

# **ODEA BANK A.Ş.**

## **UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT JUNE 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 June 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 six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of Review*

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

### *Basis of Qualified Conclusion*

Subsequent to the reversal of thousand TL 36.000 during the current period, the accompanying unconsolidated financial statements as at 30 June 2017 include a general reserve for possible risks amounting to thousand TL 177.700, which is fully provided in 2016 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 thousand TL 35.540 in the accompanying unconsolidated financial statements as at 30 June 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 June 2017 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

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

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

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

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

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

Yaşar Bivas, SMMM  
Partner  
Istanbul, 9 August 2017

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

Address : Levent 199, Büyükdere Caddesi No:199 Kat: 33-40  
Levent Şişli/ İstanbul

Telephone : +90 (212) 304 84 44, +90 (212) 304 84 45

Web Site : <http://www.odeabank.com.tr>

Contact Email Address : <https://www.odeabank.com.tr/en-us/contact-us/sayfalar/contact-form.aspx>

The unconsolidated financial report for the six 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 six 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  
Telephone Number : +90 (212) 304 86 58  
Fax Number : +90 (212) 304 84 45

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

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

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

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

As of June 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%
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	112.674	3,426%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
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 indorsement of the mentioned registered share certificates.

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

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
<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/ 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/ 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

(\*)As of April 28, 2017, Mr. Aristeidis VOURAKIS, Mr. Bülent ADANIR, Mr. Guy Charles HARINGTON have been appointed as Member of the Board of Directors in extraordinary general meeting.

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 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 June 30, 2017:

<b>Name / Commercial Title</b>	<b>Share Amount</b>	<b>Share Ratios</b>	<b>Paid up Shares</b>	<b>Unpaid Shares</b>
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 June 30, 2017, there are 52 domestic branches with 1.670 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)
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**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF JUNE 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 30.06.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	I-1	697.655	3.797.308	4.494.963	1.364.386	3.353.854	4.718.240
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	I-2	320.521	64.643	385.164	321.278	104.655	425.933
2.1 Financial assets held for trading		320.521	64.643	385.164	321.278	104.655	425.933
2.1.1 Public sector debt securities		458	-	458	5.905	-	5.905
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		320.063	64.643	384.706	315.373	104.655	420.028
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	I-3	1.200.663	442.150	1.642.813	139	118.585	118.724
<b>IV. MONEY MARKET PLACEMENTS</b>		1.968.561	-	1.968.561	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		1.968.561	-	1.968.561	4.412.052	-	4.412.052
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	I-4	443.827	496.145	939.972	425.565	479.890	905.455
5.1 Share certificates		4.897	2.305	7.202	-	1.927	1.927
5.2 Public sector debt securities		438.930	493.840	932.770	425.565	477.963	903.528
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	I-5	15.668.682	11.111.861	26.780.543	13.342.398	13.105.388	26.447.786
6.1 Loans and receivables		14.987.420	11.111.861	26.099.281	12.955.273	13.105.388	26.060.661
6.1.1 Loans to risk group of the Bank		347	-	347	1.186	-	1.186
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		14.987.073	11.111.861	26.098.934	12.954.087	13.105.388	26.059.475
6.2 Non-performing loans		1.150.020	-	1.150.020	688.443	-	688.443
6.3 Specific provisions (-)		468.758	-	468.758	301.318	-	301.318
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	I-6	-	421.468	421.468	-	428.155	428.155
8.1 Public sector debt securities		-	421.468	421.468	-	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	118.497	-	118.497	129.466	-	129.466
<b>XV. INTANGIBLE ASSETS (Net)</b>	I-13	87.581	-	87.581	98.807	-	98.807
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		87.581	-	87.581	98.807	-	98.807
<b>XVI. INVESTMENT PROPERTY (Net)</b>	I-14	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	I-15	74.677	-	74.677	92.593	-	92.593
17.1 Current tax asset		8.145	-	8.145	-	-	-
17.2 Deferred tax asset		66.532	-	66.532	92.593	-	92.593
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	I-16	114.005	-	114.005	42.094	-	42.094
18.1 Held for sale		114.005	-	114.005	42.094	-	42.094
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	I-17	210.910	199.982	410.892	230.979	228.116	459.095
<b>TOTAL ASSETS</b>		<b>20.905.579</b>	<b>16.533.557</b>	<b>37.439.136</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 JUNE 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 30.06.2017			Audited Prior Period 31.12.2016		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total	
<b>I. DEPOSITS</b>	II-1	<b>11.491.086</b>	<b>16.891.170</b>	<b>28.382.256</b>	<b>10.774.307</b>	<b>18.480.089</b>	<b>29.254.396</b>	
1.1 Deposits from risk group of the Bank		10.190	660.883	671.073	16.644	1.194.888	1.211.532	
1.2 Other		11.480.896	16.230.287	27.711.183	10.757.663	17.285.201	28.042.864	
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	II-2	<b>329.073</b>	<b>100.601</b>	<b>429.674</b>	<b>472.909</b>	<b>72.966</b>	<b>545.875</b>	
<b>III. FUNDS BORROWED</b>	II-3	<b>9.506</b>	<b>3.498.474</b>	<b>3.507.980</b>	<b>8.616</b>	<b>3.656.881</b>	<b>3.665.497</b>	
<b>IV. MONEY MARKET BALANCES</b>		<b>356</b>	<b>-</b>	<b>356</b>	<b>2.457</b>	<b>-</b>	<b>2.457</b>	
4.1 Interbank money market takings		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-	
4.3 Funds provided under repurchase agreements	II-4	356	-	356	2.457	-	2.457	
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	II-5	<b>100.614</b>	<b>-</b>	<b>100.614</b>	<b>-</b>	<b>-</b>	<b>-</b>	
5.1 Bills		100.614	-	100.614	-	-	-	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		-	-	-	-	-	-	
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Other		-	-	-	-	-	-	
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>27.261</b>	<b>1.577</b>	<b>28.838</b>	<b>9.179</b>	<b>722</b>	<b>9.901</b>	
<b>VIII. OTHER LIABILITIES</b>	II-6	<b>250.256</b>	<b>71.806</b>	<b>322.062</b>	<b>162.257</b>	<b>35.941</b>	<b>198.198</b>	
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>X. LEASE PAYABLES (Net)</b>	II-7	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
10.1 Finance lease payables		-	-	-	-	-	-	
10.2 Operating lease payables		-	-	-	-	-	-	
10.3 Other		-	-	-	-	-	-	
10.4 Deferred finance lease expenses ( - )		-	-	-	-	-	-	
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	II-8	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
11.1 Fair value hedge		-	-	-	-	-	-	
11.2 Cash flow hedge		-	-	-	-	-	-	
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-	
<b>XII. PROVISIONS</b>	II-9	<b>315.935</b>	<b>151.856</b>	<b>467.791</b>	<b>414.936</b>	<b>122.541</b>	<b>537.477</b>	
12.1 General loan loss provisions		102.236	151.856	254.092	132.295	122.541	254.836	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserve for employee benefits		13.279	-	13.279	14.915	-	14.915	
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-	
12.5 Other provisions		200.420	-	200.420	267.726	-	267.726	
<b>XIII. TAX LIABILITY</b>	II-10	<b>55.603</b>	<b>-</b>	<b>55.603</b>	<b>93.027</b>	<b>-</b>	<b>93.027</b>	
13.1 Current tax liability		55.603	-	55.603	93.027	-	93.027	
13.2 Deferred tax liability		-	-	-	-	-	-	
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	II-11	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
14.1 Held for sale		-	-	-	-	-	-	
14.2 Discontinued operations		-	-	-	-	-	-	
<b>XV. SUBORDINATED LOANS</b>	II-12	<b>-</b>	<b>528.215</b>	<b>528.215</b>	<b>-</b>	<b>528.417</b>	<b>528.417</b>	
<b>XVI. SHAREHOLDERS' EQUITY</b>	II-13	<b>3.611.666</b>	<b>4.081</b>	<b>3.615.747</b>	<b>3.452.080</b>	<b>(8.925)</b>	<b>3.443.155</b>	
16.1 Paid-in capital		3.288.842	-	3.288.842	3.288.842	-	3.288.842	
16.2 Supplementary capital		(9.477)	4.081	(5.396)	(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		(10.530)	4.081	(6.449)	(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		150.300	-	150.300	185.252	-	185.252	
16.4.1 Prior years' income/ (losses)		-	-	-	(15.102)	-	(15.102)	
16.4.2 Current year income/ (losses)		150.300	-	150.300	200.354	-	200.354	
16.5 Minority shares	II-14	-	-	-	-	-	-	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16.191.356</b>	<b>21.247.780</b>	<b>37.439.136</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 JUNE 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 30.06.2017			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>19.881.461</b>	<b>40.965.797</b>	<b>60.847.258</b>	<b>18.985.010</b>	<b>43.335.254</b>	<b>62.320.264</b>
<b>I. GUARANTEES</b>	III-1	<b>1.227.254</b>	<b>1.529.635</b>	<b>2.756.889</b>	<b>1.023.257</b>	<b>1.876.881</b>	<b>2.900.138</b>
1.1 Letters of guarantee		1.220.983	739.793	1.960.776	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		1.220.983	739.793	1.960.776	1.013.390	1.200.672	2.214.062
1.2 Bank loans		6.271	85.223	91.494	9.867	104.656	114.523
1.2.1 Import letter of acceptance		6.271	85.223	91.494	9.867	104.656	114.523
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	704.619	704.619	-	571.553	571.553
1.3.1 Documentary letters of credit		-	704.619	704.619	-	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>1.840.676</b>	<b>1.102.926</b>	<b>2.943.602</b>	<b>1.138.614</b>	<b>1.051.410</b>	<b>2.190.024</b>
2.1 Irrevocable commitments		1.840.676	1.102.926	2.943.602	1.138.614	1.051.410	2.190.024
2.1.1 Forward asset purchase and sales commitments		541.448	794.033	1.335.481	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		303.210	302.560	605.770	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		102.413	-	102.413	102.372	-	102.372
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		893.605	-	893.605	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		-	6.333	6.333	-	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>16.813.531</b>	<b>38.333.236</b>	<b>55.146.767</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		16.813.531	38.333.236	55.146.767	16.823.139	40.406.963	57.230.102
3.2.1 Forward foreign currency buy/sell transactions		1.053.375	1.799.385	2.852.760	1.443.317	2.887.100	4.330.417
3.2.1.1 Forward foreign currency transactions-buy		560.989	872.715	1.433.704	872.631	1.281.244	2.153.875
3.2.1.2 Forward foreign currency transactions-sell		492.386	926.670	1.419.056	570.686	1.605.856	2.176.542
3.2.2 Swap transactions related to foreign currency, and interest rates		11.723.129	28.763.873	40.487.002	11.842.400	26.807.263	38.649.663
3.2.2.1 Foreign currency swaps-buy		3.151.690	10.825.622	13.977.312	2.997.882	10.540.022	13.537.904
3.2.2.2 Foreign currency swaps-sell		6.605.659	7.471.967	14.077.626	6.426.736	7.251.743	13.678.479
3.2.2.3 Interest rate swaps-buy		982.890	5.233.142	6.216.032	1.208.891	4.507.749	5.716.640
3.2.2.4 Interest rate swaps-sell		982.890	5.233.142	6.216.032	1.208.891	4.507.749	5.716.640
3.2.3 Foreign currency, interest rate and securities options		4.037.027	7.769.978	11.807.005	3.537.422	10.712.600	14.250.022
3.2.3.1 Foreign currency options-buy		1.857.864	3.790.770	5.648.634	1.494.471	5.352.121	6.846.592
3.2.3.2 Foreign currency options-sell		2.179.163	3.535.516	5.714.679	2.042.951	4.880.569	6.923.520
3.2.3.3 Interest rate options-buy		-	221.846	221.846	-	239.955	239.955
3.2.3.4 Interest rate options-sell		-	221.846	221.846	-	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>70.667.557</b>	<b>29.654.654</b>	<b>100.322.211</b>	<b>59.204.924</b>	<b>28.957.022</b>	<b>88.161.946</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>594.345</b>	<b>355.612</b>	<b>949.957</b>	<b>593.366</b>	<b>384.751</b>	<b>978.117</b>
4.1 Assets under management		190.242	-	190.242	197.238	-	197.238
4.2 Investment securities held in custody		19.970	32.435	52.405	16.921	38.986	55.907
4.3 Checks received for collection		10.196	250.835	261.031	46.741	239.459	286.200
4.4 Commercial notes received for collection		373.937	72.342	446.279	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>70.073.212</b>	<b>29.299.042</b>	<b>99.372.254</b>	<b>58.611.558</b>	<b>28.572.271</b>	<b>87.183.829</b>
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		25.837.665	3.876.710	29.714.375	21.099.168	3.555.888	24.655.056
5.3 Commodities		4.280.445	-	4.280.445	4.137.127	-	4.137.127
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		28.992.991	14.429.774	43.422.765	24.665.080	14.654.317	39.319.397
5.6 Other pledged items		10.962.111	10.992.558	21.954.669	8.710.183	10.362.066	19.072.249
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>90.549.018</b>	<b>70.620.451</b>	<b>161.169.469</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**  
**JUNE 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- 30.06.2017	Reviewed Prior Period 01.01- 30.06.2016	Reviewed Current Period 01.04- 30.06.2017	Reviewed Prior Period 01.04- 30.06.2016
<b>I. INTEREST INCOME</b>	IV-1	<b>1.727.541</b>	<b>1.294.685</b>	<b>876.471</b>	<b>637.189</b>
1.1 Interest on loans		1.448.263	1.073.886	727.151	534.835
1.2 Interest received from reserve deposits		22.223	19.213	11.672	9.550
1.3 Interest received from banks		57.014	42.779	33.433	20.937
1.4 Interest received from money market placements		146.119	108.654	76.717	49.752
1.5 Interest received from marketable securities portfolio		44.960	42.466	22.445	18.121
1.5.1 Held-for-trading financial assets		197	897	82	159
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		37.080	35.273	18.758	14.729
1.5.4 Investments held-to-maturity		7.683	6.296	3.605	3.233
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		8.962	7.687	5.053	3.994
<b>II. INTEREST EXPENSE</b>	IV-2	<b>969.458</b>	<b>796.240</b>	<b>510.020</b>	<b>372.763</b>
2.1 Interest on deposits		898.619	732.360	476.068	341.172
2.2 Interest on funds borrowed		61.429	43.763	30.320	21.915
2.3 Interest on money market borrowings		69	9.700	28	5.640
2.4 Interest on securities issued		2.920	6.621	2.920	3.653
2.5 Other interest expense		6.421	3.796	684	383
<b>III. NET INTEREST INCOME (I - II)</b>		<b>758.083</b>	<b>498.445</b>	<b>366.451</b>	<b>264.426</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>91.512</b>	<b>60.600</b>	<b>41.551</b>	<b>26.060</b>
4.1 Fees and commissions received		112.496	78.229	51.666	34.349
4.1.1 Non-cash loans		18.710	15.292	9.106	6.753
4.1.2 Other	IV-12	93.786	62.937	42.560	27.596
4.2 Fees and commissions paid		20.984	17.629	10.115	8.289
4.2.1 Non-cash loans		-	-	-	-
4.2.2 Other	IV-12	20.984	17.629	10.115	8.289
<b>V. DIVIDEND INCOME</b>	IV-3	-	-	-	-
<b>VI. NET TRADING INCOME</b>	IV-4	<b>(179.650)</b>	<b>68.172</b>	<b>(104.512)</b>	<b>115.435</b>
6.1 Securities trading gains/ (losses)		57	166.529	164	164.401
6.2 Gain/(losses) from derivative financial instruments		(146.928)	(5.300)	(190.694)	(10.189)
6.3 Foreign exchange gains/ (losses)		(32.779)	(93.057)	86.018	(38.777)
<b>VII. OTHER OPERATING INCOME</b>	IV-5	<b>12.863</b>	<b>10.114</b>	<b>5.125</b>	<b>8.235</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>682.808</b>	<b>637.331</b>	<b>308.615</b>	<b>414.156</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	IV-6	<b>129.481</b>	<b>229.830</b>	<b>52.585</b>	<b>167.950</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>363.040</b>	<b>327.047</b>	<b>183.615</b>	<b>194.119</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>190.287</b>	<b>80.454</b>	<b>72.415</b>	<b>52.087</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	IV-8	<b>190.287</b>	<b>80.454</b>	<b>72.415</b>	<b>52.087</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-9	<b>(39.987)</b>	<b>(20.139)</b>	<b>(15.314)</b>	<b>(14.411)</b>
16.1 Provision for current income taxes		(19.499)	(33.541)	(4.721)	(31.762)
16.2 Provision for deferred taxes		(20.488)	13.402	(10.593)	17.351
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	IV-10	<b>150.300</b>	<b>60.315</b>	<b>57.101</b>	<b>37.676</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</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>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	IV-11	<b>150.300</b>	<b>60.315</b>	<b>57.101</b>	<b>37.676</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 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 01.01-30.06.2017	Reviewed Prior Period 01.01-30.06.2016
<b>I. Additions to marketable securities revaluation differences for available for sale financial assets</b>	<b>27.865</b>	<b>51.842</b>
<b>II. Tangible assets revaluation differences</b>	-	-
<b>III. Intangible assets revaluation differences</b>	-	-
<b>IV. Foreign currency translation differences for foreign currency transactions</b>	-	-
<b>V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)</b>	-	-
<b>VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)</b>	-	-
<b>VII. The effect of corrections of errors and changes in accounting policies</b>	-	-
<b>VIII. Other profit loss items accounted for under equity due to TAS</b>	-	-
<b>IX. Tax of valuation differences</b>	<b>(5.573)</b>	<b>(10.368)</b>
<b>X. Total Net Profit/Loss accounted under equity (I+II+...+IX)</b>	<b>22.292</b>	<b>41.474</b>
<b>XI. Profit/Loss</b>	<b>150.300</b>	<b>60.315</b>
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	182.621
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	150.300	(122.306)
<b>XII. Total Profit/Loss accounted for in the period (X±XI)</b>	<b>172.592</b>	<b>101.789</b>

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 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>30/06/2016</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																			
<b>IV. Increase/Decrease due to the Merger</b>																			
<b>V. Marketable Securities Valuation Differences</b>																			
<b>VI. Hedging Transactions</b>																			
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Property and Equipment Revaluation Differences</b>																			
<b>VIII. Intangible Fixed Assets Revaluation Differences</b>																			
<b>IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b>																			
<b>X. Foreign Exchange Differences</b>																			
<b>XI. Changes due to the disposal of assets</b>																			
<b>XII. Changes due to the reclassification of assets</b>																			
<b>XIII. Effects of changes in equity of investments in associates</b>																			
<b>XIV. Capital Increase</b>	II-12	883.530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	883.530	-	883.530
14.1 Cash Increase		883.530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	883.530	-	883.530
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share Premium</b>																			
<b>XVI. Share Cancellation Profits</b>																			
<b>XVII. Paid-in-capital inflation adjustment difference</b>																			
<b>XVIII. Other</b>																			
<b>XIX. Current Year Income or( Loss)</b>																			
<b>XX. Profit Distribution</b>																			
20.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		2.379.680	-	-	-	-	-	-	-	60.315	(105.940)	(1.597)	-	-	-	-	2.332.458	-	2.332.458

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

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

		THOUSANDS OF TURKISH LIRA(TL)																			
CHANGES IN SHAREHOLDERS' EQUITY		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>CURRENT PERIOD</b>																					
<b>30/06/2017</b>																					
<b>I.</b>	<b>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.</b>	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	22.292	-	-	-	-	22.292	-	22.292	
<b>IV.</b>	Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	(3.251)	-	-	3.251	-	-	-	-	-	-	-
<b>VI.</b>	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	Capital Increase	II-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	Current Year Income or( Loss)		-	-	-	-	-	-	-	-	150.300	-	-	-	-	-	-	150.300	-	150.300	
<b>XVIII.</b>	Profit Distribution		-	-	-	-	-	-	-	-	(197.103)	15.102	-	-	-	-	-	-	-	-	-
18.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+...+XVI+XVII+XVIII)</b>			3.288.842	-	-	-	9.263	-	172.738	(2.198)	150.300	-	(6.449)	3.251	-	-	-	3.615.747	-	3.615.747	

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

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2017 AND 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. STATEMENT OF CASH FLOWS**

	Reviewed Current Period 01.01-30.06.2017	Reviewed Prior Period 01.01-30.06.2016
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>230.115</b>	<b>247.344</b>
1.1.1 Interest received	1.681.942	1.349.681
1.1.2 Interest paid	(935.157)	(785.857)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	112.587	80.691
1.1.5 Other income	(163.906)	(84.504)
1.1.6 Collections from previously written off loans	40.154	44.639
1.1.7 Payments to personnel and service suppliers	(335.731)	(295.433)
1.1.8 Taxes paid	(160.177)	(60.268)
1.1.9 Others	(9.597)	(1.605)
<b>1.2 Changes in operating assets and liabilities</b>	<b>(1.831.760)</b>	<b>(985.557)</b>
1.2.1 Net (increase) decrease in financial assets held for trading	5.511	15.879
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	80.879	23.728
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(434.194)	581.692
1.2.4 Net (increase) decrease in loans	(418.892)	(86.965)
1.2.5 Net (increase) decrease in other assets	(127.630)	(55.516)
1.2.6 Net increase (decrease) in bank deposits	(539.024)	480.175
1.2.7 Net increase (decrease) in other deposits	(364.839)	(1.556.048)
1.2.8 Net increase (decrease) in funds borrowed	(162.294)	(422.077)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	128.723	33.575
<b>I. Net cash provided from banking operations</b>	<b>(1.601.645)</b>	<b>(738.213)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>2.216</b>	<b>(48.612)</b>
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(17.093)	(12.379)
2.4 Fixed assets sales (**)	24.207	-
2.5 Cash paid for purchase of financial assets available for sale (*)	(4.898)	(651.741)
2.6 Cash obtained from sale of financial assets available for sale	-	615.508
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>100.614</b>	<b>33.867</b>
3.1 Cash obtained from funds borrowed and securities issued	100.614	188.733
3.2 Cash used for repayment of funds borrowed and securities issued	-	(154.866)
3.3 Issued equity instrument	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities</b>	<b>(81.038)</b>	<b>27.131</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>(1.579.853)</b>	<b>(725.827)</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>4.398.611</b>	<b>3.963.872</b>

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

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD FROM 1 JANUARY TO 30 JUNE 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 assesses the impact 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 JUNE 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 June 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 JUNE 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 JUNE 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.

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**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 June 30, 2017, the Bank has specific provision amount to TL 468.758 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.

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

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

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

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

As of June 30, 2017, the Bank has TL 1.968.561 of reverse repo transactions (December 31, 2016: TL 4.412.052).

As of June 30, 2017, the Bank has TL 356 funds provided under repurchase agreements (December 31, 2016: TL 2.457).

As of June 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 June 30, 2017, the Bank has TL 114.005 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 June 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.

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**XII. Explanations on Tangible Fixed Assets**

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

**XIII. Explanations on Leasing Transactions**

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

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

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

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

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

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

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

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

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

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

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

*Defined Contribution Plans:*

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

*Short-term Employee Benefits:*

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

**XVI. Explanations on Taxation**

*Corporate Tax:*

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

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

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

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

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

As of June 30, 2017, the Bank has corporate income tax provision amounting to TL 30.456, which is netted with prepaid taxes amounting to TL 38.601 and shown in the assets amounting to TL 8.145 (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.

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**XVI. Explanations on Taxation (continued)**

In accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income/expense stated under the statement of income amounting to TL 20.488, deferred tax provision amounting to TL 66.532 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 June 30, 2017, there are certain reclassifications made on the balance sheet as of December 31, 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.

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**SECTION FOUR**

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

**I. Explanations on Equity**

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 June 2017, Bank’s total capital has been calculated as TL 4.262.581, a capital adequacy ratio is 15,98%. As of 31 December 2016, Bank’s total capital amounted to TL 4.073.229 capital adequacy ratio was 14,96%. This ratio is above the minimum ratio required by the legislation.

**a. Information about Total Capital:**

	Current Year 30 June 2017	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves (***)	182.001	
Gains recognized in equity as per TAS	4.081	
Profit	150.300	
Current Period Profit	150.300	
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>3.625.224</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 (**)	9.477	
Improvement costs for operating leasing	56.463	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	63.132	78.915
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>129.072</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>3.496.152</b>	

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

	Current Year 30 June 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 (-)	15.783	
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>15.783</b>	
<b>Total Additional Tier I Capital</b>	<b>15.783</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.480.369</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	528.120	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	254.092	
<b>Tier II Capital Before Deductions</b>	<b>782.212</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>Total Tier II Capital</b>	<b>782.212</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.262.581</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>4.262.581</b>	

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

	Current Year 30 June 2017	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
<b>TOTAL CAPITAL</b>		
Total Capital (TIER I Capital and TIER II Capital)	4,262,581	
Total risk weighted amounts	26,680,389	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	13,10	
Tier I Capital Adequacy Ratio	13,04	
Capital Adequacy Ratio	15,98	
<b>BUFFERS</b>		
Total buffer requirement	1,272	
Capital conservation buffer requirement	1,250	
Bank specific counter-cyclical buffer requirement	0,022	
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	8,60	
<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)	254,092	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	254,092	
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.

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**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>	

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

	Prior Period 31 December 2016	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 (-)	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 JUNE 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	27,226,725	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,22	
Tier I Capital Adequacy Ratio	12,09	
Capital Adequacy Ratio	14,96	
<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	7,72	
<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**  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

**Details on Subordinated Liabilities:**

Lender	Bank Audi sal
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	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) (**)	Tier II-Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (***)	528.120
Per value of instrument ( Thousand USD)	150.000
Accounting classification	Liability-Subordinated Loans
Original date of issuance	31/10/2014
Perpetual or dated	Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Within the first month after 5th year with the condition of new borrowing which is provided same requirements.
Subsequent call dates, if applicable	Within the first month after 5th year
Coupons / dividends	-
Fixed or floating dividend/coupon	-
Coupon rate and any related index	6,5%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Yes
If convertible, conversion trigger (s)	Regulation of banks on equity which is numbered 7-2-i
If convertible, fully or partially	Remaining principal and interest
If convertible, conversion rate	Remaining principal and interest
If convertible, mandatory or optional conversion	Optional
If convertible, specify instrument type convertible into	Equity
If convertible, specify issuer of instrument it converts into	Odea Bank A.Ş
Write-down feature	None
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After claims, deposit holders, other creditors and instruments included in the calculation of supplementary capital
Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not	Contains all the items stated in article 7
Details of above mentioned items within article number 7 and 8 of "Own fund regulation"	Contains all the items stated in article 7

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

(\*\*) The Bank 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".

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD FROM 1 JANUARY TO 30 JUNE 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 June 30, 2017 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	<b>22 June 2017</b>	<b>23 June 2017</b>	<b>28 June 2017</b>	<b>29 June 2017</b>	<b>30 June 2017</b>
<b>USD</b>	3,5171	3,5092	3,5197	3,5222	3,5208
<b>CHF</b>	3,6180	3,6192	3,6679	3,6743	3,6802
<b>GBP</b>	4,4516	4,4637	4,5520	4,5732	4,5679
<b>100 JPY</b>	3,1696	3,1545	3,1408	3,1302	3,1407
<b>EURO</b>	3,9313	3,9263	4,0016	4,0198	4,0230

  

	<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 June 30, 2017 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	3,5204
<b>CHF</b>	3,6353
<b>GBP</b>	4,5038
<b>100 JPY</b>	3,1768
<b>EURO</b>	3,9524

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

<b>June 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	837.440	2.957.076	2.792	3.797.308
Banks	61.779	318.200	62.171	442.150
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	94	496.051	-	496.145
Loans (*)	6.505.099	5.886.987	-	12.392.086
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Held-To-Maturity Investments	-	421.468	-	421.468
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	29.866	170.075	41	199.982
<b>Total Assets</b>	<b>7.434.278</b>	<b>10.249.857</b>	<b>65.004</b>	<b>17.749.139</b>
<b>Liabilities</b>				
Bank Deposits	626.073	34.798	-	660.871
Other Deposits	5.741.282	10.406.046	82.971	16.230.299
Derivative financial liabilities(****)	-	-	-	-
Money Market Balances	-	-	-	-
Funds Provided From Other Financial Institutions	1.294.967	2.148.285	55.222	3.498.474
Subordinated Loan	-	528.215	-	528.215
Miscellaneous Payables	169	1.407	1	1.577
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (**)	12.948	58.743	115	71.806
<b>Total Liabilities</b>	<b>7.675.439</b>	<b>13.177.494</b>	<b>138.309</b>	<b>20.991.242</b>
<b>Net Balance Sheet Position</b>	<b>(241.161)</b>	<b>(2.927.637)</b>	<b>(73.305)</b>	<b>(3.242.103)</b>
<b>Net Off-Balance Sheet Position</b>	<b>359.989</b>	<b>3.119.644</b>	<b>78.928</b>	<b>3.558.561</b>
Financial Derivative Assets	6.788.145	13.094.027	1.061.923	20.944.095
Financial Derivative Liabilities	6.463.825	9.941.228	984.088	17.389.141
Forward deposit purchase commitments	160.518	236.938	1.364	398.820
Forward deposit sales commitments	124.849	270.093	271	395.213
Non-Cash Loans (**)	515.598	1.011.514	2.523	1.529.635
<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 1.280.225 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 positions mainly. The following table details the Bank's sensitivity to a 10% increase or decrease in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/Negative number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TL.

	Change in currency rate in %	Effect on profit or loss (*)		Effect on equity	
		June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
USD	10%	19.201	(43.512)	19.201	(43.512)
USD	(10)%	(19.201)	43.512	(19.201)	43.512
EUR	10%	11.883	64.221	11.883	64.221
EUR	(10)%	(11.883)	(64.221)	(11.883)	(64.221)

(\*) Represents before tax amounts.

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**III. Explanations on Interest Rate Risk**

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
<b>June 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	3.503.282	-	-	-	-	991.681	4.494.963
Banks	1.341.748	-	-	-	-	301.065	1.642.813
Financial Assets at Fair Value Through Profit and Loss	51.788	57.763	224.223	43.803	7.587	-	385.164
Money Market Placements	1.968.561	-	-	-	-	-	1.968.561
Available-For-Sale Financial Assets	-	258.168	-	-	674.602	7.202	939.972
Loans	7.188.760	3.959.576	6.237.548	7.024.150	1.689.247	681.262	26.780.543
Held-To-Maturity Investments	-	-	-	421.468	-	-	421.468
Other Assets	-	-	-	-	-	805.652	805.652
<b>Total Assets</b>	<b>14.054.139</b>	<b>4.275.507</b>	<b>6.461.771</b>	<b>7.489.421</b>	<b>2.371.436</b>	<b>2.786.862</b>	<b>37.439.136</b>
Liabilities							
Bank Deposits	470.320	145.151	46.285	-	-	84	661.840
Customer Deposits	18.483.506	7.297.105	763.794	140	-	1.175.871	27.720.416
Money Market Borrowings	356	-	-	-	-	-	356
Miscellaneous Payables	-	-	-	-	-	28.838	28.838
Marketable Securities Issued	100.614	-	-	-	-	-	100.614
Subordinated Loans(*)	-	-	-	-	528.215	-	528.215
Funds Provided From Other Financial Institutions	449.486	751.545	1.663.069	292.072	351.808	-	3.507.980
Other Liabilities (**)	88.406	61.843	151.189	125.231	3.005	4.461.203	4.890.877
<b>Total Liabilities</b>	<b>19.592.688</b>	<b>8.255.644</b>	<b>2.624.337</b>	<b>417.443</b>	<b>883.028</b>	<b>5.665.996</b>	<b>37.439.136</b>
Balance Sheet Long Position	-	-	3.837.434	7.071.978	1.488.408	-	12.397.820
Balance Sheet Short Position	(5.538.549)	(3.980.137)	-	-	-	(2.879.134)	(12.397.820)
Off-Balance Sheet Long Position	9.518.282	6.701.681	7.847.639	3.027.221	402.705	-	27.497.528
Off-Balance Sheet Short Position	(10.006.035)	(7.278.571)	(6.812.403)	(3.284.640)	(267.590)	-	(27.649.239)
<b>Total Position</b>	<b>(6.026.302)</b>	<b>(4.557.027)</b>	<b>4.872.670</b>	<b>6.814.559</b>	<b>1.623.523</b>	<b>(2.879.134)</b>	<b>(151.711)</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".

(\*\*) Other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TL 3.615.747, tax liabilities amounting to TL 55.603, provisions amounting to TL 467.791 and other liabilities amounting to TL 322.062.

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**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	-	-	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>June 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	-	1,04	-	4,00
Banks	-	1,97	-	12,12
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,92
Money Market Placements	-	-	-	11,75
Available-For-Sale Financial Assets	-	6,37	-	9,84
Loans	5,53	7,05	-	15,98
Held-To-Maturity Investments	-	3,47	-	-
Liabilities				
Bank Deposits	1,38	2,90	-	6,52
Customer Deposits	2,27	3,90	-	13,77
Money Market Borrowings	-	-	-	7,65
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	12,85
Funds Provided From Other Financial Institutions	1,87	3,03	-	6,72

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**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.

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

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

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

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

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

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

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

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

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

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

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

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

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 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%.

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

Current Period-30.06.2017		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>6.439.235</b>	<b>2.784.358</b>
1	High quality liquid assets	7.815.866	4.160.988	6.439.235	2.784.358
<b>CASH OUTFLOWS</b>					
2	Retail and Small Business Customer Deposits	17.106.224	9.705.539	1.643.464	970.554
3	Stable deposits	1.343.173	-	67.159	-
4	Less stable deposits	15.763.051	9.705.539	1.576.305	970.554
5	Unsecured Funding other than Retail and Small Business Customer Deposits	10.366.792	7.629.973	5.079.480	3.812.193
6	Operational deposits	21.865	23	5.466	6
7	Non-Operational Deposits	9.107.893	6.683.366	3.836.979	2.865.603
8	Other Unsecured Funding	1.237.034	946.584	1.237.035	946.584
9	Secured funding	-	-	-	-
10	Other Cash Outflows	5.688.066	3.676.658	776.981	1.809.489
11	Liquidity needs related to derivatives and market	302.127	1.601.297	302.126	1.601.297
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	5.385.939	2.075.361	474.855	208.192
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>7.499.925</b>	<b>6.592.236</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	2.550.104	-	-	-
18	Unsecured Lending Transactions	2.969.280	942.805	2.279.339	745.814
19	Other contractual cash inflows	96.660	4.215.970	96.660	4.215.970
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>5.616.044</b>	<b>5.158.775</b>	<b>2.375.999</b>	<b>4.961.784</b>
<b>Upper Limit Applied Amounts</b>					
<b>21</b>	<b>TOTAL HQLA</b>			<b>6.439.235</b>	<b>2.784.358</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>5.123.926</b>	<b>1.859.969</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>125,90</b>	<b>152,94</b>

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

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

Information regarding weekly solo liquidity coverage ratios realized in the fourth quarter of 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.

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

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

	Current Year-30.06.2017		Prior Year-31.12.2016	
	TL+FC	FC	TL+FC	FC
Lowest Week	100,00 12.05.2017	98,67 19.05.2017	97,63 30.09.2016	53,15 30.09.2016
Highest Week	152,99 02.06.2017	192,52 02.06.2017	171,50 04.11.2016	168,69 04.11.2016
Average	125,90	152,94	126,40	117,03

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

June 30, 2017	Demand	Up to 1 Month	1-3 Months	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	187.061	4.307.902	-	-	-	-	-	4.494.963
Banks	301.065	1.341.748	-	-	-	-	-	1.642.813
Financial Assets at Fair Value Through Profit and Loss	-	48.828	50.129	140.699	137.922	7.586	-	385.164
Money Market Placements	-	1.968.561	-	-	-	-	-	1.968.561
Available-For-Sale Financial Assets	-	-	-	-	258.168	674.602	7.202	939.972
Loans	-	1.991.120	738.426	4.679.128	11.858.684	6.831.923	681.262	26.780.543
Held-To-Maturity Investments	-	-	-	-	421.468	-	-	421.468
Other Assets	-	-	-	-	-	-	805.652	805.652
<b>Total Assets</b>	<b>488.126</b>	<b>9.658.159</b>	<b>788.555</b>	<b>4.819.827</b>	<b>12.676.242</b>	<b>7.514.111</b>	<b>1.494.116</b>	<b>37.439.136</b>
<b>Liabilities</b>								
Bank Deposits	84	470.320	145.151	46.285	-	-	-	661.840
Customer Deposits	1.175.871	18.483.506	7.297.105	763.794	140	-	-	27.720.416
Funds Provided From Other Financial Institutions	-	449.486	751.545	1.146.671	361.132	799.146	-	3.507.980
Money Market Borrowings	-	356	-	-	-	-	-	356
Marketable Securities Issued	-	100.614	-	-	-	-	-	100.614
Subordinated Loans(**)	-	-	-	-	-	528.215	-	528.215
Miscellaneous Payables	-	-	-	-	-	-	28.838	28.838
Other Liabilities (***)	-	86.181	61.843	142.602	135.900	3.148	4.461.203	4.890.877
<b>Total Liabilities</b>	<b>1.175.955</b>	<b>19.590.463</b>	<b>8.255.644</b>	<b>2.099.352</b>	<b>497.172</b>	<b>1.330.509</b>	<b>4.490.041</b>	<b>37.439.136</b>
<b>Liquidity Gap</b>	<b>(687.829)</b>	<b>(9.932.304)</b>	<b>(7.467.089)</b>	<b>2.720.475</b>	<b>12.179.070</b>	<b>6.183.602</b>	<b>(2.995.925)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	(84.157)	(37.627)	(28.345)	(1.510)	(74)	-	(151.713)
Financial Derivative Liabilities	-	8.550.761	5.273.800	6.841.907	6.160.838	670.221	-	27.497.527
Non-Cash Loans	-	8.634.918	5.311.427	6.870.252	6.162.348	670.295	-	27.649.240
<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 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 3.615.747, tax liabilities amounting to TL 55.603, provisions amounting to TL 467.791 and other liabilities amounting to TL 322.062.

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**VI. Explanations on Leverage Ratio**

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

"Regulation on the Measurement and Evaluation of Banks Leverage Levels" regulates the procedures and principles regarding the ensure adequate capital at the consolidated and non-consolidated basis for exposure of possible risk of Banks. Leverage ratio of the Bank calculated amounting to 7,81% (December 31, 2016: 7,75%). According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

	Current Period 30 June 2017(*)	Prior Period 31 December 2016(*)
<b>Balance sheet transactions</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	37.488.738	36.798.395
2 (Assets deducted from Core capital)	(73.438)	(94.706)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	37.415.300	36.703.689
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	312.086	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)	312.086	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	6.743.527	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)	6.743.527	5.112.865
<b>Capital and total risk</b>		
13 Core Capital	3.462.160	3.264.903
14 Total risk amount(sum of lines 3, 6, 9 and 12)	44.470.913	42.113.356
<b>Leverage ratio</b>		
15 Leverage ratio	7,81	7,75

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

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**VII. Explanations on Risk Management**

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

- 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 June 2017	Prior Period 31 December 2016	Current Period 30 June 2017
1 Credit risk (excluding counterparty credit risk) (CCR)	23.874.889	25.095.066	1.909.991
2 Standardised approach (SA)	23.874.889	25.095.066	1.909.991
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	572.350	574.171	45.788
5 Standardised approach for counterparty credit risk (SA-CCR)	572.350	574.171	45.788
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	421.000	530.200	33.680
17 Standardised approach (SA)	421.000	530.200	33.680
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>26.680.389</b>	<b>27.226.725</b>	<b>2.134.431</b>

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

**b) Credit quality of assets**

Gross carrying values of (according to TAS)					
Current Period		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
<b>30 June 2017</b>					
1	Loans	1.150.020	26.104.749	474.226	26.780.543
2	Debt Securities	-	1.359.593	-	1.359.593
3	Off-balance sheet exposures	10.560	5.689.931	6.582	5.693.909
<b>4</b>	<b>Total</b>	<b>1.160.580</b>	<b>33.154.273</b>	<b>480.808</b>	<b>33.834.045</b>

Gross carrying values of (according to TAS)					
Prior Period		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
<b>31 December 2016</b>					
1	Loans	688.443	26.060.804	301.461	26.447.786
2	Debt Securities	-	1.337.588	-	1.337.588
3	Off-balance sheet exposures	9.491	5.080.671	5.447	5.084.715
<b>4</b>	<b>Total</b>	<b>697.934</b>	<b>32.479.063</b>	<b>306.908</b>	<b>32.870.089</b>

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

	30/06/2017	31.12.2016	
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>688.443</b>	<b>487.927</b>
2	Loans and debt securities that have defaulted since the last reporting period	523.484	473.855
3	Returned to non-defaulted status	-	-
4	Amounts written off	-	43.393
5	Other changes	61.907	229.946
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>1.150.020</b>	<b>688.443</b>

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

Current Period	Exposures unsecured: carrying amount	Exposures secured by collateral(*)	Exposures secured by collateral, of which: secured amount(**)	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
<b>30 June 2017</b>							
1	Loans	24.450.566	2.329.977	869.486	-	-	-
2	Debt securities	1.359.593	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>25.810.159</b>	<b>2.329.977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	472.263	677.757	632.914	-	-	-

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

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

Prior Period	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount(**)	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
<b>31 December 2016</b>							
1	Loans (*)	23.079.832	3.367.954	1.810.183	-	-	-
2	Debt securities	1.337.588	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>24.417.420</b>	<b>3.367.954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	318.855	369.588	338.241	-	-	-

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

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

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

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

<b>Current Period - 30.06.2017</b>		<b>Exposures before CCF and CRM</b>		<b>Exposures post-CCF and CRM</b>		<b>RWA and RWA density</b>	
<b>Assets classes</b>		<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA density</b>
1	Exposures to central governments or central banks	5.820.201	335	6.946.215	7	741.900	11%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	8	-	2	-	-
6	Exposures to institutions	2.396.398	1.310.444	2.396.398	19.216	733.823	30%
7	Exposures to corporates	14.624.194	2.816.584	13.228.662	1.208.573	14.437.235	100%
8	Retail exposures	3.601.647	1.298.082	3.296.353	165.687	2.604.238	75%
9	Exposures secured by residential property	1.951.282	69.939	1.853.212	32.618	660.041	35%
10	Exposures secured by commercial real estate	6.192.622	181.147	5.997.646	115.845	3.979.006	65%
11	Past-due loans	487.378	-	486.235	-	542.672	112%
12	Higher-risk categories by the Agency Board	44.969	-	44.933	-	47.846	106%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	757.158	38.673	757.158	38.673	567.738	71%
17	Investments in equities	-	-	-	-	-	-
<b>18</b>	<b>Total</b>	<b>35.875.849</b>	<b>5.715.212</b>	<b>35.006.812</b>	<b>1.580.621</b>	<b>24.314.499</b>	<b>66%</b>

<b>Prior Period - 31.12.2016</b>		<b>Exposures before CCF and CRM</b>		<b>Exposures post-CCF and CRM</b>		<b>RWA and RWA density</b>	
<b>Assets classes</b>		<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA density</b>
1	Exposures to central governments or central banks	6.068.710	1	6.068.710	-	2.322.714	38%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	10	-	2	-	-
6	Exposures to institutions	915.058	826.929	915.057	42.400	369.343	39%
7	Exposures to corporates	15.346.123	2.993.257	13.659.905	1.420.737	15.080.642	100%
8	Retail exposures	3.041.561	949.172	2.962.559	77.540	2.287.953	75%
9	Exposures secured by residential property	1.736.992	172.092	1.692.054	81.974	620.910	35%
10	Exposures secured by commercial real estate	6.082.065	148.702	6.082.065	89.477	3.912.236	63%
11	Past-due loans	271.999	-	271.985	-	313.958	115%
12	Higher-risk categories by the Agency Board	135.184	-	135.173	-	130.305	96%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	762.263	-	762.263	-	497.099	65%
17	Investments in equities	-	-	-	-	-	-
<b>18</b>	<b>Total</b>	<b>34.359.955</b>	<b>5.090.163</b>	<b>32.549.771</b>	<b>1.712.130</b>	<b>25.535.160</b>	<b>75%</b>

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

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

Current Period 30.06.2017 Asset classes/ Risk weight*	0%	10%	20%	50%(*)	75%	100%	150%	200%	Other (35% - 50%(**))	Total credit risk exposure amount (***)
Exposures to central governments or central banks	5.961.160	-	-	-	-	498.737	-	-	486.325	6.946.222
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	2	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	1.762.005	-	-	109.236	-	-	544.373	2.415.614
Exposures to corporates	-	-	-	-	-	14.437.235	-	-	-	14.437.235
Retail exposures	-	-	-	-	3.431.211	30.829	-	-	-	3.462.040
Exposures secured by residential property	-	-	-	-	-	-	-	-	1.885.830	1.885.830
Exposures secured by commercial real estate	-	-	-	4.268.971	-	1.844.520	-	-	-	6.113.491
Past-due loans	-	-	-	-	-	157.527	220.791	-	107.917	486.235
Higher-risk categories by the Agency Board	-	-	-	-	-	24.686	13.036	-	7.211	44.933
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	228.091	-	-	-	-	567.740	-	-	-	795.831
<b>Total</b>	<b>6.189.253</b>	<b>-</b>	<b>1.762.005</b>	<b>4.268.971</b>	<b>3.431.211</b>	<b>17.670.510</b>	<b>233.827</b>	<b>-</b>	<b>3.031.656</b>	<b>36.587.433</b>

(\*) Collateralized with the Real Estate Mortgage

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

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

Prior Period 31.12.2016 Asset classes/ Risk weight*	0%	10%	20%	50%(*)	75%	100%	150%	200%	Other (35% - 50%(**))	Total credit risk exposure amount (***)
Exposures to central governments or central banks	1.901.245	-	-	-	-	477.963	-	-	3.689.502	6.068.710
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	2	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	420.494	-	-	33.525	-	-	503.438	957.457
Exposures to corporates	-	-	-	-	-	15.080.642	-	-	-	15.080.642
Retail exposures	-	-	-	-	3.008.583	31.516	-	-	-	3.040.099
Exposures secured by residential property	-	-	-	-	-	-	-	-	1.774.028	1.774.028
Exposures secured by commercial real estate	-	-	-	4.518.612	-	1.652.930	-	-	-	6.171.542
Past-due loans	-	-	-	-	-	51.916	152.007	-	68.062	271.985
Higher-risk categories by the Agency Board	-	-	-	-	-	119.927	2.755	-	12.491	135.173
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	265.164	-	-	-	-	497.099	-	-	-	762.263
<b>Total</b>	<b>2.166.411</b>	<b>-</b>	<b>420.494</b>	<b>4.518.612</b>	<b>3.008.583</b>	<b>17.945.518</b>	<b>154.762</b>	<b>-</b>	<b>6.047.521</b>	<b>34.261.901</b>

(\*) Collateralized with the Real Estate Mortgage

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

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

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

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

<b>Current Period - 30.06.2017</b>		<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EBPRT(*)</b>	<b>Alpha</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1	Standard Approach-CCR	373.302	310.832	-	1,4	684.134	439.412
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	963	198
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	963	198
<b>6</b>	<b>Total</b>	-	-	-	-	-	<b>439.610</b>

(\*) Effective expected positive risk amount

<b>Prior Period – 31.12.2016</b>		<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EBPRT(*)</b>	<b>Alpha</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1	Standard Approach-CCR	416.902	310.257	-	1,4	727.159	439.697
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	1.857	396
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	1.857	396
<b>6</b>	<b>Total</b>	-	-	-	-	-	<b>440.093</b>

(\*) Effective expected positive risk amount

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

		<b>Current Period 30.06.2017</b>		<b>Prior Period 31.12.2016</b>	
		<b>Exposure (After credit risk mitigation methods)</b>	<b>Risk Weighted Amounts</b>	<b>Exposure (After credit risk mitigation methods)</b>	<b>Risk Weighted Amounts</b>
Total portfolio value with comprehensive approach CVA capital adequacy					
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	661.398	132.740	704.119	134.078
4	Total amount of CVA capital adequacy	661.398	132.740	704.119	134.078

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

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

<b>Current Period 30.06.2017</b>									<b>Total</b>
<b>Risk Weights/ Risk Classes</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Credit Risk(*)</b>
Central governments and central banks receivables	-	-	-	58	-	-	-	-	29
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	74.270	339.602	-	475	-	-	185.130
Corporate receivables	-	-	-	-	-	205.720	-	-	205.720
Retail receivables	-	-	-	-	64.975	-	-	-	48.731
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>74.270</b>	<b>339.660</b>	<b>64.975</b>	<b>206.195</b>	<b>-</b>	<b>-</b>	<b>439.610</b>

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

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

<b>Prior Period 31.12.2016</b>									<b>Total</b>
<b>Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Credit Risk(*)</b>
Risk Classes	-	-	-	504	-	-	-	-	252
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	114.882	362.373	-	501	-	-	204.664
Corporate receivables	-	-	-	-	-	188.447	-	-	188.447
Retail receivables	-	-	-	-	62.307	-	-	-	46.730
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>114.882</b>	<b>362.877</b>	<b>62.307</b>	<b>188.949</b>	<b>-</b>	<b>-</b>	<b>440.093</b>

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RWA</b>	<b>RWA</b>
<b>Outright products</b>		
1 Interest rate risk (general and specific)	356.588	350.500
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	32.575	151.475
4 Commodity risk	-	-
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	31.837	28.225
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>421.000</b>	<b>530.200</b>

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**VIII. Explanations on Business Segments**

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

<b>Current Period (1 January-30 June 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	319.451	116.362	11.794	310.476	758.083
Net Fee and Commission Income	71.103	28.720	(1.647)	(6.664)	91.512
Other Operating Income and Net Profit/Loss	(13.507)	8.705	15.896	(177.881)	(166.787)
<b>Operating Income</b>	<b>377.047</b>	<b>153.787</b>	<b>26.043</b>	<b>125.931</b>	<b>682.808</b>
Other Operating Expenses	-	-	-	(363.040)	(363.040)
Credit and Other Provisions	(80.195)	(49.286)	-	-	(129.481)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190.287</b>	<b>190.287</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39.987)</b>	<b>(39.987)</b>
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150.300</b>	<b>150.300</b>
<b>Total Asset</b>	<b>23.095.029</b>	<b>3.601.772</b>	<b>5.088.126</b>	<b>5.654.209</b>	<b>37.439.136</b>
Segment Assets	23.095.029	3.601.772	5.088.126	5.654.209	37.439.136
<b>Total Liability</b>	<b>10.597.603</b>	<b>17.676.338</b>	<b>3.977.281</b>	<b>5.187.914</b>	<b>37.439.136</b>
Segment Liability	10.597.603	17.676.338	3.977.281	1.043.952	33.295.174
Subordinated Loan	-	-	-	528.215	528.215
Equity	-	-	-	3.615.747	3.615.747

(\*) 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 June 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	293.103	93.030	(12.254)	124.566	498.445
Net Fee and Commission Income	37.895	6.710	(1.030)	17.025	60.600
Other Operating Income and Net Profit/Loss	11.101	6.377	37.137	23.671	78.286
<b>Operating Income</b>	<b>342.099</b>	<b>106.117</b>	<b>23.853</b>	<b>165.262</b>	<b>637.331</b>
Other Operating Expenses	-	-	-	(327.047)	(327.047)
Credit and Other Provisions	(84.753)	(59.732)	-	(85.345)	(229.830)
<b>Profit Before Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80.454</b>	<b>80.454</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20.139)</b>	<b>(20.139)</b>
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60.315</b>	<b>60.315</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>5.133.007</b>	<b>38.278.400</b>
Segment Liability	11.391.220	17.520.639	4.233.535	1.161.435	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.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

**1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Cash in Vault	84.266	102.696	75.080	93.467
Balances with the Central Bank of Turkey	613.389	3.694.612	1.289.306	3.260.387
Other	-	-	-	-
<b>Total</b>	<b>697.655</b>	<b>3.797.308</b>	<b>1.364.386</b>	<b>3.353.854</b>

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

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Unrestricted demand deposits	613.389	135	1.289.306	104
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	3.694.477	-	3.260.283
<b>Total</b>	<b>613.389</b>	<b>3.694.612</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 June 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 June 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities).

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

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

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

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Classified as unrestricted	458	-	5.905	-
Subject to repurchase agreements	-	-	-	-
Given as collateral/blocked	-	-	-	-
<b>Total</b>	<b>458</b>	<b>-</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:

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Forward Transactions	24.425	8.392	17.278	8.941
Swap Transactions	257.465	50.588	240.288	79.108
Futures Transactions	-	-	-	-
Options	38.173	5.663	57.807	16.606
Other	-	-	-	-
<b>Total</b>	<b>320.063</b>	<b>64.643</b>	<b>315.373</b>	<b>104.655</b>

**3. Information on banks:**

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Banks				
Domestic	1.200.663	52.814	139	-
Foreign	-	389.336	-	118.585
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>1.200.663</b>	<b>442.150</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:

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	294.801	-	193.752	-
Other	-	-	-	-
<b>Total</b>	<b>294.801</b>	<b>-</b>	<b>193.752</b>	<b>-</b>

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

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

As of June 30, 2017, available-for-sale financial assets subject to repurchase agreements amount to TL 362 (31 December 2016: TL 2.466).

b) Information on financial assets available for sale portfolio:

	June 30, 2017	December 31, 2016
Debt securities	932.770	903.528
Quoted on a stock exchange	932.770	903.528
Not quoted	-	-
Share certificates	7.202	1.927
Quoted on a stock exchange	-	-
Not quoted	7.202	1.927
Value Decrease (-) / Increase (+)	-	-
<b>Total</b>	<b>939.972</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:

	June 30, 2017		December 31, 2016	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	332	-	1.154	-
Corporate shareholders	332	-	1.154	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	16.995	-	16.028
Loans granted to employees	8.186	-	7.941	-
<b>Total</b>	<b>8.518</b>	<b>16.995</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	24.412.208	142.491	-	1.687.073	799.329	-
Business loans	-	-	-	-	-	-
Export loans	1.118.194	18.743	-	5.391	3.277	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	51.260	-	-	-	-	-
Foreign loans	361.019	-	-	38.022	121	-
Consumer loans	2.481.202	194	-	207.419	89.742	-
Credit cards	422.857	-	-	36.093	-	-
Precious metals loans	-	-	-	-	-	-
Other	19.977.676	123.554	-	1.400.148	706.189	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>24.412.208</b>	<b>142.491</b>	<b>-</b>	<b>1.687.073</b>	<b>799.329</b>	<b>-</b>

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

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**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	142.491	799.329
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
<b>Total</b>	<b>142.491</b>	<b>799.329</b>

<b>Extension periods</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under close monitoring(*)</b>
0 - 6 Months	86.386	116.968
6 - 12 Months	12.356	29.225
1 - 2 Years	2.663	99.076
2 - 5 Years	41.086	554.060
5 Years and over	-	-
<b>Total</b>	<b>142.491</b>	<b>799.329</b>

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

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

<b>30 June 2017</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Retail</b>	<b>Total</b>
Standard Loans	16.038.919	5.502.411	2.870.878	24.412.208
Watchlist	968.228	456.864	261.981	1.687.073
Non-performing Loans	381.310	555.042	213.668	1.150.020
Specific Provision (-)	(73.461)	(255.426)	(139.871)	(468.758)
<b>Total</b>	<b>17.314.996</b>	<b>6.258.891</b>	<b>3.206.656</b>	<b>26.780.543</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.

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans – TL</b>	<b>92.711</b>	<b>2.484.365</b>	<b>2.577.076</b>
Housing Loans	312	635.690	636.002
Car Loans	317	37.327	37.644
General Purpose Loans	92.082	1.811.348	1.903.430
Other	-	-	-
<b>Consumer Loans - Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans - FC</b>	-	<b>76.722</b>	<b>76.722</b>
Housing Loans	-	<b>76.722</b>	<b>76.722</b>
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards - TL</b>	<b>432.673</b>	<b>8.961</b>	<b>441.634</b>
With Installments	152.308	8.961	161.269
Without Installments	280.365	-	280.365
<b>Individual Credit Cards-FC</b>	<b>93</b>	-	<b>93</b>
With Installments	-	-	-
Without Installments	93	-	93
<b>Personnel Loans - TL</b>	<b>538</b>	<b>5.137</b>	<b>5.675</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	538	5.137	5.675
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>2.508</b>	<b>3</b>	<b>2.511</b>
With Installments	1.071	3	1.074
Without Installments	1.437	-	1.437
<b>Personnel Credit Cards - FC</b>	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts – TL (Real Persons)</b>	<b>29.148</b>	-	<b>29.148</b>
<b>Overdraft Accounts – FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>557.671</b>	<b>2.575.188</b>	<b>3.132.859</b>

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TL</b>	<b>568.185</b>	<b>6.749.326</b>	<b>7.317.511</b>
Business Loans	-	11.041	11.041
Car Loans	975	40.967	41.942
General Purpose Loans	567.210	6.697.318	7.264.528
Other	-	-	-
<b>Commercial loans with installment facility-Indexed to FC</b>	<b>89.296</b>	<b>812.950</b>	<b>902.246</b>
Business Loans	-	-	-
Car Loans	-	2.902	2.902
General Purpose Loans	89.296	810.048	899.344
Other	-	-	-
<b>Commercial loans with installment facility -FC</b>	<b>73.046</b>	<b>10.115.875</b>	<b>10.188.921</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	73.046	10.115.875	10.188.921
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>14.659</b>	-	<b>14.659</b>
With Installments	2.977	-	2.977
Without Installments	11.682	-	11.682
<b>Corporate Credit Cards-FC</b>	<b>53</b>	-	<b>53</b>
With Installments	-	-	-
Without Installments	53	-	53
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>143.851</b>	-	<b>143.851</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>889.090</b>	<b>17.678.151</b>	<b>18.567.241</b>

f) Distribution of domestic and foreign loans:

	June 30, 2017	December 31, 2016
Domestic loans	25.700.240	25.689.044
Foreign loans	399.041	371.617
<b>Total</b>	<b>26.099.281</b>	<b>26.060.661</b>

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	June 30, 2017	December 31, 2016
Specific provisions		
Loans and receivables with limited collectability	29.534	15.723
Loans and receivables with doubtful collectability	93.113	73.261
Uncollectible loans and receivables	346.111	212.334
<b>Total</b>	<b>468.758</b>	<b>301.318</b>

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

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans 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 (+)	523.484	-	-
Transfers from other categories of non-performing loans (+)	-	267.118	191.530
Transfers to other categories of non-performing loans (-)	267.118	191.530	-
Collections (-)	16.976	21.270	23.661
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
<b>June 30, 2017 balance</b>	<b>349.938</b>	<b>264.329</b>	<b>535.753</b>
Specific provision (-)	29.534	93.113	346.111
<b>Net Balances on Balance Sheet</b>	<b>320.404</b>	<b>171.216</b>	<b>189.642</b>

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>June 30, 2017 (Net)</b>	<b>320.404</b>	<b>171.216</b>	<b>189.642</b>
Loans to Real Persons and Legal Entities (Gross)	349.938	264.329	535.753
Specific provision (-)	29.534	93.113	346.111
Loans to Real Persons and Legal Entities (Net)	320.404	171.216	189.642
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)	-	-	-

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**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 June 30, 2017, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 189.642 (December 31, 2016: TL 155.550).

k) Explanations on write-off policy:

As of 30 June 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 June 30, 2017, held-to-maturity investments given as collateral is amounting to TL 307.041 (December 31, 2016: TL 304.071).

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

c) The Bank has TL 421.468 held-to-maturity investments as of June 30, 2017 (December 31, 2016: TL 428.155).

d) Movement on held-to-maturity investments:

	<b>June 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 (*)	(6.687)	63.706
<b>Total</b>	<b>421.468</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.

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

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

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

**13. Information on intangible assets:**

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

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

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

- a) As of June 30, 2017, the Bank has deferred tax asset amounting to TL 66.532 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 June 30, 2017 the Bank has assets held for sale and discontinued operations amounting to TL 114.005 (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.

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

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

a.1) **June 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	209.176	-	1.885.624	5.602.057	15.138	69.949	18.008	-	7.799.952
Foreign currency deposits	591.335	-	1.952.179	13.018.371	221.429	375.191	38.886	-	16.197.391
Residents in Turkey	570.105	-	1.938.831	12.863.671	189.185	339.571	31.593	-	15.932.956
Residents abroad	21.230	-	13.348	154.700	32.244	35.620	7.293	-	264.435
Public sector deposits	41.192	-	-	3.895	-	-	-	-	45.087
Commercial deposits	298.795	-	271.039	2.765.833	52.188	6.738	113	-	3.394.706
Other institutions deposits	2.668	-	1.539	186.710	14.427	20.916	24.145	-	250.405
Precious metals deposits	32.705	-	-	170	-	-	-	-	32.875
Interbank deposits	84	-	-	606.881	45.984	8.891	-	-	661.840
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	84	-	-	606.881	45.984	8.891	-	-	661.840
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.175.955</b>	<b>-</b>	<b>4.110.381</b>	<b>22.183.917</b>	<b>349.166</b>	<b>481.685</b>	<b>81.152</b>	<b>-</b>	<b>28.382.256</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	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Saving deposits	2.456.286	2.045.154	5.343.666	5.434.596
Foreign currency saving deposits	611.063	364.616	9.269.363	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>3.067.349</b>	<b>2.409.770</b>	<b>14.613.029</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.

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

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

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	15.377	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:

	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	11.250	4.077	44.285	3.203
Swap Transactions	281.353	91.377	383.159	34.976
Futures Transactions	-	-	-	-
Options	36.470	5.147	45.465	34.787
Other	-	-	-	-
<b>Total</b>	<b>329.073</b>	<b>100.601</b>	<b>472.909</b>	<b>72.966</b>

**3. Information on borrowings:**

a) Information on banks and other financial institutions:

	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Domestic Banks and Institutions	9.506	416.508	8.616	250.598
From Foreign Banks, Institutions and Funds	-	3.081.966	-	3.406.283
<b>Total</b>	<b>9.506</b>	<b>3.498.474</b>	<b>8.616</b>	<b>3.656.881</b>

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

- b) Maturity analysis of borrowings:

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
Short-term	2.957	1.260.196	5.861	1.382.742
Medium and long-term	6.549	2.238.278	2.755	2.274.139
<b>Total</b>	<b>9.506</b>	<b>3.498.474</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:

	June 30, 2017	December 31, 2016
Funds Provided Under Repurchase Agreements	356	2.457
<b>Total</b>	<b>356</b>	<b>2.457</b>

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

	June 30, 2017	December 31, 2015
Bank Bills	100.614	-
<b>Total</b>	<b>100.614</b>	<b>-</b>

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.

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

None.

**7. Explanations on lease obligations (Net):**

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank: None.
- b) Explanations regarding operational leases: The Bank enters into operating lease agreements for some branches. In operating leases, the lease prepayments are recorded as expense in equal amounts over the leasing period and recognized under prepaid expenses in the account of other assets. The Bank has no liability arising from operating lease agreement.
- c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

**8. Information on derivative financial liabilities for hedging purposes: None.**

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

**9. Information on provisions:**

a) Information on general provisions

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
General Provisions	254.092	254.836
I. Provisions for First Group Loans and Receivables	94.184	203.743
o/w - Provision for extended loans	-	5.318
II. Provisions for Second Group Loans and Receivables	154.887	42.711
o/w - Provision for extended loans	-	32.793
Provisions for Non-cash Loans and Derivative Financial Instruments	5.021	8.382
<b>Total</b>	<b>254.092</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 amounting to TL 128.060. In addition, based on the changes of the SME definition in the letter from BRSA, dated 16 March 2017 and referenced 24049440-010.03[4/3]-E.4363, the Bank also did not reverse the calculated 26.303 TL and carried forward the amount under general provisions. Together with these two changes the Bank has total excess general provisions of TL 154.363.

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 5.468 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 June 30, 2017 provision for NPL customers' non-cash loans that are not converted into cash is TL 6.582 (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>June 30, 2017</b>	<b>December 31, 2016</b>
Employee termination benefit provision	4.470	8.459
Unused vacation provision	8.809	6.456
<b>Total of provision for employee benefits</b>	<b>13.279</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 177.700 (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 14.910 (December 31, 2016: TL 47.526) and promotions for credit cards and banking services amounting to TL 1.228 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.

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**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 June 30, 2017, the Bank has corporate income tax provision amounting to TL 30.456, which is netted with prepaid taxes amounting to TL 38.601 and shown in the assets amounting to TL 8.145 (December 31, 2016: Tax Asset TL 35.105 Corporate Taxes Payable).

a.2) Explanations on taxes payable:

	June 30, 2017	December 31, 2016
Payroll Tax	4.074	3.973
Taxation on Securities	29.525	25.505
BITT	16.731	18.389
Property Tax	602	481
Value Added Tax Payable	338	1.869
Stamp Tax	132	119
Corporate Taxes Payable	-	35.105
Foreign Exchange Transaction Tax	-	-
Other	190	479
<b>Total</b>	<b>51.592</b>	<b>85.920</b>

a.3) Information on premiums:

	June 30, 2017	December 31, 2016
Social Security Premiums-Employer	1.896	3.430
Social Security Premiums-Employee	1.746	3.035
Unemployment Insurance-Employer	246	428
Unemployment Insurance-Employee	123	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>4.011</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:**

	June 30, 2017		December 31, 2016	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From foreign banks	-	528.215	-	528.417
<b>Total</b>	-	<b>528.215</b>	-	<b>528.417</b>

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

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".

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

- a) Presentation of Paid-in capital:

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

<b>TL</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
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:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Valuation Difference	(6.449)	(28.741)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(6.449)</b>	<b>(28.741)</b>

- i) Information on legal reserves:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
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:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
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.

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

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

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Forward asset purchase and sales commitments	1.335.481	782.136
Loan granting commitments	605.770	630.379
Commitments for checks	102.413	102.372
Credit card limit commitments	893.605	668.931
Other irrevocable commitments	6.333	6.206
<b>Total</b>	<b>2.943.602</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:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Letters of guarantee	1.960.776	2.214.062
Letters of credit	704.619	571.553
Bank acceptance loans	91.494	114.523
<b>Total</b>	<b>2.756.889</b>	<b>2.900.138</b>

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Definite letter of guarantees	1.360.522	1.387.795
Temporary letter of guarantees	92.704	35.430
Other letter of guarantees	507.550	790.837
<b>Total</b>	<b>1.960.776</b>	<b>2.214.062</b>

c) Total amount of non-cash loans:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Non-cash loans given to cover cash loans	210.134	183.486
With maturity of 1 year or less than 1 year	210.134	183.486
With maturity of more than 1 year	-	-
Other non-cash loans	2.546.755	2.716.652
<b>Total</b>	<b>2.756.889</b>	<b>2.900.138</b>

**ODEA BANK ANONİM ŞİRKETİ**  
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**IV. Explanations and Disclosures Related to the Statement of Income**

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

	June 30, 2017		June 30, 2016	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	379.867	24.703	285.964	24.159
Medium and long term loans	680.476	363.217	434.096	329.667
Interest on non-performing loans	-	-	-	-
<b>Total</b>	<b>1.060.343</b>	<b>387.920</b>	<b>720.060</b>	<b>353.826</b>

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

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

	June 30, 2017		June 30, 2016	
	TL	FC	TL	FC
The Central Bank of Republic of Turkey (CBRT)	10.555	11.668	19.213	-
Domestic banks	54.609	1.144	42.086	444
Foreign banks	7	1.254	-	249
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>65.171</b>	<b>14.066</b>	<b>61.299</b>	<b>693</b>

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

	June 30, 2017		June 30, 2016	
	TL	FC	TL	FC
Trading securities	197	-	897	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	20.982	16.098	23.708	11.565
Held-to-maturity securities	-	7.683	-	6.296
<b>Total</b>	<b>21.179</b>	<b>23.781</b>	<b>24.605</b>	<b>17.861</b>

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

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

	June 30, 2017		June 30, 2016	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	324	61.105	155	43.608
The Central Bank of Turkey	-	174	-	11
Domestic banks	324	300	155	77
Foreign banks	-	60.631	-	43.520
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>324</b>	<b>61.105</b>	<b>155</b>	<b>43.608</b>

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

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

**c) Information on interest expense to marketable securities issued:** As of June 30, 2017; The bank has interest expense to marketable securities issued amounting to TL 2.920 (June 30, 2016: TL 6.621).

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

									<b>June 30, 2017</b>	
									<b>Time Deposits</b>	
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulating Deposits</b>	<b>Total</b>		
<b>TL</b>										
Bank deposits	-	243	-	-	-	-	-	-	-	243
Saving deposits	155	94.867	335.576	2.498	5.482	912	-	-	-	439.490
Public sector deposits	-	1	239	-	-	-	-	-	-	240
Commercial deposits	21	18.223	136.329	3.586	203	116	-	-	-	158.478
Other deposits	-	178	17.503	530	918	-	-	-	-	19.129
7 days call accounts	-	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>176</b>	<b>113.512</b>	<b>489.647</b>	<b>6.614</b>	<b>6.603</b>	<b>1.028</b>	-	-	-	<b>617.580</b>
<b>Foreign Currency</b>										
Foreign currency deposits	97	22.769	231.137	7.654	8.368	830	-	-	-	270.855
Bank deposits	-	10.184	-	-	-	-	-	-	-	10.184
7 days call accounts	-	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>97</b>	<b>32.953</b>	<b>231.137</b>	<b>7.654</b>	<b>8.368</b>	<b>830</b>	-	-	-	<b>281.039</b>
<b>Grand Total</b>	<b>273</b>	<b>146.465</b>	<b>720.784</b>	<b>14.268</b>	<b>14.971</b>	<b>1.858</b>	-	-	-	<b>898.619</b>
<b>June 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	-	283	-	-	-	-	-	-	-	283
Saving deposits	129	35.662	338.435	1.770	1.459	719	-	-	-	378.174
Public sector deposits	-	-	190	-	-	-	-	-	-	190
Commercial deposits	4	14.820	127.124	760	127	11	-	-	-	142.846
Other deposits	1	458	23.857	13	-	-	-	-	-	24.329
7 days call accounts	-	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>134</b>	<b>51.223</b>	<b>489.606</b>	<b>2.543</b>	<b>1.586</b>	<b>730</b>	-	-	-	<b>545.822</b>
<b>Foreign Currency</b>										
Foreign currency deposits	41	7.902	156.395	6.737	1.772	1.095	-	-	-	173.942
Bank deposits	-	12.596	-	-	-	-	-	-	-	12.596
7 days call accounts	-	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>41</b>	<b>20.498</b>	<b>156.395</b>	<b>6.737</b>	<b>1.772</b>	<b>1.095</b>	-	-	-	<b>186.538</b>
<b>Grand Total</b>	<b>175</b>	<b>71.721</b>	<b>646.001</b>	<b>9.280</b>	<b>3.358</b>	<b>1.825</b>	-	-	-	<b>732.360</b>

**3. Information on Dividend Income:** None.

**ODEA BANK ANONİM ŞİRKETİ**  
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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Income</b>	<b>10.178.795</b>	<b>4.790.098</b>
Gains on capital market operations	428	181.024
Gains on derivative financial instruments	931.144	789.756
Foreign exchange gains	9.247.223	3.819.318
<b>Losses (-)</b>	<b>10.358.445</b>	<b>4.721.926</b>
Losses on capital market operations	371	14.495
Losses on derivative financial instruments	1.078.072	795.056
Foreign exchange losses	9.280.002	3.912.375
<b>Net Amount</b>	<b>(179.650)</b>	<b>68.172</b>

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Specific provisions for loans and other receivables (*)	165.481	143.992
III. Group Loans and Receivables	31.749	15.638
IV. Group Loans and Receivables	79.807	63.267
V. Group Loans and Receivables	53.925	65.087
General loan loss provision expenses / (income)	-	17.838
Provision expenses for possible losses	(36.000)	68.000
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	-	-
<b>Total</b>	<b>129.481</b>	<b>229.830</b>

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Personnel expenses	149.948	152.463
Employee termination benefit provision	436	1.971
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	22.817	20.833
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	16.473	13.904
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	336	348
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	173.030	137.528
Rent expenses	37.448	30.386
Maintenance expenses	2.429	1.864
Advertisement expenses	28.919	14.017
Other expenses (*)	104.234	91.261
Loss on sales of assets	-	-
<b>Total</b>	<b>363.040</b>	<b>327.047</b>

(\*) As of June 30, 2017, other operating expenses include IT expenses amounting to TL 23.239, premiums for saving deposit insurance fund amounting to TL 11.733, support services amounting to TL 10.351, taxes and similar disbursements expenses amounting to TL 8.677, communication expenses amounting to TL 5.932 and other expenses amounting to TL 44.302.

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

As of June 30, 2017, the Bank's profit before tax from continued operations is TL 190.287.

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

As of June 30, 2017, The Bank has deferred tax expense amounting to TL 20.488 through temporary differences current tax expense amounting to TL 19.499 (June 30, 2016: TL 13.402 deferred tax income and TL 33.541 current tax expense).

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

As of June 30, 2017, the Bank's net profit from continued operations is TL 150.300 (30 June 2016: TL 60.315).

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

- The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: None.
- Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- Profit or loss attributable to minority shares: None.

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

None.

**ODEA BANK ANONİM ŞİRKETİ**  
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**V. Explanations on the Risk Group of the Bank**

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:**

a) **June 30, 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	-	-	330	16.995	17	150
<b>Interest and commission income</b>	-	-	-	-	-	-

**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	
	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017
<b>Deposits</b>						
Balance at beginning of period	-	-	1.202.909	-	8.623	-
Balance at end of period	-	-	661.854	-	9.219	-
<b>Interest on deposits</b>	-	-	12.443	-	516	-

**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	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>	-	-	13.339	-	477	-

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

The Bank has placed USD 25 million, maturity of 3 months, with an interest rate of 2,4% on April 4, 2017 to its parent bank, Bank Audi sal.

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".

**ODEA BANK ANONİM ŞİRKETİ**  
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**V. Explanations on the Risk Group of the Bank (continued)**

b.2) Information on forward and option agreements and other similar agreements made with related parties:

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>	<b>Direct and indirect shareholders of the Bank</b>	<b>Other entities and real persons included in the risk group</b>
<b>Financial assets at fair value through profit and loss</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>
Balance at beginning of period	-	66.908	-
Balance at end of period	-	65.135	-
Total Loss/ Profit	-	-	-

**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 June 30, 2017 is TL 21.576 (June 30, 2016: TL 20.102).

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

- On July 14, 2017, International Rating Agencies, awarded Odea Bank with below ratings:

Moody's:

Long Term Deposit Ratings:	Ba3
Short Term Deposit Ratings:	Not-Prime
Baseline Credit Assessment-BCA:	ba3
National Scale Deposit Ratings:	A2.tr/TR-1
Outlook:	Negative

Fitch:

Long-Term Foreign and Local Currency IDRs:	BB-
Short-Term Foreign and Local Currency IDRs:	B
Viability Rating:	bb-
Support Rating:	5
National Long Term Rating:	A+(tur)
Outlook:	Stable

- The Bank, on August 1, 2017 completed the Basel III compliant, 10 year, semi-annual fixed %7,625 annual coupon paying bond issuance 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 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.

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**SECTION SIX**

**AUDITOR'S REVIEW REPORT**

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

The unconsolidated financial statements for the period ended June 30, 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 August 9, 2017 is presented preceding the unconsolidated financial statements.

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

None.

**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

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

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

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

**Capital and shareholders' structure:**

As of June 30, 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%
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	112.674	3,426%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
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 June 2017 the Bank has 52 domestic branches and 1.670 personnel.

**ODEA BANK ANONİM ŞİRKETİ**  
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**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/ 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/ Member of Audit Committee	Bachelor's Degree
	Philippe Elias Farid EL- KHOORY	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

(\*)As of April 28, 2017, Mr. Aristeidis VOURAKIS, Mr. Bülent ADANIR, Mr. Guy Charles HARINGTON have been appointed as Member of the Board of Directors in extraordinary general meeting.

**ODEA BANK ANONİM ŞİRKETİ**  
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**Information on Board Members and executive management of the Bank (continued)**

**Aristidis Vourakis;**

Aristidis Vourakis holds an M.Sc. in Accounting and Finance with distinction from the London School of Economics and Political Science. He joined Bank Audi after 19 years with J.P. Morgan, where he was Managing Director leading J.P. Morgan team focusing on Financial Institutions in Central Eastern Europe, Middle East, and Africa. He was also JPMorgan's Senior Country Officer for Greece and Cyprus. Based out of London, Aristidis Vourakis has led a large number of capital raising, funding and IPO transactions for credit institutions across Europe, and managed the development and implementation of regional expansion strategies and group reorganizations. He has also supported a number of Greek companies and the sovereign itself, in accessing international capital markets following the sovereign debt restructuring in 2012. Has recently joined the Bank Audi as Group Deputy Chief Executive Officer.

**Bülent Adanır;**

Completing his high school, undergraduate and master degrees in the USA, Mr. Bülent Adanır holds Msc. in Economy from Rutgers, the State University of New Jersey. Having started banking and finance career in Citigroup, where he had worked for 26 years, Mr. Bülent Adanır assumed several duties in credit marketing and risk management in Citibank Turkey between 1981-1996. In 1996, Mr. Adanır was transferred to Citigroup London serving as Europe, Middle East and Africa Regions Portfolio Manager until 2007. Between 2007-2012, he served as managing director at Akbank's Board of Directors and as Chairman of Bank's domestic and foreign subsidiaries. Currently Mr. Adanır provides consultancy for International Finance Corporation / World Bank.

**Guy Charles Harington;**

Mr. Harington holds MA in English Language and Literature from Oxford University and Msc. in Economics & Administration in the Petroleum Industry from Loughborough University of Technology. Mr. Harington established Schroders' investment banking business in CEE in 1990 and developed this into a regional market leader. Following the merger of Schroders' banking business with Salomon Smith Barney in 2000, he headed the Emerging Markets investment banking group for Schroder Salomon Smith Barney. Subsequently he served as Head of Central & Eastern Europe, Middle East and Africa, Public Sector Group, for Citigroup. "Over 20 years' banking experience including in Sub-Saharan Africa and Central & Eastern Europe/CIS, Mr. Harington worked in Citigroup between 2000 - 2012 and previously in Schroders. In 2012, he was nominated by the European Bank for Reconstruction and Development to the Board of Promsvyazbank PJSC, Moscow. Currently he is also a member of the Advisory Board of the School for Slavonic and East European Studies (UCL).

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

Dear Stakeholders,

We continued to grow bigger and stronger, as we have since October 2012 when we first set out on our journey in the Turkish banking industry. Having entered the sector in 49th place as the first bank to receive an operating license in 15 years in Turkey, Odeabank proudly announces that it now ranks 8th in deposits and 9th in assets among all private deposit banks. Currently, we boast total assets of TL 37,4 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 12 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 June 2017, Bank Audi Group's total assets amounted to US\$ 43.9 billion, with deposits of US\$ 36.3 billion, loans of US\$ 17.6 billion, and shareholders' equity of US\$ 3.8 billion. As a result of this superior performance, we posted net profit of US\$ 308 million in the half of 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 first half 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.

At this point, I would like to share our overall view about the global economy. Although geopolitical tensions and political risks in some countries have been persisting, recovery in global economy continued in the first half of 2017. While fragilities in many economies remain, underlying inflation dynamics show moderate improvements. Even though these macroeconomic developments support global risk appetite in the first half, it has faded away recently due to the geopolitical developments and hawkish messages from advanced economies' central banks. Despite the ongoing uncertainties over the geopolitical tensions and political issues, the main theme that positive developments in advanced economies and global trade will continue to support the emerging markets economies is still in play. That being said, increased expectations of coordinated and gradual normalization in major central banks' monetary policy stance have weakened the global risk appetite recently.

In addition to the global developments, Turkish economy left behind a period that its resilience and flexibility have been tested. Despite the geopolitical issues and volatility in financial markets, interest towards Turkish financial assets remained solid during the second quarter thanks to CBRT's tight stance, strengthening growth outlook and Turkey's long-term potential in addition to easing in domestic political uncertainties. Although downside risks are still considerable, the country manages to preserve its sustainable growth path, making it attractive to foreign investors in the long run. When considering Turkey's long term macroeconomic indicators, Turkish financial assets are still undervalued to some extent despite recent rallies. Within this context, after uncertainties are reduced in the coming periods, we expect investor confidence to pick up and Turkish financial assets to continue to remain solid.

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**Message from the Chairman (continued)**

Turkey's banking sector remained sound during the reporting period in the face of challenges stemming from foreign and domestic risk factors. While loan growth accelerated as a result of the implementation of Credit Guarantee Fund (CGF) during the second quarter, the asset quality of the sector remained resilient as well. However, deposit rates increased significantly due to the CBRT's liquidity policy and fast credit growth. We believe that the banking sector will have a better year in the coming periods with risks significantly more balanced and an economy that is recovering rapidly.

Having entered the banking sector at 49th place and jumping up to rank 9th among all 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 driving ahead. Moving up every year both in terms of profit and sector rankings, Odeabank plans to keep growing with its customer-oriented service approach and with the faith it has in the Turkish economy, despite challenging economic and financial conditions.

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 high 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 boasting 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 strengthening our capital, ramping up our investments, and thus contributing 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**  
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**Message from the General Manager**

After successfully closing the year 2016, which was replete with challenges for both the global economy and Turkish economy, by growing with firm steps and improving our capital strength; we have started the year 2017 in high spirits. We are planning that the year 2017 will, for us, be a year during which we will strengthen further our position in the Turkish banking sector, expand and diversify the scope of the services that we deliver and provide added value for the Turkish economy despite the global conjuncture full with uncertainties. In our fifth year of operation in Turkey, I am very pleased to share with you our second quarter interim report for 2017, which confirms that we have reached all the targets that we have set in the beginning of the year.

With Odeabank that we established from scratch by laying its foundations in 2012 when the Lebanon-based Bank Audi Group invested in Turkey, we brought a different and a new service understanding to our sector. Accordingly, we are conducting our activities with the objective of becoming one of the first banks coming to mind for all banking needs.

The financial results that we have obtained since the beginning of the year demonstrate that Odeabank is going ahead with the right strategy. Despite the fluctuations in foreign exchange rates and the uncertainty in global markets, we have increased our net profit by 149% to TL 150,3 million in the first half of 2017 compared to the same period of last year. During the same period, our total loans, our deposits and our assets reached TL 26,8 billion, TL 28,4 billion, and TL 37,4 billion, respectively.

As a bank operating with 52 branches and 1670 employees in 17 provinces across Turkey, we rank 8th in deposits and 9th in total assets among all private banks.

While the Central Bank of the USA (FED) that increased interest rates in the first quarter of 2017 has continued to make gradual increases in the second quarter of 2017, it has also given the signal of another rate hike later this year. In addition, it published a roadmap showing how it will shrink its balance sheet, but not specifying when it will do it. While the debates have been still ongoing in the US internal politics, no remarkable step could be taken in the growth-friendly fiscal policies. While this situation keeps the uncertainties in the economic outlook alive, Fed states that the vulnerabilities in the economy are caused by temporary factors. While the elections in the Continental Europe ended in favour of the center parties maintaining their strength, the economic growth has continued its recovery. On the other hand, while the conservative party lost its majority in the assembly in the United Kingdom, political uncertainties are increasing the downside risks on the economic outlook. The recovery that has continued in the developed economies in the first half of the year has positively affected the growth outlook in the developing economies as well. The high-level geopolitical tensions have remained as a factor limiting the recovery in the global trade and growth. The continuation in the global growth that gets stronger despite the weaknesses in the inflation dynamics has supported the risk appetite despite the geopolitical uncertainties in the second quarter of 2017.

While the low-level long-term interests despite the recovery in the global economy towards the end of the second quarter have increased the asset balloon concerns, they intensified the normalization expectations in the monetary policies of developed economies. And this has increased the volatility in financial markets coupled with the ongoing geopolitical risks, causing a decline in the capital inflows towards developing economies by the end of the second quarter.

We think that the central banks in developed economies will be balanced in their steps that they will take and abstain negatively affecting the global financial system and growth. Based on this point of view, we anticipate that the global growth in 2017 will remain stronger compared to 2016.

Turkish financial assets have displayed a strong performance in the second quarter with the positive developments in the global risk appetite despite geopolitical uncertainties and the decrease in the domestic political uncertainties. As with financial markets, the recovery in real economy has continued as well. In the first quarter of 2017, the recovery in the growth continued, growing stronger with the support of the measures taken in the second half of 2016. GDP grew quite beyond expectations by a growth rate of 5,0% in the first quarter of 2017 compared to the same period of the previous year. While the private sector consumption expenditures grew much beyond the indicators from the preliminary data, both the domestic and foreign demand components have made positive contributions. We anticipate that the public expenditures increased in order to support the growth in the last quarter of 2016 and the KGF (Credit Guarantee Fund) put into implementation in the beginning of 2017 will maintain their ongoing effects. While the preliminary data indicate that both domestic and net foreign demand will continue to

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

make positive contributions, the improvement in the growth outlook is becoming clear with the decline in domestic uncertainties. The positive developments in the global economy also allow the contribution from the foreign demand to stay stronger. We think that the expansionary steps taken with macro-prudential measures and fiscal policy instruments have been effective, allowing the growth outlook to stay robust and strong. In the light of these trends, we expect that the growth will be realized at a level of 4,5% throughout the year.

The inflation dynamics were impaired by the loss in value in TL, increases in crude oil prices, public tax adjustments and the volatility in food prices by the end of 2016. Closing the year 2016 at the level of 8,52%, the inflation increased up to 11,87% in April. Gradually declining in May and June, it fell down to 10,90%. While TL has been recovering in general since January, foreign exchange rates and the cost-side effects are continuing with a slowdown. The inflation in food prices has started to go down gradually. We anticipate that the seasonal price drops will be accelerated with the summer and the food inflation will approach to the average rates of the previous years. We consider that the inflation will drop to single-digit levels by the end of the year unless there is a new pressure on the exchange rates. On the other hand, every recovery in growth creates an upside pressure on the inflation together with the volatility. Therefore, we estimate that the inflation will remain at 8,8% by the end of 2017.

The current account deficit has started to expand upon the revival in the domestic demand and the disappearing positive impact of the low levels in crude oil prices in the remaining part of 2017. Therefore, the ratio of the current deficit to national income slightly increased to 3,9% in the first quarter of the new year. Considering the global commodity prices and demand components, we think that the risks on the foreign trade deficit are balanced in general. However, considering that the recovery in tourism will be limited, we estimate that the ratio of the current account deficit to domestic product will exceed 4%, coupled with the dynamism in the domestic demand. The recovering growth rate as well as the decreasing political uncertainties after the referendum have been able to keep foreign investors' interests in Turkish economy alive in the first half of the year and they have been effective in the financing of the current account deficit as well. We anticipate that the capital inflows may continue, albeit with a slowdown, during the second half of the year.

Thanks to the strong household financial structure as well as the strong public finance and robust banking sector, Turkish economy maintains its strength and flexibility. However, some of the measures taken to protect the economy against damages likely to be caused by the adverse conditions experienced might cause somehow negative effects on the economic fundamentals of our country. Since our budgetary performance is not as robust and successful as it was in the previous years, we may need to take measures to bring down the rate of inflation considerably in order to reduce the interest rates to the desired level. To this effect, we must resolutely take the steps that will boost the confidence in Turkish economy.

We believe that the additional reforms needed in order to restrain the inflation by improving potential growth and thus, to strengthen the macroeconomic stability will be rapidly made in the upcoming period.

The measures taken by the Government to accelerate the growth after the shrinkage in the third quarter of 2016 also had an aspect oriented towards the banking sector. These measures which aimed relaxation of loan disbursement conditions of the sector allowed for a rapid loan growth. In addition, the Credit Guarantee Fund (KGF) put into implementation with the new framework agreement has accelerated the commercial loans after February 2017. According to the weekly data of BRSA, the total loan growth rate which was 17,4% by the end of 2016 reached 23,4% by the end of the second quarter. While commercial loans that gained strength with the KGF support accounted for a substantial part of this acceleration in total loans; consumer loans displayed a more moderate recovery. Despite this acceleration in total loans, there has been no negativity experienced in relation to the asset quality of the sector thanks to KGF again; and the rate of increase in the non-performing loans has slowed down. Thus, the ratio of non-performing loans to total loans fell to 3,20% from 3,29%, the rate in the beginning of the year. The net profit of the sector has increased by 50,3% in the first five months compared to the same period of 2016. The annual growth rate in deposits displaying a growth behind the loans increased from 17,0% recorded by the end of 2016 to 20,5% by the end of June. On the other hand, although the increase in deposit interests was limited in the first quarter, there have been increases in deposit interests as a result of the loan expansion in the sector and the robust position of the Central Bank of Turkey (CBT) in the second quarter.

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

Although global interest rates, the course of commodity prices and geopolitical uncertainties keep the downside risks on growth alive both in the world and in Turkey, we believe that Turkey’s young and dynamic population will maintain its optimism and motivation. In fact, the strong performance displayed in the first half by Turkish financial assets demonstrating a relatively weak performance in the recent years gives up hope for a possible return to prices that reflect the economic fundamentals of the country. Therefore, we still maintain our opinion that there is a serious potential of Turkey to become once again a center of investor attention. We think that Turkey should maintain its strong growth and also make progress towards its goals of economic stability as well as price stability.

As Odeabank, we have been a standout among our peers in the sector with our roadmap that we have drawn up in due consideration of all these observations and our cutting-edge technological infrastructure.

In the first half of the year 2017, we have continued to closely monitor the market conditions and customer requirements and to produce solutions that can meet all expectations in order to ensure sustainability of our success in Corporate and Commercial Banking segments that are gradually becoming stronger and more important in the sector and to make Odeabank Corporate and Commercial Banking services one of the leading and mostly-preferred services in the sector. Through the financing solutions that we have provided, we played a key role in numerous important projects for our national economy. We are targeting to remain a competitive leader with our special solutions tailored to meet the needs of our Corporate and Commercial Banking customers also in the second half of 2017.

We completed the process of our partnership with the Credit Guarantee Fund (KGF) at the end of March in order to provide further support for SMEs accounting for a substantial number of the enterprises in Turkey and to increase their access to financing with the purpose of revival of our national economy and increase of employment and exports; and we attached great importance to stand by SMEs and to support the real sector. The cash loans that we disbursed with KGF sureties exceeded the level of TL 1 billion in a very short period of time. We consider the economic rebound experienced through the positive macroeconomic measures taken by the related authorities as an opportunity for SME Banking and we are continuing to gradually increase our support for SMEs day by day.

We are increasing the number of our branches through which we provide services to SMEs, the locomotive of our economy, via one-to-one customer representatives. We are maintaining our differentiation compared to our competitors by allowing SMEs to easily execute all their banking transactions with not only cash loans, but also other added-value services and our banking service packages. By continuing to diversify our SME-focused products and solutions also in the second half of the year, we are expecting to maintain our growth rate that is above the average of the sector in SME Banking.

In Retail Banking, we have focused on meeting the financial needs of our current customers as well as our new customers that we acquired through efficient product sales. With our “Private Card” product that we have released to the credit card market in order to provide services according to different needs of our customers, we are targeting to offer privileges that will enhance and simplify the lives of much more customers this year.

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

In retail loans, we have reached the size of TL 1.9 billion and increased our market share over 1% in the second quarter of 2017. We will deepen our customer base penetration in retail loans and present offers differentiated according to the needs of customers in the remaining part of 2017. We will continue to stand by our current and new customers to help them meet any and all their needs, by taking our place in the electronic trade sector with our Trink’O product, which consumers can use for shopping, in 2017.

Displaying a 33% increase in the first half of 2017 compared to the same period of the previous year, nearly 500.000 clients received services and executed 15 million transactions worth TL 7,5 billion via Direct Banking channels including Internet Branch, Mobile Branch, ATM, 444 8 444 Contact Center, through which we offer the same user experience, menu structure, faceplate, design and transaction flow to our customers.

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

Mobile Branch has been the fastest-growing channel with an increase by 117% compared to the same period of the previous year. The number of our ATMs reached 70. Our mobile application was downloaded more than 500.000 times. Our Contact Center received over 2,8 millions of calls.

Oksijen (Oxygen) Account that we launched in order to extent our Wealth Management services across a wider customer base has continued its rapid development also in the second quarter of 2017. In May, we have conducted a communication campaign involving also TV for Oxygen Account that significantly increased the demand deposit volume of Odeabank and brought about immense progress in terms of customer numbers and loyalty. With all our marketing and sales campaigns, we reached nearly 110 thousand customers and total deposits balance of TL 2,9 billion. In 2017, we will continue our investments in Oksijen Account product and its communication efforts in order to ensure continuity of this growth.

As Odeabank, we have not limited our deposit account holders in Turkey with merely deposit accounts for their savings. We have freshened up and diversified a variety of saving options that we offer to our customers under Odeabank Wealth Management services with the new alternatives befitting the present-day conditions such as Private Pension, Fund Deposit Account linked to Fund Distribution Channel, One-Year Deposit Account with the flexibility of Withdrawals/Deposits, etc. In this context, we have blazed a trail in investment banking by collaborating with the leading portfolio management companies of Turkey. We are targeting competitive returns with our general investment advices that we formulate based on market conditions and Model Portfolios that we present on a risk group basis. And in this process, we are continuing to keep our customers up-to-date about their investments through daily and weekly information bulletins.

Our Esteemed Stakeholders;

In the second quarter of 2017, we have stood out with our contributions not only to the economy and banking sector, but also to social life in Turkey. Having provided ongoing support to basketball as "The Bank of Basketball", we have shared a historical success in THY EuroLeague Final Four competitions held in Sinan Erdem Dome in Istanbul on 19-21 May. Final Four, the summit of EuroLeague competitions followed by 2,88 billion people in total via TVs and digital media ended up with the championship of Fenerbahçe Men's Basketball Team, allowing all of us to experience an unforgettable pride.

In line with our EuroLeague and Final Four sponsorships, we have announced that we will make a donation of 333 Euros for each 3-point field goals made in Final Four as the social responsibility leg of our support that we provide for basketball. With the fund accumulated in consideration for 78 units of three-point field goals made during Final Four competitions, the basketball field of Şair Nedim Park located in Küçükçekmece was renewed; thus, we have turned it into a new field that will offer an opportunity to the basketball players of the future.

As the regional partner of 2017-2018 Turkish Airlines EuroLeague and the global partner of THY EuroLeague Final Four to be organized in Belgrade in 2018, we will continue to support the most important basketball organization also in the next year.

In our art platform O'Art, we have continued the exhibition calendar of the year 2017 with the exhibition "Harold Feinstein: The Legacy of a Photographer" comprising the works of Harold Feinstein considered as one of the most important photograph artists of the world. In addition, this year, we are organizing the second of the "O'Art Arts Competition"; the first of which we held last year, aiming to support young artists. The winners of our competition for which we have received 650 applications in total will be announced in September.

In the second quarter of 2017, we have added a new one to our international awards; At Communicator Awards, we received an award of excellence in the Corporate Communications category with our corporate website.

We are making all our best efforts in order to achieve our goal "to join the premiere league" that we express everywhere and to provide more resources for the economy by implementing and realizing our objectives without compromising our principles. 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**  
**CEO and Board Member**

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**Brief financial information of the Bank**

**ASSETS:**

	Reviewed Current Period 30.06.2017			Audited Prior Period 31.12.2016		
	TL	FC	Total	TL	FC	Total
CASH AND BALANCES WITH THE CENTRAL BANK	697.655	3.797.308	4.494.963	1.364.386	3.353.854	4.718.240
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	320.521	64.643	385.164	321.278	104.655	425.933
BANKS	1.200.663	442.150	1.642.813	139	118.585	118.724
MONEY MARKET PLACEMENTS	1.968.561	-	1.968.561	4.412.052	-	4.412.052
FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	443.827	496.145	939.972	425.565	479.890	905.455
HELD TO MATURITY INVESTMENTS (Net)	-	421.468	421.468	-	428.155	428.155
LOANS AND RECEIVABLES	15.668.682	11.111.861	26.780.543	13.342.398	13.105.388	26.447.786
TANGIBLE ASSETS (Net)	118.497	-	118.497	129.466	-	129.466
INTANGIBLE ASSETS (Net)	87.581	-	87.581	98.807	-	98.807
TAX ASSET	74.677	-	74.677	92.593	-	92.593
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	114.005	-	114.005	42.094	-	42.094
OTHER ASSETS	210.910	199.982	410.892	230.979	228.116	459.095
<b>TOTAL ASSETS</b>	<b>20.905.579</b>	<b>16.533.557</b>	<b>37.439.136</b>	<b>20.459.757</b>	<b>17.818.643</b>	<b>38.278.400</b>

**LIABILITIES:**

	Reviewed Current Period 30.06.2017			Audited Prior Period 31.12.2016		
	TL	FC	Total	TL	FC	Total
DEPOSITS	11.491.086	16.891.170	28.382.256	10.774.307	18.480.089	29.254.396
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	329.073	100.601	429.674	472.909	72.966	545.875
FUNDS BORROWED	9.506	3.498.474	3.507.980	8.616	3.656.881	3.665.497
MONEY MARKET BALANCES	356	-	356	2.457	-	2.457
MARKETABLE SECURITIES ISSUED (Net)	100.614	-	100.614	-	-	-
MISCELLANEOUS PAYABLES	27.261	1.577	28.838	9.179	722	9.901
OTHER LIABILITIES	250.256	71.806	322.062	162.257	35.941	198.198
PROVISIONS	315.935	151.856	467.791	414.936	122.541	537.477
TAX LIABILITY	55.603	-	55.603	93.027	-	93.027
SUBORDINATED LOANS	-	528.215	528.215	-	528.417	528.417
SHAREHOLDERS' EQUITY	3.611.666	4.081	3.615.747	3.452.080	(8.925)	3.443.155
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16.191.356</b>	<b>21.247.780</b>	<b>37.439.136</b>	<b>15.389.768</b>	<b>22.888.632</b>	<b>38.278.400</b>

**STATEMENT OF INCOME:**

	Reviewed Current Period 01.01-30.06.2017	Reviewed Prior Period 01.01-30.06.2016
INTEREST INCOME	1.727.541	1.294.685
INTEREST EXPENSE	969.458	796.240
NET INTEREST INCOME (I - II)	758.083	498.445
NET FEES AND COMMISSIONS INCOME	91.512	60.600
DIVIDEND INCOME	-	-
NET TRADING INCOME	(179.650)	68.172
OTHER OPERATING INCOME	12.863	10.114
NET OPERATING INCOME (III+IV+V+VI+VII)	682.808	637.331
PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	129.481	229.830
OTHER OPERATING EXPENSES (-)	363.040	327.047
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	190.287	80.454
AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	-	-
GAIN / (LOSS) ON NET MONETARY POSITION	-	-
PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	190.287	80.454
TAX PROVISION FOR CONTINUED OPERATIONS (±)	(39.987)	(20.139)
NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	150.300	60.315
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>150.300</b>	<b>60.315</b>