	-	571.553	571.553
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	III-1	<b>3.519.514</b>	<b>12.674.316</b>	<b>16.193.830</b>	<b>1.138.614</b>	<b>1.051.410</b>	<b>2.190.024</b>
2.1 Irrevocable commitments		3.519.514	12.674.316	16.193.830	1.138.614	1.051.410	2.190.024
2.1.1 Forward asset purchase and sales commitments		2.291.990	12.447.273	14.739.263	144.856	637.280	782.136
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		226.545	220.641	447.186	222.455	407.924	630.379
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		88.861	-	88.861	102.372	-	102.372
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		912.118	-	912.118	668.931	-	668.931
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		-	6.402	6.402	-	6.206	6.206
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>16.551.035</b>	<b>39.939.400</b>	<b>56.490.435</b>	<b>16.823.139</b>	<b>40.406.963</b>	<b>57.230.102</b>
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		16.551.035	39.939.400	56.490.435	16.823.139	40.406.963	57.230.102
3.2.1 Forward foreign currency buy/sell transactions		1.252.031	1.887.723	3.139.754	1.443.317	2.887.100	4.330.417
3.2.1.1 Forward foreign currency transactions-buy		690.108	881.831	1.571.939	872.631	1.281.244	2.153.875
3.2.1.2 Forward foreign currency transactions-sell		561.923	1.005.892	1.567.815	570.686	1.605.856	2.176.542
3.2.2 Swap transactions related to foreign currency, and interest rates		9.896.931	27.850.669	37.747.600	11.842.400	26.807.263	38.649.663
3.2.2.1 Foreign currency swaps-buy		2.880.779	9.559.087	12.439.866	2.997.882	10.540.022	13.537.904
3.2.2.2 Foreign currency swaps-sell		5.121.752	7.282.414	12.404.166	6.426.736	7.251.743	13.678.479
3.2.2.3 Interest rate swaps-buy		947.200	5.504.584	6.451.784	1.208.891	4.507.749	5.716.640
3.2.2.4 Interest rate swaps-sell		947.200	5.504.584	6.451.784	1.208.891	4.507.749	5.716.640
3.2.3 Foreign currency, interest rate and securities options		5.402.073	10.201.008	15.603.081	3.537.422	10.712.600	14.250.022
3.2.3.1 Foreign currency options-buy		2.297.127	5.246.378	7.543.505	1.494.471	5.352.121	6.846.592
3.2.3.2 Foreign currency options-sell		3.104.946	4.506.150	7.611.096	2.042.951	4.880.569	6.923.520
3.2.3.3 Interest rate options-buy		-	224.240	224.240	-	239.955	239.955
3.2.3.4 Interest rate options-sell		-	224.240	224.240	-	239.955	239.955
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>70.647.033</b>	<b>31.386.174</b>	<b>102.033.207</b>	<b>59.204.924</b>	<b>28.957.022</b>	<b>88.161.946</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>558.488</b>	<b>283.796</b>	<b>842.284</b>	<b>593.366</b>	<b>384.751</b>	<b>978.117</b>
4.1 Assets under management		173.692	-	173.692	197.238	-	197.238
4.2 Investment securities held in custody		14.344	26.355	40.699	16.921	38.986	55.907
4.3 Checks received for collection		64.480	201.020	265.500	46.741	239.459	286.200
4.4 Commercial notes received for collection		305.972	56.421	362.393	332.466	106.306	438.772
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>70.088.545</b>	<b>31.102.378</b>	<b>101.190.923</b>	<b>58.611.558</b>	<b>28.572.271</b>	<b>87.183.829</b>
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		26.024.330	4.062.081	30.086.411	21.099.168	3.555.888	24.655.056
5.3 Commodities		4.261.683	-	4.261.683	4.137.127	-	4.137.127
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		28.990.457	15.364.455	44.354.912	24.665.080	14.654.317	39.319.397
5.6 Other pledged items		10.812.075	11.675.842	22.487.917	8.710.183	10.362.066	19.072.249
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>91.777.862</b>	<b>85.466.599</b>	<b>177.244.461</b>	<b>78.189.934</b>	<b>72.292.276</b>	<b>150.482.210</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED**  
**SEPTEMBER 30, 2017 AND 2016**

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

**III. STATEMENT OF INCOME**

	Note (Section Five)	Reviewed Current Period 01.01- 30.09.2017	Reviewed Prior Period 01.01- 30.09.2016	Reviewed Current Period 01.07- 30.09.2017	Reviewed Prior Period 01.07- 30.09.2016
<b>I. INTEREST INCOME</b>	IV-1	<b>2.622.893</b>	<b>1.970.787</b>	<b>895.352</b>	<b>676.102</b>
1.1 Interest on loans		2.208.184	1.647.137	759.921	573.251
1.2 Interest received from reserve deposits		37.020	27.135	14.797	7.922
1.3 Interest received from banks		98.665	58.132	41.651	15.353
1.4 Interest received from money market placements		197.517	157.091	51.398	48.437
1.5 Interest received from marketable securities portfolio		68.312	69.555	23.352	27.089
1.5.1 Held-for-trading financial assets		729	1.223	532	326
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		56.331	58.636	19.251	23.363
1.5.4 Investments held-to-maturity		11.252	9.696	3.569	3.400
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		13.195	11.737	4.233	4.050
<b>II. INTEREST EXPENSE</b>	IV-2	<b>1.555.574</b>	<b>1.175.860</b>	<b>586.116</b>	<b>379.620</b>
2.1 Interest on deposits		1.444.208	1.078.392	545.589	346.032
2.2 Interest on funds borrowed		87.519	68.533	26.090	24.770
2.3 Interest on money market borrowings		80	14.646	11	4.946
2.4 Interest on securities issued		17.258	9.840	14.338	3.219
2.5 Other interest expense		6.509	4.449	88	653
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1.067.319</b>	<b>794.927</b>	<b>309.236</b>	<b>296.482</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>130.181</b>	<b>83.582</b>	<b>38.669</b>	<b>22.982</b>
4.1 Fees and commissions received		159.981	107.663	47.485	29.434
4.1.1 Non-cash loans		28.157	22.828	9.447	7.536
4.1.2 Other	IV-12	131.824	84.835	38.038	21.898
4.2 Fees and commissions paid		29.800	24.081	8.816	6.452
4.2.1 Non-cash loans		-	-	-	-
4.2.2 Other	IV-12	29.800	24.081	8.816	6.452
<b>V. DIVIDEND INCOME</b>	IV-3	<b>8</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	IV-4	<b>(31.147)</b>	<b>223.316</b>	<b>148.503</b>	<b>155.143</b>
6.1 Securities trading gains/ (losses)		213.861	337.407	213.804	170.878
6.2 Gain/(losses) from derivative financial instruments		(178.651)	34.100	(31.723)	39.400
6.3 Foreign exchange gains/ (losses)		(66.357)	(148.191)	(33.578)	(55.135)
<b>VII. OTHER OPERATING INCOME</b>	IV-5	<b>11.329</b>	<b>11.375</b>	<b>(1.534)</b>	<b>1.262</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.177.690</b>	<b>1.113.200</b>	<b>494.882</b>	<b>475.869</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	IV-6	<b>321.435</b>	<b>468.842</b>	<b>191.954</b>	<b>239.012</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>562.342</b>	<b>490.841</b>	<b>199.302</b>	<b>163.794</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>293.913</b>	<b>153.517</b>	<b>103.626</b>	<b>73.063</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	IV-8	<b>293.913</b>	<b>153.517</b>	<b>103.626</b>	<b>73.063</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-9	<b>(63.611)</b>	<b>(38.239)</b>	<b>(23.624)</b>	<b>(18.100)</b>
16.1 Provision for current income taxes		(44.570)	(75.752)	(25.071)	(42.211)
16.2 Provision for deferred taxes		(19.041)	37.513	1.447	24.111
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	IV-10	<b>230.302</b>	<b>115.278</b>	<b>80.002</b>	<b>54.963</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	IV-11	<b>230.302</b>	<b>115.278</b>	<b>80.002</b>	<b>54.963</b>

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**AND 2016**

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

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

	Reviewed Current Period 01.01-30.09.2017	Reviewed Prior Period 01.01-30.09.2016
I. Additions to marketable securities revaluation differences for available for sale financial assets	18.572	43.486
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Tax of valuation differences	(3.714)	(8.697)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	14.858	34.789
XI. Profit/Loss	230.302	115.278
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	355.692
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	230.302	(240.414)
XII. Total Profit/Loss accounted for in the period (X±XI)	245.160	150.067

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017 AND 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)*	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr..	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
<b>PRIOR PERIOD</b>																			
<b>30/09/2016</b>																			
<b>I. Period Opening Balance</b>		1,496.150	-	-	-	-	-	-	-	50.290	(156.230)	(43.071)	-	-	-	-	1,347.139	-	1,347.139
<b>II. Changes in Accounting Policies according to TAS 8</b>																			
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I-II)</b>		1,496.150	-	-	-	-	-	-	-	50.290	(156.230)	(43.071)	-	-	-	-	1,347.139	-	1,347.139
Changes in the period																			
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	34.789	-	-	-	-	34.789	-	34.789
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase	II-13	1.792.692	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	1.883.530	-	1.883.530
14.1 Cash Increase		1.883.530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.883.530	-	1.883.530
14.2 Internal Resources		(90.838)	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	(50.290)	50.290	-	-	-	-	-	-	-	-
XIX. Current Year Income or (Loss)		-	-	-	-	-	-	-	-	115.278	-	-	-	-	-	-	115.278	-	115.278
XX. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		3,288.842	-	-	-	-	-	-	-	115.278	(15.102)	(8.282)	-	-	-	-	3,380.736	-	3,380.736

(\* Pursuant to the approval of BRSA dated December 8, 2015, The Bank, on March 1, 2016, converted into TL the capital contribution which were obtained from its controlling shareholder Bank Audi sal amounting to total USD 300 million, and completed the necessary legal and administrative procedures with the relevant authorities and added the counter value TL 883.530 to the paid in capital on March 31, 2016. On August 10, 2016, in line with Article 473 and Article 474/2 of the Turkish Commercial Code, The Bank simultaneously reduced the paid in capital by TL 90.838 and increased to TL 3.288.842 where TL 224.451 have been subscribed by Bank Audi S.A.L., TL 263.394 by European Bank for Reconstruction and Development, TL 209.252 by International Finance Corporation, TL 112.674 by IFC FIG Investment Company S.a.r.l, TL 131.697 by H.H. Sheikh Dheyab Binzayed Binsultan Al-Nahyan and TL 58.532 by Mr. Mohammad Hassan Zeidan.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017 AND 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves (**)	Status Reserves	Extraordinary Reserves	Other Reserves(*)	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets(***)	Bonus Shares From Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Parp./ Disc. Opr.	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
<b>CURRENT PERIOD 30/09/2017</b>																			
<b>I. Prior Period End Balance</b>		3.288.842	-	-	-	-	-	-	(2.198)	200.354	(15.102)	(28.741)	-	-	-	-	3.443.155	-	3.443.155
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	14.858	-	-	-	-	-	14.858	-	14.858
<b>IV. Hedging Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Property and Equipment Revaluation Differences</b>		-	-	-	-	-	-	-	-	(3.251)	-	3.251	-	-	-	-	-	-	-
<b>VI. Intangible Fixed Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes due to the disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes due to the reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Effects of changes in equity of investments in associates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital Increase</b>	II-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share Premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Paid-in-capital inflation adjustment difference</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Current Year Income or( Loss)</b>		-	-	-	-	-	-	-	-	230.302	-	-	-	-	-	-	230.302	-	230.302
<b>XVIII. Profit Distribution</b>		-	-	-	-	9.263	-	172.738	-	(197.103)	15.102	-	-	-	-	-	-	-	-
18.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	9.263	-	172.738	-	(197.103)	15.102	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		3.288.842	-	-	-	9.263	-	172.738	(2.198)	230.302	-	(13.883)	3.251	-	-	-	3.688.315	-	3.688.315

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

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

(\*\*\*) TL 3.251 presented under extraordinary reserves includes the share sales gain benefited from corporate tax exemption and transferred to the Revaluation Surplus on Tangible and Intangible Assets account.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017 AND 2016**

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

**VI. STATEMENT OF CASH FLOWS**

	Reviewed Current Period 01.01-30.09.2017	Reviewed Prior Period 01.01-30.09.2016
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>117.082</b>	<b>278.523</b>
1.1.1 Interest received	2.244.566	1.932.057
1.1.2 Interest paid	(1.503.468)	(1.149.525)
1.1.3 Dividend received	8	-
1.1.4 Fees and commissions received	153.806	117.666
1.1.5 Other income	(98.681)	(160.496)
1.1.6 Collections from previously written off loans (*)	64.041	59.329
1.1.7 Payments to personnel and service suppliers	(488.605)	(430.454)
1.1.8 Taxes paid	(230.722)	(77.803)
1.1.9 Others	(23.863)	(12.251)
<b>1.2 Changes in operating assets and liabilities</b>	<b>(818.737)</b>	<b>(1.669.037)</b>
1.2.1 Net (increase) decrease in financial assets held for trading	(493.257)	18.266
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	165.934	(28.041)
1.2.3 Net (increase) decrease in due from banks and other financial institutions	740.208	470.092
1.2.4 Net (increase) decrease in loans	1.761.125	(1.613.787)
1.2.5 Net (increase) decrease in other assets	(235.230)	(112.842)
1.2.6 Net increase (decrease) in bank deposits	(345.024)	400.982
1.2.7 Net increase (decrease) in other deposits	(1.750.221)	(196.945)
1.2.8 Net increase (decrease) in funds borrowed	(677.002)	(704.558)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	14.730	97.796
<b>I. Net cash provided from banking operations</b>	<b>(701.655)</b>	<b>(1.390.514)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>(718)</b>	<b>(332.248)</b>
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(22.816)	(21.968)
2.4 Fixed assets sales (**)	26.996	-
2.5 Cash paid for purchase of financial assets available for sale (***)	(4.898)	(1.434.911)
2.6 Cash obtained from sale of financial assets available for sale	-	1.124.631
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>538.153</b>	<b>887.233</b>
3.1 Cash obtained from funds borrowed and securities issued (****)	1.168.356	192.424
3.2 Cash used for repayment of funds borrowed and securities issued (****)	(630.203)	(305.191)
3.3 Issued equity instrument	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	1.000.000
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities</b>	<b>(122.118)</b>	<b>176.519</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>(286.338)</b>	<b>(659.010)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>5.978.464</b>	<b>4.689.699</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>5.692.126</b>	<b>4.030.689</b>

(\*)The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400.

(\*\*) The Bank generated cash inflow of TL 26.996 from the sale of properties previously classified under assets held for sale.

(\*\*\*)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.

(\*\*\*\*)In accordance with the Board of Directors' decision and permits taken from the CMB and BRSA, the Bank has issued a bill with a nominal value of TL 100.823, maturity on July 7, 2017 and with a simple interest rate of 12.85% on April 7, 2017 sold to qualified investors in the domestic market. The bill was amortized on July 7, 2017.

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.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

**I. Basis of Presentation**

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

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

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

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

The amendments of TAS and TFRS, effectiveness date is 1 January 2017, have no material impact on the Bank’s accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank is working on the implementation of TFRS 9 Financial Instruments standard.

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

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

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

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2016. The aforementioned accounting policies and valuation principles are explained in Notes II to XXIII below.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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 September 30, 2017 foreign exchange gains and losses arising from transactions that are completed, are translated to TL by using historical foreign currency exchange rates. Balance of the foreign currency denominated monetary assets and liabilities are converted into TL by using foreign currency exchange rates of the Bank for the year end and the resulting exchange differences are recorded as foreign exchange gains and losses.

**III. Explanations on Forward and Option Contracts and Derivative Instruments**

The Bank’s derivative instruments consist of options, foreign currency and interest swaps and forward foreign currency buy/sell transactions. Derivative instruments are accounted for at their fair values as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per “Financial Instruments: Recognition and Measurement” (“TAS 39”).

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

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

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

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

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

In accordance with the related regulation, interest accruals of the non-performing loans are reversed and interest income related to these loans is recorded as interest income only when collected.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

**VI. Explanations on Financial Assets**

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

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

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

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

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

*Cash, Banks, and Other Financial Institutions*

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets are their fair values.

*Financial Assets at Fair Value Through Profit and Loss*

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost (which represents the fair value at the time). The positive difference between the cost and fair value of such securities in the accounts is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities" in balance sheet.

*Held-to-Maturity Investments*

Investments held-to-maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

Held-to-maturity investments are initially recorded at cost including transactions costs which represents the fair value at the time. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts in balance sheet.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

*Financial Assets Available for Sale*

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs which represents the fair value at the time.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gains/losses originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

*Loans and Receivables*

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value including the related transaction costs. In subsequent periods, they are accounted in accordance with TAS.

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

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

*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.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

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

**VII. Explanations on Impairment of Financial Assets**

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

The Bank classifies its loans by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”) published in the Official Gazette No. 26333 dated November 1, 2006 as non performing loans in the existence of evidence for loans not be collected and classifies related loans and provides specific provision for related loans. Principals of related loans are collected primarily then interest receivables are collected.

The collections made related to loans for which provision is made in the current period are reversed from the “Provision for Loans and Other Receivables” account in the income statement. The collections made related to loans written off and monitoring of off balance sheet or provisioned in prior years are recorded to “Collections Related to the Prior Period Expenses” under “Other Operating Income” account and related interest income is credited to the “Interest Received from Non-performing Loans” account.

“Provision for Loans and Other Receivables” account in the income statement is closed by reversing of provisions for possible losses.

As of September 30, 2017, the Bank has specific provision amount to TL 469.812 for its non-performing loans (December 31, 2016: TL 301.318).

The Bank provides general provision by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”) published in the Official Gazette No. 26333 dated November 1, 2006.

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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 September 30, 2017, the Bank has TL 1.731.161 of reverse repo transactions (December 31, 2016: TL 4.412.052).

As of September 30, 2017, the Bank has TL 105 funds provided under repurchase agreements (December 31, 2016: TL 2.457).

As of September 30, 2017, the Bank does not have any marketable securities lending transaction (December 31, 2016: None).

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

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

As of September 30, 2017, the Bank has TL 142.400 assets held for sale (December 31, 2016: TL 42.094).

A discontinued operation is a division of a bank that is either disposed or held for sale.

Results of discontinued operations are included in the income statement separately. As of September 30, 2017 and December 31, 2016 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 30 SEPTEMBER 2017**  
(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 30 SEPTEMBER 2017**  
(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.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities.

As of September 30, 2017, the Bank has corporate income tax provision amounting to TL 55.526, which is netted with prepaid taxes amounting to TL 46.235 and shown in the liabilities amounting to TL 9.291 (December 31, 2016: Tax Asset TL 35.105 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 30 SEPTEMBER 2017**  
(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 except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The current taxes resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income/expense stated under the statement of income amounting to TL 19.041, deferred tax assets amounting to TL 69.838 in the statement of financial position (December 31, 2016: TL 92.593).

**XVII. Additional Explanations on Borrowings**

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

**XVIII. Explanations on Issued Share Certificates**

The Bank does not have any issued share certificates.

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

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

**XX. Explanations on Government Grants**

There are no government grants utilized by the Bank.

**XXI. Explanations on Segment Reporting**

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

**XXII. Explanations on Reclassifications**

In order to be consistent with the presentation of financial statements dated September 30, 2017, there are certain reclassifications made on the balance sheet as of December 31, 2016 and income statement as of September 30, 2016.

**XXIII. Explanations on Other Cases**

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

*Explanation for convenience translation to English*

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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 30 September 2017, Bank's total capital has been calculated as TL 4.886.286, a capital adequacy ratio is 18,36%. As of 31 December 2016, Bank's total capital amounted to TL 4.073.229 capital adequacy ratio was 15,03%. This ratio is above the minimum ratio required by the legislation.

**a. Information about Total Capital:**

<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>Current Year 30 September 2017</b>	<b>Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*</b>
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves (***)	182.001	
Gains recognized in equity as per TAS	-	
Profit	230.302	
Current Period Profit	230.302	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.701.145</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	12.830	
Improvement costs for operating leasing	52.399	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	59.257	74.071
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>124.486</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>3.576.659</b>	

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

	Current Year 30 September 2017	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) *
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>		
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components -</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	14.814	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>14.814</b>	
<b>Total Additional Tier I Capital</b>	<b>14.814</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.561.844</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA (****)	1.067.640	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	256.802	
<b>Tier II Capital Before Deductions</b>	<b>1.324.442</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>1.324.442</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.886.286</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>		

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

	Current Year 30 September 2017	Amounts Subject to Pre-Base III treatment (Before the 1/1/2014) (*)
<b>TOTAL CAPITAL</b>		
Total Capital (TIER I Capital and TIER II Capital)	4.886.286	
Total risk weighted amounts	26.611.569	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	13,44	
Tier I Capital Adequacy Ratio	13,38	
Capital Adequacy Ratio	18,36	
<b>BUFFERS</b>		
Total buffer requirement	1,275	
Capital conservation buffer requirement	1,250	
Bank specific counter-cyclical buffer requirement	0,025	
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	8,94	

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

Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
<b>Limits related to provisions considered in Tier II calculation</b>	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	256.802
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	256.802
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

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

(\*\*\*)The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on April 28, 2017 to book primary legal reserves of TL 9.263, which is 5% of the distributable net profit of TL 185.252. 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 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 30 SEPTEMBER 2017**

(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 2016	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3,288.842	
Share issue premiums	-	
Reserves	-	
Gains recognized in equity as per TAS	-	
Profit	250.991	
Current Period Profit	200.354	
Prior Period Profit	50.637	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3,539.833</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	96.678	
Improvement costs for operating leasing	61.772	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	54.083	90.138
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>212.533</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>3,327.300</b>	

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

	Prior Period 31 December 2016	Amounts Subject to Pre-BaseI III treatment (Before the 1/1/2014) *
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>		
<b>Deductions from Additional Tier I Capital</b>	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components -</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	36.055	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>36.055</b>	
<b>Total Additional Tier I Capital</b>	<b>36.055</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.291.245</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	528.225	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	254.836	
<b>Tier II Capital Before Deductions</b>	<b>783.061</b>	
<b>Deductions From Tier II Capital</b>	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	1.077	
<b>Total Deductions from Tier II Capital</b>	<b>1.077</b>	
<b>Total Tier II Capital</b>	<b>781.984</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.073.229</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>4.073.229</b>	

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

	Prior Period 31 December 2016	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
<b>TOTAL CAPITAL</b>		
Total Capital (TIER I Capital and TIER II Capital)	4,073,229	
Total risk weighted amounts	27,104,488	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,28	
Tier I Capital Adequacy Ratio	12,14	
Capital Adequacy Ratio	15,03	
<b>BUFFERS</b>		
Total buffer requirement	0,636	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	0,011	
The ratio of Additional Common Equity Tier 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	7,78	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	254,836	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	254,836	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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) (***)	1.067.640
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 1.067.640 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 30 SEPTEMBER 2017**

(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 September 30, 2017 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	<b>25 September 2017</b>	<b>26 September 2017</b>	<b>27 September 2017</b>	<b>28 September 2017</b>	<b>29 September 2017</b>
<b>USD</b>	3,5259	3,5468	3,5771	3,5657	3,5588
<b>CHF</b>	3,6260	3,6507	3,6677	3,6714	3,6643
<b>GBP</b>	4,7660	4,7657	4,7897	4,7905	4,7563
<b>100 JPY</b>	3,1433	3,1629	3,1640	3,1718	3,1596
<b>EURO</b>	4,1901	4,1815	4,1957	4,2091	4,1994

  

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

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2017 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	3,4732
<b>CHF</b>	3,6076
<b>GBP</b>	4,6227
<b>100 JPY</b>	3,1370
<b>EURO</b>	4,1416

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

<b>September 30, 2017</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	762.254	1.849.940	4.330	2.616.524
Banks	93.174	1.061.144	56.467	1.210.785
Financial Assets at Fair Value Through Profit and Loss (****)	-	712.644	-	712.644
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	98	503.294	-	503.392
Loans (*)	6.262.255	5.308.641	-	11.570.896
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Held-To-Maturity Investments	-	422.233	-	422.233
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	33.817	105.522	1	139.340
<b>Total Assets</b>	<b>7.151.598</b>	<b>9.963.418</b>	<b>60.798</b>	<b>17.175.814</b>
<b>Liabilities</b>				
Bank Deposits	821.730	33.371	-	855.101
Other Deposits	3.001.167	10.989.106	98.124	14.088.397
Derivative financial liabilities(****)	-	-	-	-
Money Market Balances	-	-	-	-
Funds Provided From Other Financial Institutions	905.526	2.036.194	54.966	2.996.686
Subordinated Loan	-	1.081.040	-	1.081.040
Miscellaneous Payables	111	1.113	1	1.225
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (**)	103.030	38.586	70	141.686
<b>Total Liabilities</b>	<b>4.831.564</b>	<b>14.179.410</b>	<b>153.161</b>	<b>19.164.135</b>
<b>Net Balance Sheet Position</b>	<b>2.320.034</b>	<b>(4.215.992)</b>	<b>(92.363)</b>	<b>(1.988.321)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(2.339.118)</b>	<b>4.872.525</b>	<b>94.458</b>	<b>2.627.865</b>
Financial Derivative Assets	5.407.846	14.974.080	1.034.194	21.416.120
Financial Derivative Liabilities	7.707.574	9.872.087	943.619	18.523.280
Forward deposit purchase commitments	2.548.826	3.538.440	3.883	6.091.149
Forward deposit sales commitments	2.588.216	3.767.908	-	6.356.124
Non-Cash Loans (**)	475.927	988.240	2.542	1.466.709
<b>December 31, 2016</b>				
Total Assets	7.542.369	11.833.360	31.073	19.406.802
Total Liabilities	9.872.621	12.697.605	131.824	22.702.050
Net Balance Sheet Position	(2.330.252)	(864.245)	(100.751)	(3.295.248)
Net Off-Balance Sheet Position	2.972.466	429.130	103.427	3.505.023
Financial Derivative Assets	9.245.114	12.018.115	657.863	21.921.092
Financial Derivative Liabilities	6.500.966	11.430.446	554.459	18.485.871
Forward deposit purchase commitments	241.311	112.207	23	353.541
Forward deposit sales commitments	12.993	270.746	-	283.739
Non-Cash Loans (**)	502.076	1.371.620	3.185	1.876.881

(\*) Foreign currency indexed loans amounting to TL 1.158.838 are included in the loan portfolio.

(\*\*) 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	
		September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
USD	10%	65.653	(43.512)	65.653	(43.512)
USD	(10)%	(65.653)	43.512	(65.653)	43.512
EUR	10%	(1.908)	64.221	(1.908)	64.221
EUR	(10)%	1.908	(64.221)	1.908	(64.221)

(\*) Represents before tax amounts.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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
<b>September 30, 2017</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.036.670	-	-	-	-	907.035	3.943.705
Banks	1.877.159	-	-	-	-	677.074	2.554.233
Financial Assets at Fair Value Through Profit and Loss	72.839	75.062	230.411	46.237	720.472	-	1.145.021
Money Market Placements	1.731.161	-	-	-	-	-	1.731.161
Available-For-Sale Financial Assets	-	-	252.808	-	673.908	7.503	934.219
Loans	7.687.724	3.902.120	4.934.406	6.156.055	1.609.773	627.078	24.917.156
Held-To-Maturity Investments	-	-	-	422.233	-	-	422.233
Other Assets	-	-	-	-	-	705.990	705.990
<b>Total Assets</b>	<b>14.405.553</b>	<b>3.977.182</b>	<b>5.417.625</b>	<b>6.624.525</b>	<b>3.004.153</b>	<b>2.924.680</b>	<b>36.353.718</b>
<b>Liabilities</b>							
Bank Deposits	801.631	54.373	-	-	-	87	856.091
Customer Deposits	18.896.004	6.336.025	223.437	508	-	875.210	26.331.184
Money Market Borrowings	105	-	-	-	-	-	105
Miscellaneous Payables	-	-	-	-	-	21.010	21.010
Marketable Securities Issued	-	-	-	-	-	-	-
Subordinated Loans(*)	-	-	-	-	1.081.040	-	1.081.040
Funds Provided From Other Financial Institutions	375.193	1.362.744	543.369	351.191	369.125	-	3.001.622
Other Liabilities (**)	42.442	88.962	143.098	113.686	3.331	4.671.147	5.062.666
<b>Total Liabilities</b>	<b>20.115.375</b>	<b>7.842.104</b>	<b>909.904</b>	<b>465.385</b>	<b>1.453.496</b>	<b>5.567.454</b>	<b>36.353.718</b>
Balance Sheet Long Position	-	-	4.507.721	6.159.140	1.550.657	-	12.217.518
Balance Sheet Short Position	(5.709.822)	(3.864.922)	-	-	-	(2.642.774)	(12.217.518)
Off-Balance Sheet Long Position	10.235.670	8.808.332	5.935.493	2.902.085	349.754	-	28.231.334
Off-Balance Sheet Short Position	(10.856.654)	(9.863.496)	(4.129.410)	(3.207.405)	(202.136)	-	(28.259.101)
<b>Total Position</b>	<b>(6.330.806)</b>	<b>(4.920.086)</b>	<b>6.313.804</b>	<b>5.853.820</b>	<b>1.698.275</b>	<b>(2.642.774)</b>	<b>(27.767)</b>

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

(\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.688.315, tax liabilities amounting to TL 80.398, provisions amounting to TL 608.822 and other liabilities amounting to TL 293.612.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
<b>December 31, 2016</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.361.608	-	-	-	-	1.356.632	4.718.240
Banks	-	-	-	-	-	118.724	118.724
Financial Assets at Fair Value Through Profit and Loss	67.224	123.396	196.399	30.098	8.816	-	425.933
Money Market Placements	4.412.052	-	-	-	-	-	4.412.052
Available-For-Sale Financial Assets	-	254.265	-	-	649.263	1.927	905.455
Loans	7.991.706	4.422.915	6.314.618	5.597.833	1.733.589	387.125	26.447.786
Held-To-Maturity Investments	-	-	-	428.155	-	-	428.155
Other Assets	-	-	-	-	-	822.055	822.055
<b>Total Assets</b>	<b>15.832.590</b>	<b>4.800.576</b>	<b>6.511.017</b>	<b>6.056.086</b>	<b>2.391.668</b>	<b>2.686.463</b>	<b>38.278.400</b>
Liabilities							
Bank Deposits	613.966	584.989	3.919	-	-	17	1.202.891
Customer Deposits	17.128.918	8.699.777	756.149	10.074	-	1.456.587	28.051.505
Money Market Borrowings	2.457	-	-	-	-	-	2.457
Miscellaneous Payables	-	-	-	-	-	9.901	9.901
Marketable Securities Issued	-	-	-	-	-	-	-
Subordinated Loans (*)	-	-	-	-	528.417	-	528.417
Funds Provided From Other Financial Institutions	398.895	389.057	2.085.391	462.743	329.411	-	3.665.497
Other Liabilities (**)	181.182	73.349	186.139	102.319	2.886	4.271.857	4.817.732
<b>Total Liabilities</b>	<b>18.325.418</b>	<b>9.747.172</b>	<b>3.031.598</b>	<b>575.136</b>	<b>860.714</b>	<b>5.738.362</b>	<b>38.278.400</b>
Balance Sheet Long Position							
Balance Sheet Long Position	-	-	3.479.419	5.480.950	1.530.954	-	10.491.323
Balance Sheet Short Position	(2.492.828)	(4.946.596)	-	-	-	(3.051.899)	(10.491.323)
Off-Balance Sheet Long Position	10.808.999	8.875.055	5.582.278	2.841.612	387.022	-	28.494.966
Off-Balance Sheet Short Position	(11.185.741)	(8.865.968)	(5.149.680)	(3.332.583)	(201.164)	-	(28.735.136)
<b>Total Position</b>	<b>(2.869.570)</b>	<b>(4.937.509)</b>	<b>3.912.017</b>	<b>4.989.979</b>	<b>1.716.812</b>	<b>(3.051.899)</b>	<b>(240.170)</b>

(\*) The Bank was provided a subordinated loan with a value of USD 150 million, maturity of 10 years and with a interest rate of 6,5% on October 31, 2014 from its parent bank, Bank Audi sal. In accordance with the article of BRSA dated November 27, 2014, this loan has been recognized as a subordinated loan and approved to be taken into account as TIER II capital, as per the conditions that determined by "Regulation on Equity of Banks".

(\*\*) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.443.155, tax liabilities amounting to TL 93.027, provisions amounting to TL 537.477 and other liabilities amounting to TL 198.198 .

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

	EURO %	USD %	JPY %	TL %
<b>September 30, 2017</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	1,25	-	4,00
Banks	-	0,55	-	12,12
Financial Assets at Fair Value Through Profit and Loss	-	6,60	-	10,55
Money Market Placements	-	-	-	11,75
Available-For-Sale Financial Assets	-	6,38	-	10,86
Loans	5,68	6,81	-	15,97
Held-To-Maturity Investments	-	3,47	-	-
Liabilities				
Bank Deposits	1,72	3,12	-	6,49
Customer Deposits	2,03	3,92	-	13,71
Money Market Borrowings	-	-	-	8,5
Subordinated Loans	-	7,63	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1,99	3,20	-	6,72

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>December 31, 2016</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	0,51	-	2,96
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	10,07
Money Market Placements	-	-	-	8,50
Available-For-Sale Financial Assets	-	6,59	-	9,43
Loans	5,53	6,80	-	15,58
Held-To-Maturity Investments	-	3,47	-	-
Liabilities				
Bank Deposits	1,55	2,75	-	7,93
Customer Deposits	2,28	3,34	-	10,83
Money Market Borrowings	-	-	-	7,65
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,03	2,84	-	6,73

**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 30 SEPTEMBER 2017**

(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 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.

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 60% for foreign currency assets and liabilities and 80% for total assets and liabilities for the year 2017. 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 30 SEPTEMBER 2017**

(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 third quarter of 2017 is as follows:

Current Period-30.09.2017		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>6.889.477</b>	<b>4.006.082</b>
1	High quality liquid assets	9.445.612	6.562.218	6.889.477	4.006.082
<b>CASH OUTFLOWS</b>					
2	<b>Retail and Small Business Customer Deposits</b>	<b>17.345.475</b>	<b>8.834.815</b>	<b>1.661.147</b>	<b>883.481</b>
3	Stable deposits	1.468.003	-	73.400	-
4	Less stable deposits	15.877.472	8.834.815	1.587.747	883.481
5	<b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>	<b>9.250.358</b>	<b>6.372.552</b>	<b>4.712.179</b>	<b>3.383.120</b>
6	Operational deposits	971	16	243	4
7	Non-Operational Deposits	8.278.928	5.696.315	3.741.477	2.706.895
8	Other Unsecured Funding	970.459	676.221	970.459	676.221
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>5.249.982</b>	<b>3.297.141</b>	<b>850.127</b>	<b>1.616.529</b>
11	Liquidity needs related to derivatives and market	422.675	1.413.037	422.675	1.413.037
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.827.307	1.884.104	427.452	203.492
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>7.223.453</b>	<b>5.883.130</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	1.664.276	-	-	-
18	Unsecured Lending Transactions	3.439.337	1.256.289	2.818.450	1.106.572
19	Other contractual cash inflows	249.832	3.029.324	249.832	3.029.324
20	<b>TOTAL CASH INFLOWS</b>	<b>5.353.445</b>	<b>4.285.613</b>	<b>3.068.282</b>	<b>4.135.896</b>
<b>Upper Limit Applied Amounts</b>					
21	<b>TOTAL HQLA</b>			<b>6.889.477</b>	<b>4.006.082</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>4.155.171</b>	<b>1.852.960</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>169,01</b>	<b>224,69</b>

(\*) 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 30 SEPTEMBER 2017**

(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 2016 is as follows:

Prior Period-31.12.2016		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>6.208.875</b>	<b>2.290.992</b>
1	High quality liquid assets	7.622.700	3.704.817	6.208.875	2.290.992
<b>CASH OUTFLOWS</b>					
2	<b>Retail and Small Business Customer Deposits</b>	<b>15.683.396</b>	<b>8.297.994</b>	<b>1.510.067</b>	<b>829.799</b>
3	Stable deposits	1.165.445	-	58.272	-
4	Less stable deposits	14.517.951	8.297.994	1.451.795	829.799
5	<b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>	<b>10.005.373</b>	<b>6.946.597</b>	<b>4.803.093</b>	<b>3.430.045</b>
6	Operational deposits	29.601	75	7.400	19
7	Non-Operational Deposits	9.301.819	6.522.517	4.121.740	3.006.021
8	Other Unsecured Funding	673.953	424.005	673.953	424.005
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>5.443.941</b>	<b>3.873.848</b>	<b>945.677</b>	<b>2.058.826</b>
11	Liquidity needs related to derivatives and market	686.239	1.857.442	514.207	1.857.442
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.757.702	2.016.406	431.470	201.384
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>7.258.837</b>	<b>6.318.670</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	2.764.163	-	-	-
18	Unsecured Lending Transactions	2.454.321	937.940	1.881.980	777.643
19	Other contractual cash inflows	436.696	3.547.347	436.696	3.547.347
20	<b>TOTAL CASH INFLOWS</b>	<b>5.655.180</b>	<b>4.485.287</b>	<b>2.318.676</b>	<b>4.324.990</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HQLA</b>			<b>6.208.875</b>	<b>2.290.992</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>4.940.161</b>	<b>1.993.680</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>126,40</b>	<b>117,03</b>

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

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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 last three months and their average values are given below:

	Current Year-30.09.2017		Prior Year-31.12.2016	
	TL+FC	FC	TL+FC	FC
Lowest Week	140,69 30.06.2017	130,05 07.07.2017	97,63 30.09.2016	53,15 30.09.2016
Highest Week	262,54 22.09.2017	316,29 04.08.2017	171,50 04.11.2016	168,69 04.11.2016
Average	169,01	224,69	126,40	117,03

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

September 30, 2017	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	193.116	3.750.589	-	-	-	-	-	3.943.705
Banks	677.074	1.877.159	-	-	-	-	-	2.554.233
Financial Assets at Fair Value Through Profit and Loss	-	69.559	69.341	152.616	133.033	720.472	-	1.145.021
Money Market Placements	-	1.731.161	-	-	-	-	-	1.731.161
Available-For-Sale Financial Assets	-	-	-	-	252.808	673.908	7.503	934.219
Loans	-	2.030.571	838.896	3.961.133	10.562.840	6.896.638	627.078	24.917.156
Held-To-Maturity Investments	-	-	-	-	422.233	-	-	422.233
Other Assets	-	-	-	-	-	-	705.990	705.990
<b>Total Assets</b>	<b>870.190</b>	<b>9.459.039</b>	<b>908.237</b>	<b>4.113.749</b>	<b>11.370.914</b>	<b>8.291.018</b>	<b>1.340.571</b>	<b>36.353.718</b>
<b>Liabilities</b>								
Bank Deposits	87	801.631	54.373	-	-	-	-	856.091
Customer Deposits	875.210	18.896.004	6.336.025	223.437	508	-	-	26.331.184
Funds Provided From Other Financial Institutions	-	375.193	833.230	543.369	843.377	406.453	-	3.001.622
Money Market Borrowings	-	105	-	-	-	-	-	105
Marketable Securities Issued	-	-	-	-	-	-	-	-
Subordinated Loans(**)	-	-	-	-	-	1.081.040	-	1.081.040
Miscellaneous Payables	-	-	-	-	-	-	21.010	21.010
Other Liabilities (***)	-	41.054	88.962	131.061	127.111	3.331	4.671.147	5.062.666
<b>Total Liabilities</b>	<b>875.297</b>	<b>20.113.987</b>	<b>7.312.590</b>	<b>897.867</b>	<b>970.996</b>	<b>1.490.824</b>	<b>4.692.157</b>	<b>36.353.718</b>
<b>Liquidity Gap</b>	<b>(5.107)</b>	<b>(10.654.948)</b>	<b>(6.404.353)</b>	<b>3.215.882</b>	<b>10.399.918</b>	<b>6.800.194</b>	<b>(3.351.586)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>8.517</b>	<b>(54.452)</b>	<b>14.893</b>	<b>3.277</b>	<b>(2)</b>	<b>-</b>	<b>(27.767)</b>
Financial Derivative Assets	-	9.192.107	7.067.812	5.516.929	5.902.596	551.890	-	28.231.334
Financial Derivative Liabilities	-	9.183.590	7.122.264	5.502.036	5.899.319	551.892	-	28.259.101
<b>Non-Cash Loans</b>	<b>975.391</b>	<b>416.740</b>	<b>416.386</b>	<b>718.472</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.526.989</b>
<b>Prior period</b>								
Total Assets	4.836.964	6.277.248	1.115.853	5.035.828	12.115.092	7.686.308	1.211.107	38.278.400
Total Liabilities	1.456.604	18.318.237	9.472.762	2.583.643	853.778	1.311.618	4.281.758	38.278.400
<b>Liquidity Gap</b>	<b>3.380.360</b>	<b>(12.040.989)</b>	<b>(8.356.909)</b>	<b>2.452.185</b>	<b>11.261.314</b>	<b>6.374.690</b>	<b>(3.070.651)</b>	<b>-</b>

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

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

(\*\*\*) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.688.315, tax liabilities amounting to TL 80.398, provisions amounting to TL 608.822 and other liabilities amounting to TL 293.062.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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 7,61% (December 31, 2016: 7,75%). According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

	Current Period 30 September 2017(*)	Prior Period 31 December 2016(*)
<b>Balance sheet transactions</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	36.776.241	36.798.395
2 (Assets deducted from Core capital)	(68.776)	(94.706)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	36.707.465	36.703.689
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	302.486	296.802
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)	302.486	296.802
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-	-
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	9.901.883	5.112.865
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.901.883	5.112.865
<b>Capital and total risk</b>		
13 Core Capital	3.521.349	3.264.903
14 Total risk amount(sum of lines 3, 6, 9 and 12)	46.911.834	42.113.356
<b>Leverage ratio</b>		
15 Leverage ratio	7,61	7,75

(\*) 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 30 SEPTEMBER 2017**

(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		Minimum Capital Requirement
	Current Period 30 September 2017	Prior Period 31 December 2016	Current Period 30 September 2017
1 Credit risk (excluding counterparty credit risk) (CCR)	22.722.577	25.095.066	1.817.806
2 Standardised approach (SA)	22.722.577	25.095.066	1.817.806
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	510.717	574.171	40.857
5 Standardised approach for counterparty credit risk (SA-CCR)	510.717	574.171	40.857
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	1.566.125	407.963	125.290
17 Standardised approach (SA)	1.566.125	407.963	125.290
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	1.812.150	1.027.288	144.972
20 Basic Indicator Approach	1.812.150	1.027.288	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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>26.611.569</b>	<b>27.104.488</b>	<b>2.128.925</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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.

<b>Current Period (1 January-30 September 2017)</b>	<b>Corporate, Commercial,SME</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Other and Unallocated (* )</b>	<b>Bank's Total Activities</b>
Net Interest Income	496.910	185.991	16.416	368.002	1.067.319
Net Fee and Commission Income	95.543	36.653	(2.497)	482	130.181
Dividend Income	-	-	-	8	8
Other Operating Income and Net Profit/Loss	(13.067)	12.029	17.948	(36.728)	(19.818)
<b>Operating Income</b>	<b>579.386</b>	<b>234.673</b>	<b>31.867</b>	<b>331.764</b>	<b>1.177.690</b>
Other Operating Expenses	-	-	-	(562.342)	(562.342)
Credit and Other Provisions	(170.059)	(66.876)	-	(84.500)	(321.435)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293.913</b>	<b>293.913</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63.611)</b>	<b>(63.611)</b>
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230.302</b>	<b>230.302</b>
<b>Total Asset</b>	<b>21.402.052</b>	<b>3.336.869</b>	<b>6.447.842</b>	<b>5.166.955</b>	<b>36.353.718</b>
Segment Assets	21.402.052	3.336.869	6.447.842	5.166.955	36.353.718
<b>Total Liability</b>	<b>9.185.946</b>	<b>17.896.611</b>	<b>3.501.206</b>	<b>5.769.955</b>	<b>36.353.718</b>
Segment Liability	9.185.946	17.896.611	3.501.206	1.000.600	31.584.363
Subordinated Loan	-	-	-	1.081.040	1.081.040
Equity	-	-	-	3.688.315	3.688.315

(\* ) 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.

<b>Prior Period (1 January-30 September 2016)</b>	<b>Corporate, Commercial,SME</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Other and Unallocated (* )</b>	<b>Bank's Total Activities</b>
Net Interest Income	449.282	138.603	(3.168)	210.210	794.927
Net Fee and Commission Income	55.893	17.413	(1.448)	11.724	83.582
Other Operating Income and Net Profit/Loss	15.192	8.989	43.769	166.741	234.691
<b>Operating Income</b>	<b>520.367</b>	<b>165.005</b>	<b>39.153</b>	<b>388.675</b>	<b>1.113.200</b>
Other Operating Expenses	-	-	-	(490.841)	(490.841)
Credit and Other Provisions	(129.193)	(94.872)	-	(244.777)	(468.842)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153.517</b>	<b>153.517</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38.239)</b>	<b>(38.239)</b>
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115.278</b>	<b>115.278</b>
<b>Total Asset</b>	<b>23.135.160</b>	<b>2.998.253</b>	<b>6.059.175</b>	<b>6.085.812</b>	<b>38.278.400</b>
Segment Assets	23.135.160	2.998.253	6.059.175	6.085.812	38.278.400
<b>Total Liability</b>	<b>11.391.220</b>	<b>17.520.639</b>	<b>4.233.535</b>	<b>5.133.006</b>	<b>38.278.400</b>
Segment Liability	11.391.220	17.520.639	4.233.535	1.161.434	34.306.828
Subordinated Loan	-	-	-	528.417	528.417
Equity	-	-	-	3.443.155	3.443.155

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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:**

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Cash in Vault	96.723	96.306	75.080	93.467
Balances with the Central Bank of Turkey	1.230.458	2.520.218	1.289.306	3.260.387
Other	-	-	-	-
<b>Total</b>	<b>1.327.181</b>	<b>2.616.524</b>	<b>1.364.386</b>	<b>3.353.854</b>

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

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Unrestricted demand deposits	1.230.458	144	1.289.306	104
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	2.520.074	-	3.260.283
<b>Total</b>	<b>1.230.458</b>	<b>2.520.218</b>	<b>1.289.306</b>	<b>3.260.387</b>

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

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

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 September 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities).

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Classified as unrestricted	771	712.644	5.905	-
Subject to repurchase agreements	-	-	-	-
Given as collateral/blocked	-	-	-	-
<b>Total</b>	<b>771</b>	<b>712.644</b>	<b>5.905</b>	<b>-</b>

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None.

b) Positive differences related to derivative financial assets held-for-trading:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Forward Transactions	14.330	11.656	17.278	8.941
Swap Transactions	299.641	56.962	240.288	79.108
Futures Transactions	-	-	-	-
Options	35.746	13.271	57.807	16.606
Other	-	-	-	-
<b>Total</b>	<b>349.717</b>	<b>81.889</b>	<b>315.373</b>	<b>104.655</b>

**3. Information on banks:**

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Banks				
Domestic	1.343.448	53.386	139	-
Foreign	-	1.157.399	-	118.585
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>1.343.448</b>	<b>1.210.785</b>	<b>139</b>	<b>118.585</b>

**4. Information on financial assets available-for-sale:**

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	287.631	-	193.752	-
Other	-	-	-	-
<b>Total</b>	<b>287.631</b>	<b>-</b>	<b>193.752</b>	<b>-</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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 available for sale subject to repurchase agreements:

As of September 30, 2017, available-for-sale financial assets subject to repurchase agreements amount to TL 105 (31 December 2016: TL 2.466).

b) Information on financial assets available for sale portfolio:

	September 30, 2017	December 31, 2016
Debt securities	926.716	903.528
Quoted on a stock exchange	926.716	903.528
Not quoted	-	-
Share certificates	7.503	1.927
Quoted on a stock exchange	-	-
Not quoted	7.503	1.927
Value Decrease (-) / Increase (+)	-	-
<b>Total</b>	<b>934.219</b>	<b>905.455</b>

**5. Information on loans:**

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

	September 30, 2017		December 31, 2016	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	147	-	1.154	-
Corporate shareholders	147	-	1.154	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	17.179	-	16.028
Loans granted to employees	8.123	-	7.941	-
<b>Total</b>	<b>8.270</b>	<b>17.179</b>	<b>9.095</b>	<b>16.028</b>

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring (Watchlist)		
	Loans and Other Receivables Total (*)	Of Which Restructured or Rescheduled	Other	Loans and Other Receivables Total(*)	Of Which Restructured or Rescheduled	Other
Non-specialized loans	22.419.038	133.178	-	1.871.040	910.880	-
Business loans	-	-	-	-	-	-
Export loans	1.048.956	18.200	-	5.197	3.418	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	35.614	-	-	-	-	-
Foreign loans	405.970	-	-	40.095	114	-
Consumer loans	2.223.815	190	-	219.656	82.059	-
Credit cards	469.217	-	-	42.864	21.149	-
Precious metals loans	-	-	-	-	-	-
Other	18.235.466	114.788	-	1.563.228	804.140	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>22.419.038</b>	<b>133.178</b>	<b>-</b>	<b>1.871.040</b>	<b>910.880</b>	<b>-</b>

(\*)The total figures for credits and other receivables also include changes to the extension of the payment plan

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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:

<b>Number of extensions</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under close monitoring</b>
Extended by 1 or 2 times	133.178	910.880
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
<b>Total</b>	<b>133.178</b>	<b>910.880</b>

<b>Extension periods</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under close monitoring(*)</b>
0 - 6 Months	88.037	145.789
6 - 12 Months	190	49.803
1 - 2 Years	15.341	104.914
2 - 5 Years	29.610	610.374
5 Years and over	-	-
<b>Total</b>	<b>133.178</b>	<b>910.880</b>

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

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

<b>30 September 2017</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Retail</b>	<b>Total</b>
Standard Loans	15.046.355	4.723.213	2.649.470	22.419.038
Watchlist	1.106.742	475.539	288.759	1.871.040
Non-performing Loans	376.040	548.098	172.752	1.096.890
Specific Provision (-)	(96.493)	(280.595)	(92.724)	(469.812)
<b>Total</b>	<b>16.432.644</b>	<b>5.466.255</b>	<b>3.018.257</b>	<b>24.917.156</b>

<b>31 December 2016</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Retail</b>	<b>Total</b>
Standard Loans	17.716.762	4.593.660	2.510.728	24.821.150
Watchlist	449.802	528.306	261.403	1.239.511
Non-performing Loans	99.719	438.400	150.324	688.443
Specific Provision (-)	(32.193)	(179.562)	(89.563)	(301.318)
<b>Total</b>	<b>18.234.090</b>	<b>5.380.804</b>	<b>2.832.892</b>	<b>26.447.786</b>

(\*) 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 30 SEPTEMBER 2017**

(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
<b>Consumer Loans – TL</b>	<b>62.552</b>	<b>2.268.119</b>	<b>2.330.671</b>
Housing Loans	156	604.552	604.708
Car Loans	189	30.144	30.333
General Purpose Loans	62.207	1.633.423	1.695.630
Other	-	-	-
<b>Consumer Loans - Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans - FC</b>	-	<b>74.043</b>	<b>74.043</b>
Housing Loans	-	74.043	74.043
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards - TL</b>	<b>479.903</b>	<b>12.298</b>	<b>492.201</b>
With Installments	164.744	12.298	177.042
Without Installments	315.159	-	315.159
<b>Individual Credit Cards-FC</b>	<b>97</b>	-	<b>97</b>
With Installments	-	-	-
Without Installments	97	-	97
<b>Personnel Loans - TL</b>	<b>434</b>	<b>5.229</b>	<b>5.663</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	434	5.229	5.663
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans - FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards - TL</b>	<b>2.452</b>	<b>8</b>	<b>2.460</b>
With Installments	1.012	8	1.020
Without Installments	1.440	-	1.440
<b>Personnel Credit Cards - FC</b>	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts – TL (Real Persons)</b>	<b>33.094</b>	-	<b>33.094</b>
<b>Overdraft Accounts – FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>578.532</b>	<b>2.359.697</b>	<b>2.938.229</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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
<b>Commercial loans with installment facility-TL</b>	<b>503.211</b>	<b>7.370.570</b>	<b>7.873.781</b>
Business Loans	-	9.932	9.932
Car Loans	176	34.985	35.161
General Purpose Loans	503.035	7.325.653	7.828.688
Other	-	-	-
<b>Commercial loans with installment facility-Indexed to FC</b>	<b>77.458</b>	<b>787.569</b>	<b>865.027</b>
Business Loans	-	-	-
Car Loans	-	2.390	2.390
General Purpose Loans	77.458	785.179	862.637
Other	-	-	-
<b>Commercial loans with installment facility -FC</b>	<b>85.534</b>	<b>8.727.155</b>	<b>8.812.689</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	85.534	8.727.155	8.812.689
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>17.248</b>	-	<b>17.248</b>
With Installments	3.284	-	3.284
Without Installments	13.964	-	13.964
<b>Corporate Credit Cards-FC</b>	<b>75</b>	-	<b>75</b>
With Installments	-	-	-
Without Installments	75	-	75
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>120.550</b>	-	<b>120.550</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	-	-	-
<b>Total</b>	<b>804.076</b>	<b>16.885.294</b>	<b>17.689.370</b>

f) Distribution of domestic and foreign loans:

	September 30, 2017	December 31, 2016
Domestic loans	23.844.013	25.689.044
Foreign loans	446.065	371.617
<b>Total</b>	<b>24.290.078</b>	<b>26.060.661</b>

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2017	December 31, 2016
Specific provisions		
Loans and receivables with limited collectability	13.261	15.723
Loans and receivables with doubtful collectability	125.826	73.261
Uncollectible loans and receivables	330.725	212.334
<b>Total</b>	<b>469.812</b>	<b>301.318</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>December 31, 2016 balance</b>	<b>110.548</b>	<b>210.011</b>	<b>367.884</b>
Additions (+)	608.463	-	-
Transfers from other categories of non-performing loans (+)	-	613.508	312.630
Transfers to other categories of non-performing loans (-)	613.508	312.630	-
Collections (-)	27.216	15.549	62.663
Write-offs (-)	-	-	14.924
Corporate and commercial loans	-	-	14.924
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	79.664
Corporate and commercial loans	-	-	-
Retail loans (*)	-	-	63.709
Credit cards (*)	-	-	15.955
<b>September 30, 2017 balance</b>	<b>78.287</b>	<b>495.340</b>	<b>523.263</b>
Specific provision (-)	13.261	125.826	330.725
<b>Net Balances on Balance Sheet</b>	<b>65.026</b>	<b>369.514</b>	<b>192.538</b>

(\*) The Bank completed the NPL sale of fully provisioned retail customers amounting to TL 79.664 to Hayat Varlık (Asset Management Company) on September 28, 2017 for TL 11.400.

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>September 30, 2017 (Net)</b>	<b>65.026</b>	<b>369.514</b>	<b>192.538</b>
Loans to Real Persons and Legal Entities (Gross)	78.287	495.340	523.263
Specific provision (-)	13.261	125.826	330.725
Loans to Real Persons and Legal Entities (Net)	65.026	369.514	192.538
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>December 31, 2016 (Net)</b>	<b>94.825</b>	<b>136.750</b>	<b>155.550</b>
Loans to Real Persons and Legal Entities (Gross)	110.548	210.011	367.884
Specific provision (-)	15.723	73.261	212.334
Loans to Real Persons and Legal Entities (Net)	94.825	136.750	155.550
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of September 30, 2017, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 192.538 (December 31, 2016: TL 155.550).

k) Explanations on write-off policy:

As of 30 September 2017, there is no amount that is written off from assets with the decision of the board of directors.

**6. Information on held-to-maturity investments:**

a) Information on held-to-maturity investments given as collateral or blocked: As of September 30, 2017, held-to-maturity investments given as collateral is amounting to TL 335.725 (December 31, 2016: TL 304.071).

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

c) The Bank has TL 422.233 held-to-maturity investments as of September 30, 2017 (December 31, 2016: TL 428.155).

d) Movement on held-to-maturity investments:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Beginning Balance	428.155	364.449
Foreign Currency Differences on Monetary Assets	-	-
Purchases during year	-	-
Disposals Through Sales and Redemptions	-	-
Impairment Provision	-	-
Change in Amortized Cost (*)	(5.922)	63.706
<b>Total</b>	<b>422.233</b>	<b>428.155</b>

(\*)Represents exchange differences and accrual interest.

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

The Bank has no associates in the current period.

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

The Bank has no subsidiaries in the current period.

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

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

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

The Bank has no lease receivables in the current period.

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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 25<sup>th</sup> article of Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures.

**13. Information on intangible assets:**

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

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

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

- a) As of September 30, 2017, the Bank has deferred tax asset amounting to TL 69.838 arising from deductible temporary differences (December 31, 2016: TL 92.593).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

As of September 30, 2017 the Bank has assets held for sale and discontinued operations amounting to TL 142.400 (December 31, 2016: TL 42.094).

**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 30 SEPTEMBER 2017**

(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) September 30, 2017

	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	202.435	-	2.147.804	6.295.246	7.811	32.320	19.570	-	8.705.186
Foreign currency deposits	487.583	-	1.494.917	11.583.568	146.796	294.734	49.440	-	14.057.038
Residents in Turkey	451.719	-	1.480.994	11.323.236	146.570	294.255	34.700	-	13.731.474
Residents abroad	35.864	-	13.923	260.332	226	479	14.740	-	325.564
Public sector deposits	9.488	-	-	4.021	-	-	-	-	13.509
Commercial deposits	143.278	-	262.166	2.860.963	53.420	7.214	116	-	3.327.157
Other institutions deposits	1.098	-	2.453	192.302	-	7	1.106	-	196.966
Precious metals deposits	31.328	-	-	-	-	-	-	-	31.328
Interbank deposits	87	-	-	818.950	27.727	9.327	-	-	856.091
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	87	-	-	818.950	27.727	9.327	-	-	856.091
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>875.297</b>	<b>-</b>	<b>3.907.340</b>	<b>21.755.050</b>	<b>235.754</b>	<b>343.602</b>	<b>70.232</b>	<b>-</b>	<b>27.187.275</b>

**December 31, 2016**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	170.347	-	1.292.278	5.849.142	13.984	139.706	14.293	-	7.479.750
Foreign currency deposits	877.304	-	1.620.742	13.283.063	784.345	627.861	74.822	-	17.268.137
Residents in Turkey	847.527	-	1.616.848	13.198.049	712.361	595.640	19.022	-	16.989.447
Residents abroad	29.777	-	3.894	85.014	71.984	32.221	55.800	-	278.690
Public sector deposits	5.110	-	-	3.677	-	-	-	-	8.787
Commercial deposits	385.723	-	404.566	2.019.869	80.659	1.571	1.153	-	2.893.541
Other institutions deposits	1.069	-	1.610	381.572	-	-	5	-	384.256
Precious metals deposits	17.034	-	-	-	-	-	-	-	17.034
Interbank deposits	17	-	-	645.165	282.843	274.866	-	-	1.202.891
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	17	-	-	645.165	282.843	274.866	-	-	1.202.891
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.456.604</b>	<b>-</b>	<b>3.319.196</b>	<b>22.182.488</b>	<b>1.161.831</b>	<b>1.044.004</b>	<b>90.273</b>	<b>-</b>	<b>29.254.396</b>

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

i. Information on saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Saving deposits	2.561.884	2.045.154	6.143.302	5.434.596
Foreign currency saving deposits	615.557	364.616	8.604.722	8.856.085
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>3.177.441</b>	<b>2.409.770</b>	<b>14.748.024</b>	<b>14.290.681</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

ii. Deposit amounts not under the guarantee of saving deposit:

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

	September 30, 2017	December 31, 2016
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	15.430	21.180
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

**2. Information on derivative financial liabilities:**

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

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Forward Transactions	14.758	7.666	44.285	3.203
Swap Transactions	273.772	54.530	383.159	34.976
Futures Transactions	-	-	-	-
Options	33.602	7.191	45.465	34.787
Other	-	-	-	-
<b>Total</b>	<b>322.132</b>	<b>69.387</b>	<b>472.909</b>	<b>72.966</b>

**3. Information on borrowings:**

a) Information on banks and other financial institutions:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
From Domestic Banks and Institutions	4.936	74.564	8.616	250.598
From Foreign Banks, Institutions and Funds	-	2.922.122	-	3.406.283
<b>Total</b>	<b>4.936</b>	<b>2.996.686</b>	<b>8.616</b>	<b>3.656.881</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Short-term	4.936	1.759.576	5.861	1.382.742
Medium and long-term	-	1.237.110	2.755	2.274.139
<b>Total</b>	<b>4.936</b>	<b>2.996.686</b>	<b>8.616</b>	<b>3.656.881</b>

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

- a) Funds Provided Under Repurchase Agreements:

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Funds Provided Under Repurchase Agreements		105		2.457
<b>Total</b>		<b>105</b>		<b>2.457</b>

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

None.

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

None.

**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.**

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

**9. Information on provisions:**

a) Information on general provisions

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
General Provisions	256.802	254.836
I. Provisions for First Group Loans and Receivables	112.225	203.743
o/w - Provision for extended loans	-	5.318
II. Provisions for Second Group Loans and Receivables	125.993	42.711
o/w - Provision for extended loans	-	32.793
Provisions for Non-cash Loans and Derivative Financial Instruments	18.584	8.382
<b>Total</b>	<b>256.802</b>	<b>254.836</b>

As of the reporting date, based on the new Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published on Official Gazette dated December 14, 2016 and numbered 29918 the Bank has provided excess general provisions. If the Regulation had been applied, the Bank has total excess general provisions of TL 123.622.

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 3.055 on the foreign currency indexed loans are netted off from loans on the balance sheet (December 31, 2016: TL 143).
- c) Provisions for NPL customers' non-cash loans that are not converted into cash: As of September 30, 2017 provision for NPL customers' non-cash loans that are not converted into cash is TL 6.996 (December 31, 2016: TL 5.447).
- d) Information on employee termination benefits and unused vacation accrual:

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Employee termination benefit provision	6.433	8.459
Unused vacation provision	6.924	6.456
<b>Total of provision for employee benefits</b>	<b>13.357</b>	<b>14.915</b>

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct and reflected to the financial statements in accordance with TAS. The Bank has calculated retirement pay liability for personnels who deserve retirement pay in accordance with legal compliance.

e) Information on other provisions:

e.1) Provisions for possible losses: TL 298.200 (December 31, 2016: TL 213.700).

e.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions: Other provisions consist of provision for personnel premium amounting to TL 32.256 (December 31, 2016: TL 47.526) and promotions for credit cards and banking services amounting to TL 1.211 for the year of 2017 (December 31, 2016: TL 1.053).

f) Liabilities on pension rights: None.

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

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

**10. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Information on corporate tax:

As of September 30, 2017, the Bank has corporate income tax provision amounting to TL 55.526, which is netted with prepaid taxes amounting to TL 46.235 and shown in the liabilities amounting to TL 9.291 (December 31, 2016: Tax Asset TL 35.105 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

	September 30, 2017	December 31, 2016
Payroll Tax	4.259	3.973
Withholding taxation on deposits	31.434	25.505
BITT	26.448	18.389
Property Tax	489	481
Value Added Tax Payable	25	1.869
Stamp Tax	131	119
Corporate Taxes Payable	9.291	35.105
Foreign Exchange Transaction Tax	-	-
Other	370	479
<b>Total</b>	<b>72.447</b>	<b>85.920</b>

a.3) Information on premiums:

	September 30, 2017	December 31, 2016
Social Security Premiums-Employer	3.761	3.430
Social Security Premiums-Employee	3.459	3.035
Unemployment Insurance-Employer	487	428
Unemployment Insurance-Employee	244	214
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Other	-	-
<b>Total</b>	<b>7.951</b>	<b>7.107</b>

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

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

**12. Information on Subordinated Loans:**

	September 30, 2017		December 31, 2016	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	528.417
From other foreign institutions	-	1.081.040	-	-
<b>Total</b>	<b>-</b>	<b>1.081.040</b>	<b>-</b>	<b>528.417</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

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

- a) Presentation of Paid-in capital:

As of September 30, 2017 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1.

TL	September 30, 2017	December 31, 2016
Common stock(*)	3.288.842	3.288.842
Preferred stock	-	-
<b>Total</b>	<b>3.288.842</b>	<b>3.288.842</b>

(\*) Nominal Capital

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

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

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

	September 30, 2017	December 31, 2016
Valuation Difference	(13.883)	(28.741)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(13.883)</b>	<b>(28.741)</b>

- i) Information on legal reserves:

	September 30, 2017	December 31, 2016
Primary Legal Reserves	9.263	-
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
<b>Total</b>	<b>9.263</b>	<b>-</b>

- j) Information on extraordinary reserves:

	September 30, 2017	December 31, 2016
Reserves allocated by the General Assembly	172.738	-
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Capital Exchange Difference	-	-
<b>Total</b>	<b>172.738</b>	<b>-</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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:

	September 30, 2017	December 31, 2016
Forward asset purchase and sales commitments	14.739.263	782.136
Loan granting commitments	447.186	630.379
Commitments for checks	88.861	102.372
Credit card limit commitments	912.118	668.931
Other irrevocable commitments	6.402	6.206
<b>Total</b>	<b>16.193.830</b>	<b>2.190.024</b>

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	September 30, 2017	December 31, 2016
Letters of guarantee	1.729.506	2.214.062
Letters of credit	666.517	571.553
Bank acceptance loans	130.966	114.523
<b>Total</b>	<b>2.526.989</b>	<b>2.900.138</b>

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

	September 30, 2017	December 31, 2016
Definite letter of guarantees	1.223.892	1.387.795
Temporary letter of guarantees	54.438	35.430
Other letter of guarantees	451.176	790.837
<b>Total</b>	<b>1.729.506</b>	<b>2.214.062</b>

c) Total amount of non-cash loans:

	September 30, 2017	December 31, 2016
Non-cash loans given to cover cash loans	206.546	183.486
With maturity of 1 year or less than 1 year	206.546	183.486
With maturity of more than 1 year	-	-
Other non-cash loans	2.320.443	2.716.652
<b>Total</b>	<b>2.526.989</b>	<b>2.900.138</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

(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:**

	September 30, 2017		September 30, 2016	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	561.568	34.102	435.429	35.563
Medium and long term loans	1.080.518	531.996	665.533	510.612
Interest on non-performing loans	-	-	-	-
<b>Total</b>	<b>1.642.086</b>	<b>566.098</b>	<b>1.100.962</b>	<b>546.175</b>

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

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

	September 30, 2017		September 30, 2016	
	TL	FC	TL	FC
The Central Bank of Republic of Turkey (CBRT)	16.850	20.170	27.135	-
Domestic banks	93.705	2.248	56.883	648
Foreign banks	7	2.705	-	601
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>110.562</b>	<b>25.123</b>	<b>84.018</b>	<b>1.249</b>

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

	September 30, 2017		September 30, 2016	
	TL	FC	TL	FC
Trading securities	729	-	1.223	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	32.233	24.098	35.086	23.550
Held-to-maturity securities	-	11.252	-	9.696
<b>Total</b>	<b>32.962</b>	<b>35.350</b>	<b>36.309</b>	<b>33.246</b>

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

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

	September 30, 2017		September 30, 2016	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	440	87.079	247	68.286
The Central Bank of Turkey	-	372	-	46
Domestic banks	440	448	247	125
Foreign banks	-	86.259	-	68.115
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>440</b>	<b>87.079</b>	<b>247</b>	<b>68.286</b>

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

**c) Information on interest expense to marketable securities issued:** As of September 30, 2017; The bank has interest expense to marketable securities issued amounting to TL 17.258 (September 30, 2016: TL 9.840).

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

<b>September 30, 2017</b>								
<b>Time Deposits</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulating Deposits</b>	<b>Total</b>
<b>TL</b>								
Bank deposits	-	318	-	-	-	-	-	318
Saving deposits	215	167.047	554.277	3.107	7.184	1.503	-	733.333
Public sector deposits	-	1	498	-	-	-	-	499
Commercial deposits	40	26.292	234.860	5.555	486	177	-	267.410
Other deposits	-	339	24.621	590	1.336	-	-	26.886
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>255</b>	<b>193.997</b>	<b>814.256</b>	<b>9.252</b>	<b>9.006</b>	<b>1.680</b>	<b>-</b>	<b>1.028.446</b>
<b>Foreign Currency</b>								
Foreign currency deposits	131	35.271	344.725	9.225	10.599	1.174	-	401.125
Bank deposits	-	14.637	-	-	-	-	-	14.637
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>131</b>	<b>49.908</b>	<b>344.725</b>	<b>9.225</b>	<b>10.599</b>	<b>1.174</b>	<b>-</b>	<b>415.762</b>
<b>Grand Total</b>	<b>386</b>	<b>243.905</b>	<b>1.158.981</b>	<b>18.477</b>	<b>19.605</b>	<b>2.854</b>	<b>-</b>	<b>1.444.208</b>
<b>September 30, 2016</b>								
<b>Time Deposits</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulating Deposits</b>	<b>Total</b>
<b>TL</b>								
Bank deposits	-	545	-	-	-	-	-	545
Saving deposits	190	64.375	485.971	3.671	5.768	1.028	-	561.003
Public sector deposits	-	2	248	-	-	-	-	250
Commercial deposits	39	20.681	179.372	2.356	228	14	-	202.690
Other deposits	1	645	31.528	1.568	-	-	-	33.742
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>230</b>	<b>86.248</b>	<b>697.119</b>	<b>7.595</b>	<b>5.996</b>	<b>1.042</b>	<b>-</b>	<b>798.230</b>
<b>Foreign Currency</b>								
Foreign currency deposits	68	12.173	232.992	11.107	3.235	1.541	-	261.116
Bank deposits	-	19.046	-	-	-	-	-	19.046
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>68</b>	<b>31.219</b>	<b>232.992</b>	<b>11.107</b>	<b>3.235</b>	<b>1.541</b>	<b>-</b>	<b>280.162</b>
<b>Grand Total</b>	<b>298</b>	<b>117.467</b>	<b>930.111</b>	<b>18.702</b>	<b>9.231</b>	<b>2.583</b>	<b>-</b>	<b>1.078.392</b>

**3. Information on Dividend Income:** At the end of September, The Bank has TL 8 dividend income collected from share certificates.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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:**

	September 30, 2017	September 30, 2016
<b>Income</b>	<b>15.634.701</b>	<b>6.782.302</b>
Gains on capital market operations	214.313	355.282
Gains on derivative financial instruments	1.320.378	978.309
Foreign exchange gains	14.100.010	5.448.711
<b>Losses (-)</b>	<b>15.665.848</b>	<b>6.558.986</b>
Losses on capital market operations	452	17.875
Losses on derivative financial instruments	1.499.029	944.209
Foreign exchange losses	14.166.367	5.596.902
<b>Net Amount</b>	<b>(31.147)</b>	<b>223.316</b>

**5. Information on other operating income:** As of September 30, 2017; other operating income includes the adjustment account for previous years' expenses and other operating income.

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

	September 30, 2017	September 30, 2016
Specific provisions for loans and other receivables (*)	236.935	216.661
III. Group Loans and Receivables	16.414	17.445
IV. Group Loans and Receivables	135.025	94.725
V. Group Loans and Receivables	85.496	104.491
General loan loss provision expenses / (income)	-	30.459
Provision expenses for possible losses (**)	84.500	221.722
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	-	-
<b>Total</b>	<b>321.435</b>	<b>468.842</b>

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

(\*\*) Includes the TL 120.500 free provision and TL 36.000 reverse of provision in current period by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions in the future.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

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

	September 30, 2017	September 30, 2016
Personnel expenses	231.313	216.085
Employee termination benefit provision	972	2.983
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	33.875	31.556
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	24.577	21.018
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	644	520
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	270.961	218.679
Rent expenses	56.136	47.123
Maintenance expenses	3.651	3.097
Advertisement expenses	36.364	27.509
Other expenses (*)	174.810	140.950
Loss on sales of assets	-	-
<b>Total</b>	<b>562.342</b>	<b>490.841</b>

(\*) As of September 30, 2017, other operating expenses include IT expenses amounting to TL 35.298, premiums for saving deposit insurance fund amounting to TL 14.638, support services amounting to TL 15.583, taxes and similar disbursements expenses amounting to TL 23.282, communication expenses amounting to TL 8.735 and other expenses amounting to TL 77.274.

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

As of September 30, 2017, the Bank's profit before tax from continued operations is TL 293.913.

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

As of September 30, 2017, The Bank has deferred tax expense amounting to TL 19.041 through temporary differences current tax expense amounting to TL 44.570 (September 30, 2016: TL 37.513 deferred tax income and TL 75.752 current tax expense).

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

As of September 30, 2017, the Bank's net profit from continued operations is TL 230.302 (30 September 2016: TL 115.278).

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

a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: In 2017, the Bank purchased Certificate of Deposits issued by Central Bank of Lebanon amounting to nominal USD 196.700 thousands under special agreement conditions that generated capital gains of TL 213.730 and accounted under trading income/loss in the income statement.

The Bank has provided free provisions amounting TL 120.500, after reversing TL 36.000 in the second quarter of 2017.

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 30 SEPTEMBER 2017**

(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) September 30, 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
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	1.154	16.028	32	80
Balance at end of period	-	-	147	17.179	42	152
<b>Interest and commission income</b>	-	-	1	-	-	-

**December 31, 2016:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	-	16.290	30	80
Balance at end of period	-	-	1.154	16.028	32	80
<b>Interest and commission income</b>	-	-	-	-	-	-

**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	
	September 30, 2017		September 30, 2017		September 30, 2017	
<b>Deposits</b>						
Balance at beginning of period	-	-	1.202.909	-	8.623	-
Balance at end of period	-	-	856.104	-	9.402	-
<b>Interest on deposits</b>	-	-	16.667	-	775	-

**December 31, 2016:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank(*)		Other entities and real persons included in the risk group	
	December 31, 2016		December 31, 2016		December 31, 2016	
<b>Deposits</b>						
Balance at beginning of period	-	-	1.027.230	-	8.105	-
Balance at end of period	-	-	1.202.909	-	8.623	-
<b>Interest on deposits (**)</b>	-	-	20.354	-	751	-

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

(\*\*)Includes balances of September 30, 2016.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(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:

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>	<b>Direct and indirect shareholders of the Bank</b>	<b>Other entities and real persons included in the risk group</b>
<b>Financial assets at fair value through profit and loss</b>	<b>September 30, 2017</b>	<b>September 30, 2017</b>	<b>September 30, 2017</b>
Balance at beginning of period	-	66.908	-
Balance at end of period	-	62.279	-
Total Loss/ Profit	-	(578)	-

**December 31, 2016**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>	<b>Direct and indirect shareholders of the Bank</b>	<b>Other entities and real persons included in the risk group</b>
<b>Financial assets at fair value through profit and loss</b>	<b>December 31, 2016</b>	<b>December 31, 2016</b>	<b>December 31, 2016</b>
Balance at beginning of period	-	-	-
Balance at end of period	-	66.908	-
Total Loss/ Profit	-	-	-

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

Gross payment made to the executive management as of September 30, 2017 is TL 25.975 (September 30, 2016: TL 23.757).

**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 30 SEPTEMBER 2017**  
(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 September 30, 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The auditor's review report dated November 7, 2017 is presented preceding the unconsolidated financial statements.

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

None.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

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

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

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

**Capital and shareholders' structure:**

As of September 30, 2017 and December 31, 2016, 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	2.422.595	73,661%	2.420.930	73,610%
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%
Audi Private Bank sal	90.698	2,758%	90.698	2,758%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
Raymond Audi	-	-	555	0,017%
Samir Hanna	-	-	555	0,017%
Freddie Baz	-	-	555	0,017%
<b>Total</b>	<b>3.288.842</b>	<b>100,00%</b>	<b>3.288.842</b>	<b>100,00%</b>

(\*) It has been decided during the Board of Directors meeting on March 23, 2017 and then approved on the General Assembly on April 28, 2017 that, 554.860,80 shares each having a nominal value of 1.00 TL (one Turkish Lira) that belong to our shareholders Mr. Raymond AUDI, Mr. Samir HANNA and Mr. Freddie BAZ on behalf of whom registered share certificates have been issued, to be transferred to Bank Audi sal, shareholder of the bank, by way of indorsement of the mentioned registered share certificates.

**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 30 September 2017 the Bank has 51 domestic branches and 1.616 personnel.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

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

<b><u>Title</u></b>	<b><u>Name-Surname</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chairman of the Board of Directors</b>	Samir HANNA	Chairman	High School
<b>Vice President of the Executive Board</b>	Marwan GHANDOUR	Member of the Board of Directors	PHD Degree
<b>Members of the Board of Directors</b>	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors and Member of Audit Committee	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Khalil El DEBS	Member of the Board of Directors	Master Degree
	Ayşe KORKMAZ	Member of the Board of Directors and Member of Audit Committee	Bachelor's 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
	Guy Charles HARINGTON	Member of the Board of Directors	Master Degree
<b>Member of the Board of Directors and General Manager</b>	Hüseyin ÖZKAYA	Member of the Board of Directors and General Manager	Master Degree
<b>Deputy General Manager</b>	Naim HAKIM	Finance	Master Degree
<b>Assistant General Managers</b>	Alpaslan YURDAGÜL	Financial Institutions and Investment Banking	Master Degree
	Cem MURATOĞLU	Retail Banking	Master Degree
	Fevzi Tayfun KÜÇÜK	Business Solutions, Direct Banking, Transactional Banking and Information Technologies	Master Degree
	Gökhan ERKIRALP	Treasury and Capital Markets	Bachelor's Degree
	Yalçın AVCI	Corporate and Commercial Banking	Master Degree
	Gökhan SUN	Small and Medium Sized Enterprises	Master Degree

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**Message from the Chairman**

Dear Stakeholders,

We are celebrating the 5th anniversary of the establishment of Odeabank, as we have set out on our journey in the Turkish banking industry in October 2012. Having entered the sector in 49th place as the first bank to receive an operating license in 15 years in Turkey, Odeabank continues its rapid growth. Currently, we boast total assets of TL 36.4 billion. 2017 second quarter was a period when we reinforced our position in Turkish banking sector.

Over the past 14 years, Bank Audi's strategy of providing banking services in diversified segments helped it evolve from a commercial bank operating domestically into a universal Lebanese bank that provides commercial, private, retail and investment banking services. This operating strategy, coupled with a prudent regional expansion plan, allowed Bank Audi to enter new markets effectively. During this period, Bank Audi became the largest bank in Lebanon while also developing new products to meet the inter-market requirements of these new regions, generating cross-selling opportunities and expanding to its current size. Providing banking services in 11 countries via 12 banks and three financial services firms, our Group has achieved great success with its strong risk management approach.

In terms of financial performance, as of September 2017, Bank Audi Group's total assets amounted to US\$ 44.7 billion, with deposits of US\$ 35.7 billion, loans of US\$ 17.2 billion, and shareholders' equity of US\$ 3.8 billion. As a result of this superior performance, we posted net profit of US\$ 437 million for the year.

Launched in Turkey in 2012 with a significant investment from Bank Audi Group, Odeabank achieved great success both domestically and internationally in the third quarter of 2017. 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, fast-growing and important players of the sector, Odeabank has been a source of pride for our Group with the success it has achieved in Turkey.

Odeabank obtained its inaugural credit ratings from two international rating agencies namely Fitch Ratings and Moodys which respectively assigned BB- and Ba3 credit ratings given the bank's robust financial outlook, prudent risk management and sustainable profitability. Credit opinions presented by the rating agencies allowed Odeabank to strengthen its position in the Turkish banking system as well as in the international banking arena.

In its 5th anniversary, Odeabank launched its debut capital markets issuance in international markets. Odeabank raised USD 300 million in a 144a/RegS and 10-year Basel III compliant Tier II issuance coordinated by JP Morgan and Bank of America. Our inaugural Tier II issuance was placed successfully with international investors at a coupon rate of 7,625%.

At this point, I would like to share our overall view about the global economy. Although elevated geopolitical tensions and political risks in some countries have been persisting, recovery in global economy continued in the first 3 quarters of 2017. While fragilities in many economies remain, underlying inflation dynamics show moderate improvements. Even though macroeconomic developments generally supported global risk appetite in the third quarter, geopolitical developments led to some volatility in global capital flows. Despite the ongoing uncertainties regarding geopolitical tensions and political issues, positive developments in advanced economies and global trade continued to improve the emerging markets economies' growth outlook. All being said, there are still concerns over the sustainability of these better-than-expected realizations in macroeconomic indicators.

Turkish economy left the third quarter of 2017 behind, recording a solid performance. While demand towards Turkish financial assets remained solid during the most of the third quarter thanks to positive realizations in economic growth, deterioration in inflation outlook, elevated geopolitical tensions and volatility in global financial markets have led to a sell-off in the last weeks of the quarter. Meanwhile, recently released macroeconomic indicators imply some risks regarding sustainability of solid growth and the inflation outlook. That being said, we are confident that Turkey can absorb adverse impacts of short-term challenges in the medium-term thanks to the CBRT's tight monetary stance and long-term solid macroeconomic fundamentals. Despite downside risks in the short term the country manages to preserve its sustainable growth path, making it attractive to foreign investors in the long run. On the other hand, when considering Turkey's long term macroeconomic indicators, we think, Turkish financial assets are still undervalued. Within this context, once uncertainties regarding sustainability of growth are reduced in the coming periods, we expect investor confidence to pick up and Turkish financial assets to continue their solid performance.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**Message from the Chairman (continued)**

Turkey's banking sector performed well during the reporting period despite challenges stemming from foreign and domestic risk factors. The asset quality of banking sector remained resilient thanks to the lagged effects of Credit Guarantee Fund (CGF) during the third quarter. However, upward pressure on deposit rates continued due to high level of inflation and the CBRT's tight liquidity policy. As contraction in net interest margin ends, we believe that the banking sector will keep its profitability intact despite the prospective slowdown in loan growth as the CGF backed loan utilization tapers.

Having entered the banking sector at 49th place and jumping up to 12th rank among other deposit banks in a short time, Odeabank is moving forward with confidence to become the financial services provider of choice for major projects that will keep the Turkish economy moving ahead. Moving up every year both in terms of profitability and sector rankings, Odeabank will continue to provide funds to the real economy with its customer-oriented service approach and with the long-term confidence it has in the Turkish economy.

Thanks to the strong support of its shareholders as well as effective risk management and strategies, Odeabank will continue to provide significant support to Turkey's economy. With its strong dynamics and 2023 Vision, Turkey can create a more prosperous economy in the coming years. As the first bank established from the very start after many years in Turkey, Odeabank has achieved numerous accomplishments in a very short span of time. These accomplishments are also important in terms of showing the opportunities that Turkey presents to other financial institutions that have entered the sector after Odeabank.

With its promising future potential, Turkey, the traditional bridge between the west and the east, is one of the world's most important developing markets. As the country boasts the largest population in the region and having achieved an average annual growth rate of over 5 percent over the past ten years, the depth and diversity for the penetration of financial products in Turkey will result in a host of new opportunities for the Turkish financial services sector.

Having adopted breaking new ground in the Turkish banking industry as one of its core principles, Odeabank strives to improve its technology systems infrastructure and to recruit the most experienced and skilled professionals in the sector. Guided by a forward-looking vision and mission, Odeabank will solidify its achievements in 2017 and will continue taking firm steps into the future.

With our faith in the Turkish economy, we plan to continue to improve our efficiency and profitability and continue our investments, to be able to contribute even more to the Turkish economy.

On behalf of the Board of Directors, I would like to express my gratitude to all our staff who has helped move Odeabank 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 30 SEPTEMBER 2017**

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

**Message from the General Manager**

We are leaving behind a substantial part of the year 2017 during which non-economic uncertainties have highly affected the global and Turkish economy. For us, 2017 has been a year during which we have further strengthened our position in the Turkish banking sector, expanded the scope of and diversified the services that we offer and created added value for the Turkish economy despite the global conjuncture full of uncertainties. In our fifth year in Turkey, I am very pleased to share with you our interim report for the third quarter of 2017, in line with all our targets that we have set in the beginning of the year.

We have brought a new and different service approach to our industry with Odeabank that we have established from scratch by laying its foundations through the investments made by the Lebanon-based Bank Audi group in Turkey. To this end, we are continuing our operations targeting to become one of the top banks to come to mind for all banking needs.

The financial results that we have obtained since the beginning of the year demonstrate that Odeabank is following a correct strategy. Despite the fluctuations in the foreign exchange rates and the uncertainties in the global market, we have increased our net profit by 99,8% to TL 230.3 million in the first nine months of 2017 compared to the same period of the previous year. In the same period, our total loans rose to TL 24.9 billion, deposits went up to TL 27.2 billion, and our assets reached TL 36.4 billion; we are operating in 17 provinces across Turkey with 51 branches and 1.616 employees.

Having raised interest rates in the first half of 2017, the Central Bank of the USA (FED) have kept the interests unchanged during the third quarter. However, it took the decision to start shrinking its balance sheet at the end of the third quarter in line with the plan that it previously announced. While the debates in the US internal politics continued, some details related with the growth-friendly fiscal policies were disclosed to the public. However, there has been no significant step taken yet. Nevertheless, the hurricanes experienced in the country caused some damages in the US economy by the end of the third quarter. While FED anticipated that the adverse implications caused by natural disasters could be temporary, they reiterated their opinion that the improvement in economic fundamentals would continue in the medium-term. And this keeps alive the expectations of a further interest rate hike to be made by FED before the end of the year. The European economies are maintaining their strong performances that they have demonstrated in the first half with a limited loss of pace in the third quarter. However, the strengthening of far-right parties against significant vote-share losses of the center parties in the elections held in Germany indicate that the political risks in Europe may be in rise in the long run. In this environment, the growth outlook in most of the developing economies has continued to improve thanks to the liveliness in the global trade. However, while the uncertainties related with the inflation dynamics in the US and Europe are still ongoing, it supports the expectations that the central banks will maintain their growth-supporting stances in the medium term. And this boosts the global risk appetite with the gradual recovery in the global economy. However, geopolitical woes have been the main element of risk over the positive course observed in the global economic recovery and capital flows in the period that we have left behind.

Despite the gradual improvement in the macroeconomic fundamentals in the global economy, there are fluctuations in the capital flows caused by the growing tension between the US and North Korea and the ongoing uncertainties in the Middle East. Therefore, it seems that non-economic elements will be important while shaping the expectations for the remaining period of the year and the next year. In other words, although it is anticipated that the central banks of the developed countries will abstain from a movement that may disrupt the recovery in the global growth, cautious approaches are maintained due to the geopolitical tensions and long-term structural problems. In the light of these developments, while it is estimated that the gradual recovery in the global growth will continue in the upcoming period, it is anticipated that capital flows will remain strong.

Although geopolitical uncertainties have caused fluctuations in the global risk appetite, Turkish financial assets have remained strong for most of the third quarter. This has mainly resulted from the maintenance of the strength of Turkish economy and the strong growth performance ensured through KGF (Credit Guarantee Fund) supports. While the Turkish economy has grown by 5% in the first half of 2017, the leading indicator data suggest that a quite high rate of growth can be recorded in the third quarter also with the effect of the low base in the previous year. Both domestic demand and foreign demand have supported this growth, thus creating a positive outlook in terms of general growth composition as well. While the trends in the global economy suggest that the foreign demand can further support the growth in the upcoming period, it is anticipated that the fragilities in the domestic demand due to the strict domestic financial conditions can result in a loss of pace in growth. In the light of these developments, it is envisaged that the growth expected to occur in the range of 5-6% in 2017 may display a slowdown to a certain extent in 2018.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**Message from the General Manager (continued)**

The inflation peaking with a rate of 11,87% in April due to the depreciations in TL, the increase in crude oil prices and the fluctuations in the food prices somehow declined in the first quarter. This decline has further continued in the beginning of the third quarter and the general inflation has fallen to 9,79% in July. In the months of August and September during which the domestic demand has relatively maintained its strength, the inflation has started to pick up again and rose to 11,20% by the end of the third quarter. The core inflation reached its highest level recorded after 2004 with a rate of 10,98% in this period. In the light of these developments, the Central Bank of Turkey (CBT) has started to emphasize that not only the high levels in general inflation, but also the core inflation indicators pose an important risk in terms of pricing behaviours. While the risks are considered upside taking the developments affecting the inflation into account, it is anticipated that the inflation may occur at a high single-digit level by the end of this year. As for the next year, it is estimated that there may be a significant improvement in the inflation based on the presumption that the fluctuations in foreign exchange rates will remain at a low level.

The high-level gold imports as well as the recovery in crude oil prices are causing gradual increases in the foreign trade deficit and current account balance. Nevertheless, although these has been a remarkable recovery in the number of tourists during summer months, there is a relatively limited increase in the revenues. Therefore, the current account deficit has been increasing since the beginning of the year with the expansion in the foreign trade deficit. On the other hand, although the portfolio investment inflows have recovered with the global trends after February, it is observed that the fragilities on the finance side still persevere. According to 12-month total figures, the long-term foreign debt rollover ratio fell from the rate of 121,8% recorded at the end of 2016 to 96,4%, the lowest rate of the last six years in August. While it seems that the risks on core current accounts will be balanced in the upcoming period, it is anticipated that the concerns related with financing quality will maintain its importance.

Turkish economy is maintaining its flexibility and resilience thanks to the strong household financial structure as well robust public finance and strong banking sector. However, some of the steps taken to prevent possible economic destructions that may be caused by the adversities experienced might have some negative impacts on the economic fundamentals of our country. Since our budget performance is not as robust as that in previous years, it may be necessary for us to take measures that will significantly bring the inflation down next year in order to ensure the desired decline in the interests. To this end, we should determinedly take the steps that will boost confidence in Turkish economy.

In the upcoming period, we believe that our country will decidedly continue to undertake additional reforms needed to expand its growth potential and put the brakes on inflation, thereby bolstering macroeconomic stability.

Displaying a rapid growth with KGF support in the first half of 2017, the banking sector has lost some pace in the third quarter. According to BRSA's weekly data, net of exchange rate effect, the 13-week annualized growth rate of total loans that was 28,08% by the end of June 2017 has fallen down to 14,4% by the end of September. Likewise, while the asset quality of the sector remained strong thanks to KGF support, the ratio of non-performing loans to total loans has slightly decreased from 3,41% to 3,35%. Although the net profit of the sector somewhat decelerated due to the high level of deposit rates, it has increased by 25,3% in the first eight months compared to the same period of 2016. According to data net of foreign exchange effect, the 13-week annualized growth rate of deposits that was 19,8% by the end of June 2017 has been recorded as 11,7% by the end of September. While the deposits have continued to grow with a rate below the loans in the third quarter, the upward pressure on deposit interests has persevered. It is seen that this has resulted from the effects of the maintenance of its strict stance by the CBT and the high inflation rates.

Although geopolitical uncertainties keep alive the downside risks on the growth worldwide and in Turkey, we believe that the dynamic and young population of Turkey will maintain its resilient optimism and motivation. As a matter of fact, Turkish financial assets that have demonstrated a relatively weak performance in the recent years has displayed a strong performance for most of the third quarter as with the first half of the year. However, there has been a sharp sell-off due to the growing tension in the region since mid-September. The fact that Turkish financial assets rapidly develop a growth trend and approach to the prices reflecting the economic fundamentals of the country during the periods with a decline in political and geopolitical uncertainties gets our hopes up for the medium-long term. Therefore, we still believe that there is a serious potential for making Turkey a center of attention once again. We think that it is required to make progress toward the target of price stability in line with financial stability in addition to maintenance of the strong growth of Turkey.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**Message from the General Manager (continued)**

As Odeabank, we have showed our difference in the sector thanks to our road map that we have drawn up in due consideration of all these observations and our cutting-edge technological infrastructure.

Our Bank has secured its position in Turkish Banking sector and among the international financial institutions by receiving its first rating grades from the international rating agencies Fitch Ratings and Moodys'. Emphasizing Odeabank's robust financial outlook, prudent risk management and sustainable profitability that it has achieved, Fitch Ratings and Moodys have assigned the credit ratings of BB- and Ba3, respectively.

As Odeabank, we have crowned the year 2017 that we celebrate as our 5th year in the sector by realizing our first capital market issuance in the international markets. Our Basel III-compliant supplementary capital issuance at the amount of 300 million US Dollars with a 10-year maturity (Tier II) which we have realized under the coordination of JP Morgan and the Bank of America has been successfully issued to international investors with a coupon rate of 7,625%.

In the third quarter of 2017, we have continued to keep a close watch on market conditions and customer needs and to produce solutions that will meet our customers' expectations in order to render our success sustainable in the Corporate and Commercial Banking gradually growing in importance and getting stronger within the sector and to make Odeabank Corporate and Commercial Banking services as one of the leading and most preferred services in the banking sector. Particularly focusing on our existing customers' demands, we have given weight to formulation of solutions meeting their needs in the related period.

In the relevant period, we have continued to support SMEs accounting for a substantial number of enterprises in Turkey. Following disbursement of the entire Credit Guarantee Fund (KGF) limit allocated for our bank in the second quarter and our KGF credits exceeding the level of TL 1 billion, we have procured for allocation of an additional limit by KGF and thus completed our preparations in order to continue to stand by SMEs and to support real sector. In addition, we have increased the deposit volume by nearly 5% compared to the end of the previous year.

We are continuing to offer numerous advantages with Bank'O Atlas, our co-branded credit card that we have launched through joining our forces with Atlasglobal and that allows our customers to win miles from their flights and shopping experiences. We are targeting to expand our portfolio by offering different advantages to our customers in both shopping and air travel also in the last quarter of 2017.

In the retail consumer loans, we have gained 0,85% market share with a size of TL 1.7 billion in the third quarter. During the rest of 2017, we will also continue to present offers diversified by needs by deepening our customer base penetration in retail loans.

With a 21% increase during the first three quarters of 2017 compared to the same period of the previous year, more than 520.000 customers have received services and 21 millions of transactions with a volume of TL 11 billion have been executed via Direct Banking channels such as Internet Branch, Mobile Branch, ATM, 444 8 444 Contact Center through which we offer the same user experience, menu structure, front-end, design and business process flow to our customers. Mobile Branch has been the fastest growing channel with a 97% increase compared to the same period of the previous year. The number of our ATMs reached 69. Our mobile application was downloaded by more than 630.000 users. Our Contact Center received over 3.7 millions of calls.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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

**Message from the General Manager (continued)**

Oksijen (Oxygen) Account that we launched in order to extend our Wealth Management services across a wider customer base and that substantially increased Odeabank’s demand deposit volume and brought immense progress in terms of customer numbers and loyalty has also continued to gain strength during the third quarter of 2017. With our highly competitive product offering advantageous interest rates for both TL and FX deposits, we have reached nearly 120 thousand customers and the deposit balance of TL 3.1 billion. By the end of the year, we will continue to give priority to our Oxygen Account product, aiming to ensure the continuity of this growth.

As Odeabank, we have not limited our customers’ options to deposit products only. We have freshened up and diversified our savings options that we offer to our customers under the umbrella of Wealth Management services with a variety of new and appealing alternatives befitting the present-day conditions such as Private Pension, Mutual Funds Deposit Account Linked to Fund Distribution Channel, Deposit Accounts with the Flexibility of Withdrawals. In this context, we have blazed a trail in investment banking by collaborating with leading portfolio management companies of Turkey. Our general investment tips shaped by market conditions and Model Portfolios that we offer based on risk groups are designed to yield competitive returns. In this process, we continue to keep our clients up-to-date about their investments through daily and weekly information bulletins that we prepare.

Esteemed stakeholders;

In the third quarter of 2017, we stood out with our contributions not only to the economy and banking sector, but also to art and sports. As “The Bank of Basketball”, we will also continue in the next year to provide ongoing support to basketball under our capacity as the official sponsor of 2017-2018 Turkish Airlines EuroLeague and THY EuroLeague Final Four that will take place in Belgrade in 2018. In addition, we will follow with great excitement, the competitions of Galatasaray Odeabank Men’s Basketball Team that we have become the name sponsor for, both in the Turkish League and in Eurocup.

In the O’Art Competition, which we have organized for the second time this year in our art platform O’Art, aiming to support young artists; 27 out of 650 applications were found worthy of being exhibited at the competition exhibition held between 21 September – 13 October and five artists in total were offered Achievement Awards.

As Odeabank, our rapid and successful growth performance and our innovative products and services have continued to be appreciated in the international platforms. At the 14th edition of Stevie Awards receiving 3 thousand and 9 hundred applications from over 60 countries in the world this year, Odeabank has been the Turkish company winning the highest number of awards in this competition. In the awards program held with the participation of over 80 companies from various sectors in Turkey, Odeabank was crowned with 15 awards in total - 4 gold, 5 silver and 6 bronze awards, including the ‘Bank of the Year’ award in the banking category. With this achievement, Odeabank was honoured with the Grand Stevie Award by Stevie Awards; and it also became the winner of People’s Choice award determined by the public votes.

During the rest of 2017, we will work with all our strength in order to “join and stay in the premier league” and to provide more resources for the economy by accomplishing our targets without compromising our principles thanks to the strength added by all our stakeholders, including, in particular, our clients. I would like to extend my gratitude to all our stakeholders that support us on our way to achieve this goal.

**Best regards,**

**Hüseyin Özkaya**  
**General Manager and Board Member**

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**Brief financial information of the Bank**

**ASSETS:**

	Reviewed Current Period 30.09.2017			Audited Prior Period 31.12.2016		
	TL	FC	Total	TL	FC	Total
CASH AND BALANCES WITH THE CENTRAL BANK	1.327.181	2.616.524	3.943.705	1.364.386	3.353.854	4.718.240
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	350.488	794.533	1.145.021	321.278	104.655	425.933
BANKS	1.343.448	1.210.785	2.554.233	139	118.585	118.724
MONEY MARKET PLACEMENTS	1.731.161	-	1.731.161	4.412.052	-	4.412.052
FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	430.827	503.392	934.219	425.565	479.890	905.455
HELD TO MATURITY INVESTMENTS (Net)	-	422.233	422.233	-	428.155	428.155
LOANS AND RECEIVABLES	14.505.098	10.412.058	24.917.156	13.342.398	13.105.388	26.447.786
TANGIBLE ASSETS (Net)	110.232	-	110.232	129.466	-	129.466
INTANGIBLE ASSETS (Net)	82.934	-	82.934	98.807	-	98.807
TAX ASSET	69.838	-	69.838	92.593	-	92.593
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	142.400	-	142.400	42.094	-	42.094
OTHER ASSETS	161.246	139.340	300.586	230.979	228.116	459.095
<b>TOTAL ASSETS</b>	<b>20.254.853</b>	<b>16.098.865</b>	<b>36.353.718</b>	<b>20.459.757</b>	<b>17.818.643</b>	<b>38.278.400</b>

**LIABILITES:**

	Reviewed Current Period 30.09.2017			Audited Prior Period 31.12.2016		
	TL	FC	Total	TL	FC	Total
DEPOSITS	12.243.777	14.943.498	27.187.275	10.774.307	18.480.089	29.254.396
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	322.132	69.387	391.519	472.909	72.966	545.875
FUNDS BORROWED	4.936	2.996.686	3.001.622	8.616	3.656.881	3.665.497
MONEY MARKET BALANCES	105	-	105	2.457	-	2.457
MARKETABLE SECURITIES ISSUED (Net)	-	-	-	-	-	-
MISCELLANEOUS PAYABLES	19.785	1.225	21.010	9.179	722	9.901
OTHER LIABILITIES	151.926	141.686	293.612	162.257	35.941	198.198
PROVISIONS	459.787	149.035	608.822	414.936	122.541	537.477
TAX LIABILITY	80.398	-	80.398	93.027	-	93.027
SUBORDINATED LOANS	-	1.081.040	1.081.040	-	528.417	528.417
SHAREHOLDERS' EQUITY	3.689.054	(739)	3.688.315	3.452.080	(8.925)	3.443.155
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16.971.900</b>	<b>19.381.818</b>	<b>36.353.718</b>	<b>15.389.768</b>	<b>22.888.632</b>	<b>38.278.400</b>

**STATEMENT OF INCOME:**

	Reviewed Current Period 01.01-30.09.2017	Reviewed Prior Period 01.01-30.09.2016
INTEREST INCOME	2.622.893	1.970.787
INTEREST EXPENSE	1.555.574	1.175.860
NET INTEREST INCOME (I - II)	1.067.319	794.927
NET FEES AND COMMISSIONS INCOME	130.181	83.582
DIVIDEND INCOME	8	-
NET TRADING INCOME	(31.147)	223.316
OTHER OPERATING INCOME	11.329	11.375
NET OPERATING INCOME (III+IV+V+VI+VII)	1.177.690	1.113.200
PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	321.435	468.842
OTHER OPERATING EXPENSES (-)	562.342	490.841
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	293.913	153.517
AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	-	-
GAIN / (LOSS) ON NET MONETARY POSITION	-	-
PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	293.913	153.517
TAX PROVISION FOR CONTINUED OPERATIONS (±)	(63.611)	(38.239)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	230.302	115.278
INCOME ON DISCONTINUED OPERATIONS	-	-
LOSS FROM DISCONTINUED OPERATIONS (-)	-	-
PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	-	-
TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-
NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>230.302</b>	<b>115.278</b>