

ODEA BANK A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT SEPTEMBER 30, 2016 TOGETHER WITH AUDITOR'S LIMITED REVIEW REPORT

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

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the Board of Directors of Odea Bank Anonim Şirketi

Introduction

We have reviewed the unconsolidated statement of financial position of Odeabank A.Ş. (“the Bank”) at 30 September 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

The accompanying unconsolidated financial statements as at 30 September 2016 include a general reserve for possible risks amounting to thousand TL 221.722 , which is provided 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 44.344 in the accompanying unconsolidated financial statements as at 30 September 2016.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Odea Bank A.Ş. at 30 September 2016 and of the results of its operations and its cash flows for the nine-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

Fatma Ebru Yücel
Partner, SMMM
Istanbul, November 08, 2016

**THE UNCONSOLIDATED NINE MONTH FINANCIAL REPORT OF
ODEA BANK A.Ş. AS OF SEPTEMBER 30, 2016**

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

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

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

Samir HANNA	Hüseyin ÖZKAYA	Naim HAKIM	Hüseyin ARITKAN
Chairman of the Board of Directors	Member of Board of Directors and General Manager	Deputy General Manager and Assistant General Manager in charge of Finance	Financial Reporting Director
Ayşe KORKMAZ		Marwan GHANDOUR	
Member of Board of Directors and Audit Committee Member		Member of Board of Directors and Audit Committee Member	

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

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

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ODEA BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

As of September 30, 2016 and December 31, 2015, 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-Audi Group	2.420.930	73,610%	1.403.787	93,827%
European Bank for Reconstruction and Development	263.394	8,009%	-	-
International Finance Corporation	209.252	6,362%	-	-
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	-	-
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	-	-
Audi Private Bank sal	90.698	2,758%	90.698	6,062%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	-	-
Raymond Audi	555	0,017%	555	0,037%
Samir Hanna	555	0,017%	555	0,037%
Freddie Baz	555	0,017%	555	0,037%
	3.288.842	100,00%	1.496.150	100,00%

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

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016

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

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

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

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016

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

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

Information about the persons and institutions that have qualified shares as of September 30, 2016:

Name / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal-Audi Group	2.420.930	73,610%	2.420.930	-

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

The headquarter of the Bank is located in Istanbul and as of September 30, 2016, there are 50 domestic branches with 1.622 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 2015: 55 domestic branches, 1.538 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 SEPTEMBER 30, 2016 AND
DECEMBER 31, 2015 (STATEMENT OF FINANCIAL POSITION)

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

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

	Note Ref (Section Five)	Reviewed Current Period 30.09.2016			Audited Prior Period 31.12.2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	848.043	3.072.219	3.920.262	529.585	3.544.999	4.074.584
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	127.041	56.298	183.339	101.001	24.724	125.725
2.1 Financial assets held for trading		127.041	56.298	183.339	101.001	24.724	125.725
2.1.1 Public sector debt securities		6.459	-	6.459	24.812	-	24.812
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		120.582	56.298	176.880	76.189	24.724	100.913
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		-	-	-	-	-	-
III. BANKS	I-3	124	130.463	130.587	114	35.872	35.986
IV. MONEY MARKET PLACEMENTS		2.991.169	-	2.991.169	4.061.196	-	4.061.196
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		2.991.169	-	2.991.169	4.061.196	-	4.061.196
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	435.837	989.720	1.425.557	471.861	625.317	1.097.178
5.1 Share certificates		-	1.740	1.740	-	5.285	5.285
5.2 Public sector debt securities		435.837	987.980	1.423.817	471.861	620.032	1.091.893
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	11.556.805	11.965.838	23.522.643	10.726.013	11.080.858	21.806.871
6.1 Loans and receivables		11.183.889	11.965.838	23.149.727	10.426.520	11.080.858	21.507.378
6.1.1 Loans to risk group of the Bank		34	-	34	30	-	30
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		11.183.855	11.965.838	23.149.693	10.426.490	11.080.858	21.507.348
6.2 Non-performing loans		736.482	-	736.482	487.927	-	487.927
6.3 Specific provisions (-)		363.566	-	363.566	188.434	-	188.434
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	-	367.193	367.193	-	364.449	364.449
8.1 Public sector debt securities		-	367.193	367.193	-	364.449	364.449
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	I-12	127.477	-	127.477	142.902	-	142.902
XV. INTANGIBLE ASSETS (Net)	I-13	83.889	-	83.889	99.028	-	99.028
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		83.889	-	83.889	99.028	-	99.028
XVI. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII. TAX ASSET	I-15	69.682	-	69.682	40.881	-	40.881
17.1 Current tax asset		-	-	-	15	-	15
17.2 Deferred tax asset		69.682	-	69.682	40.866	-	40.866
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	42.568	-	42.568	29.879	-	29.879
18.1 Held for sale		42.568	-	42.568	29.879	-	29.879
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	174.721	102.073	276.794	137.978	66.051	204.029
TOTAL ASSETS		16.457.356	16.683.804	33.141.160	16.340.438	15.742.270	32.082.708

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2016 AND
DECEMBER 31, 2015 (STATEMENT OF FINANCIAL POSITION)

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

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

			Reviewed Current Period 30.09.2016			Audited Prior Period 31.12.2015		
		Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	II-1	9.930.117	15.619.002	25.549.119	9.568.571	15.764.925	25.333.496
1.1	Deposits from risk group of the Bank		18.755	1.394.626	1.413.381	12.715	1.022.619	1.035.334
1.2	Other		9.911.362	14.224.376	24.135.738	9.555.856	14.742.306	24.298.162
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	139.581	51.064	190.645	124.230	18.489	142.719
III.	FUNDS BORROWED	II-3	7.156	2.311.179	2.318.335	5.130	3.128.339	3.133.469
IV.	MONEY MARKET BALANCES		271.538	12.622	284.160	156.858	-	156.858
4.1	Interbank money market takings		-	12.622	12.622	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	II-4	271.538	-	271.538	156.858	-	156.858
V.	MARKETABLE SECURITIES ISSUED (Net)	II-5	42.229	-	42.229	154.995	-	154.995
5.1	Bills		42.229	-	42.229	154.995	-	154.995
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		27.588	603	28.191	4.579	191	4.770
VIII.	OTHER LIABILITIES	II-6	276.916	26.895	303.811	180.985	15.037	196.022
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-7	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-8	-	-	-	-	-	-
11.1	Fair value hedge		-	-	-	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	II-9	400.676	113.611	514.287	159.030	96.025	255.055
12.1	General loan loss provisions		119.249	113.611	232.860	100.199	96.025	196.224
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		13.300	-	13.300	10.146	-	10.146
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		268.127	-	268.127	48.685	-	48.685
XIII.	TAX LIABILITY	II-10	79.536	-	79.536	47.976	-	47.976
13.1	Current tax liability		79.536	-	79.536	47.976	-	47.976
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-11	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-12	-	450.111	450.111	-	1.310.209	1.310.209
XVI.	SHAREHOLDERS' EQUITY	II-13	3.385.466	(4.730)	3.380.736	1.375.266	(28.127)	1.347.139
16.1	Paid-in capital		3.288.842	-	3.288.842	1.496.150	-	1.496.150
16.2	Supplementary capital		(3.552)	(4.730)	(8.282)	(14.944)	(28.127)	(43.071)
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund		(3.552)	(4.730)	(8.282)	(14.944)	(28.127)	(43.071)
16.2.4	Tangible assets revaluation differences		-	-	-	-	-	-
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		-	-	-	-	-	-
16.3	Profit reserves		-	-	-	-	-	-
16.3.1	Legal reserves		-	-	-	-	-	-
16.3.2	Statutory reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		-	-	-	-	-	-
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		100.176	-	100.176	(105.940)	-	(105.940)
16.4.1	Prior years' income/ (losses)		(15.102)	-	(15.102)	(156.230)	-	(156.230)
16.4.2	Current year income/ (losses)		115.278	-	115.278	50.290	-	50.290
16.5	Minority shares	II-14	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			14.560.803	18.580.357	33.141.160	11.777.620	20.305.088	32.082.708

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
CONTINGENCIES AND COMMITMENTS AS OF SEPTEMBER 30, 2016 AND
DECEMBER 31, 2015

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2016			Audited Prior Period 31.12.2015		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)		14.603.748	30.344.566	44.948.314	13.418.057	20.464.345	33.882.402
I. GUARANTEES	III-1	983.872	1.331.582	2.315.454	1.073.154	1.223.624	2.296.778
1.1 Letters of guarantee		966.531	685.383	1.651.914	1.065.579	683.151	1.748.730
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		966.531	685.383	1.651.914	1.065.579	683.151	1.748.730
1.2 Bank loans		17.341	75.465	92.806	7.575	60.462	68.037
1.2.1 Import letter of acceptance		17.341	75.465	92.806	7.575	60.462	68.037
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	570.734	570.734	-	480.011	480.011
1.3.1 Documentary letters of credit		-	570.734	570.734	-	480.011	480.011
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		-	-	-	-	-	-
II. COMMITMENTS	III-1	959.881	791.781	1.751.662	656.703	244.747	901.450
2.1 Irrevocable commitments		959.881	791.781	1.751.662	656.703	244.747	901.450
2.1.1 Forward asset purchase and sales commitments		183.642	351.432	535.074	70.769	146.901	217.670
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		189.490	435.062	624.552	176.464	92.604	269.068
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		94.600	-	94.600	95.023	-	95.023
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		492.149	-	492.149	314.447	-	314.447
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		-	5.287	5.287	-	5.242	5.242
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	12.659.995	28.221.203	40.881.198	11.688.200	18.995.974	30.684.174
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		12.659.995	28.221.203	40.881.198	11.688.200	18.995.974	30.684.174
3.2.1 Forward foreign currency buy/sell transactions		1.651.677	2.880.823	4.532.500	1.372.690	2.266.972	3.639.662
3.2.1.1 Forward foreign currency transactions-buy		999.871	1.266.486	2.266.357	796.564	1.032.074	1.828.638
3.2.1.2 Forward foreign currency transactions-sell		651.806	1.614.337	2.266.143	576.126	1.234.898	1.811.024
3.2.2 Swap transactions related to foreign currency, and interest rates		7.285.488	17.302.284	24.587.772	6.957.968	11.412.454	18.370.422
3.2.2.1 Foreign currency swaps-buy		2.675.496	5.257.370	7.932.866	1.136.845	5.295.631	6.432.476
3.2.2.2 Foreign currency swaps-sell		3.004.640	4.922.684	7.927.324	4.570.705	1.966.973	6.537.678
3.2.2.3 Interest rate swaps-buy		802.676	3.561.115	4.363.791	625.209	2.074.925	2.700.134
3.2.2.4 Interest rate swaps-sell		802.676	3.561.115	4.363.791	625.209	2.074.925	2.700.134
3.2.3 Foreign currency, interest rate and securities options		3.722.830	8.038.096	11.760.926	3.357.542	5.316.548	8.674.090
3.2.3.1 Foreign currency options-buy		1.673.727	3.963.915	5.637.642	1.604.114	2.487.852	4.091.966
3.2.3.2 Foreign currency options-sell		2.049.103	3.634.531	5.683.634	1.753.428	2.372.188	4.125.616
3.2.3.3 Interest rate options-buy		-	219.825	219.825	-	228.254	228.254
3.2.3.4 Interest rate options-sell		-	219.825	219.825	-	228.254	228.254
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		53.902.884	24.882.435	78.785.319	41.270.364	20.339.860	61.610.224
IV. ITEMS HELD IN CUSTODY		639.405	744.192	1.383.597	687.373	658.554	1.345.927
4.1 Assets under management		151.262	151.262	302.524	151.262	151.262	302.524
4.2 Investment securities held in custody		15.615	22.327	37.942	10.722	19.233	29.955
4.3 Checks received for collection		9.744	246.236	255.980	7.954	264.894	272.848
4.4 Commercial notes received for collection		462.784	475.629	938.413	484.000	374.427	858.427
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		53.263.479	24.138.243	77.401.722	40.582.991	19.681.306	60.264.297
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		18.049.779	3.006.509	21.056.288	14.022.866	2.047.436	16.070.302
5.3 Commodities		3.810.303	-	3.810.303	2.314.283	-	2.314.283
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		23.431.902	12.810.477	36.242.379	17.233.229	9.964.727	27.197.956
5.6 Other pledged items		7.971.495	8.321.257	16.292.752	7.012.613	7.669.143	14.681.756
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		68.506.632	55.227.001	123.733.633	54.688.421	40.804.205	95.492.626

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD
ENDED JANUARY 1-SEPTEMBER 30, 2016 AND 2015

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

III. STATEMENT OF INCOME

	Note (Section Five)	Reviewed Current Period 01.01- 30.09.2016	Reviewed Prior Period 01.01- 30.09.2015	Reviewed Current Period 01.07- 30.09.2016	Reviewed Prior Period 01.07- 30.09.2015
I. INTEREST INCOME	IV-1	1.970.777	1.705.435	676.092	637.165
1.1 Interest on loans		1.647.127	1.428.709	573.241	520.780
1.2 Interest received from reserve deposits		27.135	7.149	7.922	4.061
1.3 Interest received from banks		58.132	66.353	15.353	26.478
1.4 Interest received from money market placements		157.091	126.702	48.437	54.361
1.5 Interest received from marketable securities portfolio		69.555	68.606	27.089	27.621
1.5.1 Held-for-trading financial assets		1.223	1.812	326	792
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		58.636	56.808	23.363	23.073
1.5.4 Investments held-to-maturity		9.696	9.986	3.400	3.756
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		11.737	7.916	4.050	3.864
II. INTEREST EXPENSE	IV-2	1.173.590	992.141	377.350	357.575
2.1 Interest on deposits		1.078.392	915.493	346.032	328.122
2.2 Interest on funds borrowed		66.666	50.353	22.903	20.812
2.3 Interest on money market borrowings		14.646	8.894	4.946	3.978
2.4 Interest on securities issued		9.437	14.531	2.816	4.559
2.5 Other interest expense		4.449	2.870	653	104
III. NET INTEREST INCOME (I - II)		797.187	713.294	298.742	279.590
IV. NET FEES AND COMMISSIONS INCOME		81.322	73.875	20.722	40.005
4.1 Fees and commissions received		107.673	92.095	29.444	47.813
4.1.1 Non-cash loans		22.828	17.087	7.536	6.761
4.1.2 Other	IV-12	84.845	75.008	21.908	41.052
4.2 Fees and commissions paid		26.351	18.220	8.722	7.808
4.2.1 Non-cash loans		-	-	-	-
4.2.2 Other	IV-12	26.351	18.220	8.722	7.808
V. DIVIDEND INCOME	IV-3	-	-	-	-
VI. NET TRADING INCOME	IV-4	223.316	(155.050)	155.143	(93.437)
6.1 Securities trading gains/ (losses)		337.407	(2.649)	170.878	(1.925)
6.2 Gain/(losses) from derivative financial instruments		34.100	494.050	39.400	370.757
6.3 Foreign exchange gains/ (losses)		(148.191)	(646.451)	(55.135)	(462.269)
VII. OTHER OPERATING INCOME	IV-5	11.375	4.145	1.262	1.785
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		1.113.200	636.264	475.869	227.943
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	468.842	196.997	239.012	72.913
X. OTHER OPERATING EXPENSES (-)	IV-7	490.841	382.884	163.794	130.907
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		153.517	56.383	73.063	24.123
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	IV-8	153.517	56.383	73.063	24.123
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(38.239)	(19.661)	(18.100)	(7.788)
16.1 Provision for current income taxes		(75.752)	(7.839)	(42.202)	10.477
16.2 Provision for deferred taxes		37.513	(11.822)	24.102	(18.265)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	IV-10	115.278	36.722	54.963	16.335
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	IV-11	115.278	36.722	54.963	16.335

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

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JANUARY 1-
SEPTEMBER 30, 2016 AND 2015

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

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

	Reviewed Current Period 01.01-30.09.2016	Reviewed Prior Period 01.01-30.09.2015
I. Additions to marketable securities revaluation differences for available for sale financial assets	43.486	(63.594)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Tax of valuation differences	(8.697)	12.719
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	34.789	(50.875)
XI. Profit/Loss	115.278	36.722
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	355.692	2.410
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	(240.414)	34.312
XII. Total Profit/Loss accounted for in the period (X±XI)	150.067	(14.153)

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(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
PRIOR PERIOD																			
30/09/2015																			
I. Period Opening Balance		1.496.150	-	-	-	-	-	-	-	347	(156.577)	(2.669)	-	-	-	-	1.337.251	-	1.337.251
II. Changes in Accounting Policies according to TAS 8																			
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.496.150	-	-	-	-	-	-	-	347	(156.577)	(2.669)	-	-	-	-	1.337.251	-	1.337.251
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease due to the Merger																			
V. Marketable Securitiz Valuation Differences																			
VI. Hedging Transactions																			
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences																			
VIII. Intangible Fixed Assets Revaluation Differences																			
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																			
X. Foreign Exchange Differences																			
XI. Changes due to the disposal of assets																			
XII. Changes due to the reclassification of assets																			
XIII. Effects of changes in equity of investments in associates																			
XIV. Capital Increase	II-12																		
14.1 Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium																			
XVI. Share Cancellation Profits																			
XVII. Paid-in-capital inflation adjustment difference																			
XVIII. Other																			
XIX. Current Year Income or (Loss)										(347)	347	-	-	-	-	-	-	-	-
XX. Profit Distribution										36.722	-	-	-	-	-	-	36.722	-	36.722
20.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		1.496.150	-	-	-	-	-	-	-	36.722	(156.230)	(53.544)	-	-	-	-	1.323.098	-	1.323.098

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA(TL)																		
	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)(*)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. In Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp/ Disc. Opr.	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD																			
30/09/2016																			
I. Prior Period End Balance		1.496.150	-	-	-	-	-	-	-	50.290	(156.230)	(43.071)	-	-	-	-	1.347.139	-	1.347.139
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	34.789	-	-	-	-	34.789	-	34.789
IV. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase	II-12	1.792.692	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	1.883.530	-	1.883.530
12.1 Cash Increase		1.883.530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.883.530	-	1.883.530
12.2 Internal Resources		(90.838)	-	-	-	-	-	-	-	-	90.838	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Year Income or(Loss)		-	-	-	-	-	-	-	-	(50.290)	50.290	-	-	-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	-	-	-	-	115.278	-	-	-	-	-	-	115.278	-	115.278
18.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		3.288.842	-	-	-	-	-	-	-	115.278	(15.102)	(8.282)	-	-	-	-	3.380.736	-	3.380.736

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

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

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED JANUARY 1-SEPTEMBER 30, 2016 AND 2015

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

VI. STATEMENT OF CASH FLOW

	Reviewed Current Period 01.01-30.09.2016	Reviewed Prior Period 01.01-30.09.2015
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	278.523	(95.884)
1.1.1 Interest received	1.932.057	1.391.515
1.1.2 Interest paid	(1.149.525)	(971.476)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	117.666	99.771
1.1.5 Other income	(160.496)	(233.244)
1.1.6 Collections from previously written off loans	59.329	58.428
1.1.7 Payments to personnel and service suppliers	(430.454)	(351.432)
1.1.8 Taxes paid	(77.803)	(46.932)
1.1.9 Others	(12.251)	(42.514)
1.2 Changes in operating assets and liabilities	(1.669.037)	1.673.095
1.2.1 Net (increase) decrease in financial assets held for trading	18.266	235
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	(28.041)	(78.194)
1.2.3 Net (increase) decrease in due from banks and other financial institutions	470.092	(1.300.303)
1.2.4 Net (increase) decrease in loans	(1.613.787)	(3.470.950)
1.2.5 Net (increase) decrease in other assets	(112.842)	(116.928)
1.2.6 Net increase (decrease) in bank deposits	400.982	717.963
1.2.7 Net increase (decrease) in other deposits	(196.945)	4.407.291
1.2.8 Net increase (decrease) in funds borrowed	(704.558)	1.450.303
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	97.796	63.678
I. Net cash provided from banking operations	(1.390.514)	1.577.211
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(332.248)	(409.313)
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	(21.968)	(78.296)
2.4 Fixed assets sales	-	-
2.5 Cash paid for purchase of financial assets available for sale	(1.434.911)	(331.017)
2.6 Cash obtained from sale of financial assets available for sale	1.124.631	-
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	887.233	17.459
3.1 Cash obtained from funds borrowed and securities issued (*)	192.424	375.342
3.2 Cash used for repayment of funds borrowed and securities issued	(305.191)	(357.883)
3.3 Issued equity instrument	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other(**)	1.000.000	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities	176.519	42.514
V. Net increase / (decrease) in cash and cash equivalents	(659.010)	1.227.871
VI. Cash and cash equivalents at beginning of the period	4.689.699	3.662.338
VII. Cash and cash equivalents at end of the period	4.030.689	4.890.209

(*) 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 101.420, maturity on July 15, 2016 and with a simple interest rate of 11.68% on January 18, 2016, a bill with a nominal value of TL 42.700, maturity on October 24, 2016 and with a simple interest rate of 11.00% on April 28, 2016 and a bill with a nominal value of TL 51.030, maturity on September 23, 2016 and with a simple interest rate of 11.00% on June 21, 2016 sold to qualified investors in the domestic market.

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016

(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 2016, 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 (2011 Version) 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 2015. The aforementioned accounting policies and valuation principles are explained in Notes II to XXII below.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016

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

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

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

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

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

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. As of September 30, 2016 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
AS OF SEPTEMBER 30, 2016

(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
AS OF SEPTEMBER 30, 2016

(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.

VII. Explanations on Impairment of Financial Assets

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

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

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

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

As of September 30, 2016, the Bank has specific provision amount to TL 363.566 for its non-performing loans (December 31, 2015: TL 188.434).

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016

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

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.

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

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

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

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

As of September 30, 2016, the Bank has TL 2.991.169 of reverse repo transactions (December 31, 2015: TL 4.061.196).

As of September 30, 2016, the Bank has 271.538 funds provided under repurchase agreements (December 31, 2015: TL 156.858).

As of September 30, 2016, the Bank does not have any marketable securities lending transaction (December 31, 2015: 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 and followed in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, no.26333.

As of September 30, 2016, the Bank has TL 42.568 assets held for sale (December 31, 2015: TL 29.879).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. As of September 30, 2016 and December 31, 2015 the Bank does not have any discontinued operations.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016

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

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.

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

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 equipments	10-33

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

Normal maintenance and repair cost of the properties are expensed.

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

XIII. Explanations on Leasing Transactions

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

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

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

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

XIV. Explanations on Provisions and Contingent Liabilities

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

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

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016

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

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans:

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

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

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

Defined Contribution Plans:

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

Short-term Employee Benefits:

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

XVI. Explanations on Taxation

Corporate Tax:

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

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

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

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

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

As of September 30, 2016, the Bank has corporate income tax provision amounting to TL 87.835, which is netted with prepaid taxes amounting to TL 53.062 and shown in the liabilities amounting to TL 34.773 (December 31, 2015: Tax Asset TL 15).

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 deferred tax provision amounting to TL 69.682 in the statement of income. (December 31, 2015: TL 40.866).

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

Since the Bank is not listed, disclosure requirements of Turkish Financial Reporting Standards 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

None, other than above explanations.

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 September 2016 Bank's total capital has been calculated as TL 3.922.751, capital adequacy ratio is 15,83%. As of 31 December 2015, Bank's total capital amounted to TL 2.687.249 capital adequacy ratio was 12.19% calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

a. Information about Total Capital:

	Current Period 30 September 2016	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014)*
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842	
Share issue premiums	-	
Reserves	-	
Gains recognized in equity as per TAS	-	
Profit	165.915	
Current Period Profit	115.278	
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	-	
Common Equity Tier 1 Capital Before Deductions	3.454.757	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	74.021	
Improvement costs for operating leasing	61.642	
Goodwill (net of related tax liability)		
Other intangibles other than mortgage-servicing rights (net of related tax liability)	46.037	76.728
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	181.700	
Total Common Equity Tier 1 Capital	3.273.057	

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I. Explanations on Equity (continued)

	Current Period 30 September 2016	Amounts Subject to Pre- Basel III treatment (Before the 1/1/2014) *
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components -		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	30.691	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital		
Total Additional Tier I Capital	3.242.366	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	450.030	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	232.860	
Tier II Capital Before Deductions		
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital		
Total Tier II Capital	682.890	
Total Capital (The sum of Tier I Capital and Tier II Capital)		
	3.925.256	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	2.505	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	3.922.751	

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I. Explanations on Equity (continued)

	Current Period 30 September 2016	Amounts Subject to Pre-Basel III treatment (Before the 1/1/2014) (*)
TOTAL CAPITAL		
Total Capital (TIER I Capital and TIER II Capital)	3.925.256	
Total risk weighted amounts	24.779.056	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,21	
Tier I Capital Adequacy Ratio	13,09	
Capital Adequacy Ratio	15,83	
BUFFERS		
Total buffer requirement	0,638	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	0,013	
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	8,71	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	232.860	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	232.860	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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I. Explanations on Equity (continued)

Information related to the components of shareholders' equity:

Common Equity	Prior Period December 31, 2015(*)
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.496.150
Share premium	-
Share cancellation profits	-
Reserves	-
Gains recognized in equity as per TAS	-
Profit	50.637
Current Period Profit	50.290
Prior Period Profit	347
Provisions for Possible Risks	-
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	-
Common Equity Before Deductions	1.546.787
Deductions from Common Equity	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	199.649
Leasehold improvements (-)	68.834
Goodwill or other intangible assets and deferred tax liability related to these items (-)	18.611
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
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 in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Common Equity	287.094
Total Common Equity	1.259.693
ADDITIONAL TIER I CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)(**)	873.420
Additional Tier I Capital before Deductions	873.420
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
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 and Tier II Capital 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 (-)	-
Other items defined by BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	873.420
Deductions from Tier I Capital	
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	74.445
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Total Tier I Capital	2.058.668
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014) (***)	436.710
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	-
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	196.224
Tier II Capital Before Deductions	632.934
Deductions From Tier II Capital	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common 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 and Tier II Capital 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 (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	632.934
CAPITAL	2.691.602
Loans granted contrary to the 50th and 51th Article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	-
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Other items to be defined by the BRSA (-)	4.353
Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital 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 not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
TOTAL CAPITAL	2.687.249
Amounts below the Excess Limits as per the Deduction Principles	
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	40.866

(*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation.

(**) The Bank has classified the subordinated loans obtained from its controlling shareholder Bank Audi sal amounting to USD 100 million and USD 200 million respectively which were previously recognized as Tier II capital in the account of additional Tier I capital. Pursuant to the resolution taken by the Board of Directors of Odea Bank and Article 7 of the Regulation on Equity of Banks, the type of both loans were changed to perpetual and interest-free. As of April 1, 2014 including of the both loans to account of additional Tier I capital was approved by BRSA.

(***) The Bank was provided a subordinated loan with a value of USD 150 million, maturity of 10 years and with an interest rate of 6,5% on October 31, 2014 from its parent bank, Bank Audi. 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".

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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) (***)	450.030
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. 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".

(***) There are no accrued interests.

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II. Explanations on Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at September 30, 2016 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	23 September 2016	26 September 2016	27 September 2016	28 September 2016	29 September 2016	30 September 2016
USD	2,9522	2,9816	2,9789	2,9797	2,9966	3,0002
CHF	3,0385	3,0792	3,0701	3,0693	3,0893	3,0911
GBP	3,8219	3,8606	3,8684	3,8745	3,8950	3,8964
100 JPY	2,9250	2,9714	2,9664	2,9642	2,9514	2,9646
EURO	3,3127	3,3552	3,3414	3,3412	3,363	3,3644

	24 Dec 2015	25 Dec 2015	28 Dec 2015	29 Dec 2015	30 Dec 2015	31 Dec 2015
USD	2,9186	2,9152	2,9105	2,9082	2,9151	2,9114
CHF	2,9567	2,9533	2,9450	2,9328	2,9442	2,9152
GBP	4,3551	4,3501	4,3361	4,3062	4,3243	4,3086
100 JPY	2,4253	2,4236	2,4181	2,4177	2,4206	2,4210
EURO	3,1986	3,1986	3,1969	3,1796	3,1884	3,1691

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2016 are as follows:

	Monthly Average Foreign Exchange Rate
USD	2,9661
CHF	3,0411
GBP	3,9018
100 JPY	2,9058
EURO	3,3235

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II. Explanations on Currency Risk (continued)

September 30, 2016	EUR	USD	OTHER	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	567.965	2.500.241	4.013	3.072.219
Banks	18.987	96.468	15.008	130.463
Financial Assets at Fair Value Through Profit and Loss (***)	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	79	989.641	-	989.720
Loans (*)	5.852.741	7.794.043	-	13.646.784
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Held-To-Maturity Investments	-	367.193	-	367.193
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	22.497	79.576	-	102.073
Total Assets	6.462.269	11.827.162	19.021	18.308.452
Liabilities				
Bank Deposits	704.612	690.003	-	1.394.615
Other Deposits	5.977.144	8.192.613	54.630	14.224.387
Derivative financial liabilities(****)	-	-	-	-
Money Market Balances	-	12.622	-	12.622
Funds Provided From Other Financial Institutions	692.493	1.572.318	46.368	2.311.179
Subordinated Loan	-	450.111	-	450.111
Miscellaneous Payables	115	480	8	603
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	5.517	19.309	2.069	26.895
Total Liabilities	7.379.881	10.937.456	103.075	18.420.412
Net Balance Sheet Position	(917.612)	889.706	(84.054)	(111.960)
Net Off-Balance Sheet Position				
Financial Derivative Assets	6.138.505	7.779.067	351.139	14.268.711
Financial Derivative Liabilities	4.830.945	8.855.497	266.050	13.952.492
Forward deposit purchase commitments	24.393	207.015	7.793	239.201
Forward deposit sales commitments	63.605	40.833	7.793	112.231
Non-Cash Loans (**)	401.995	928.408	1.178	1.331.581
December 31, 2015				
Total Assets	4.917.160	12.170.305	5.255	17.092.720
Total Liabilities	6.809.876	13.330.657	78.168	20.218.701
Net Balance Sheet Position	(1.892.716)	(1.160.355)	(72.913)	(3.125.981)
Net Off-Balance Sheet Position	2.253.564	914.718	73.216	3.241.498
Financial Derivative Assets	4.345.123	6.354.179	419.434	11.118.736
Financial Derivative Liabilities	2.091.559	5.439.461	346.218	7.877.238
Forward deposit purchase commitments	21.391	52.693	1.075	75.159
Forward deposit sales commitments	43.575	27.730	437	71.742
Non-Cash Loans (**)	350.292	872.630	702	1.223.624

(*) Foreign currency indexed loans amounting to TL 1.680.946 are included in the loan portfolio.

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

(***) GLLP with FC 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	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
USD	% 10	(2.054)	(24.564)	(2.054)	(24.564)
USD	%(10)	2.054	24.564	2.054	24.564
EUR	% 10	35.074	36.085	35.074	36.085
EUR	%(10)	(35.074)	(36.085)	(35.074)	(36.085)

(*) 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
September 30, 2016							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.238.733	-	-	-	-	681.529	3.920.262
Banks	-	-	-	-	-	130.587	130.587
Financial Assets at Fair Value Through Profit and Loss	24.320	26.185	56.295	56.476	20.063	-	183.339
Money Market Placements	2.991.169	-	-	-	-	-	2.991.169
Available-For-Sale Financial Assets	-	-	252.586	353.628	817.603	1.740	1.425.557
Loans	6.463.202	5.458.735	5.148.806	4.515.926	1.563.059	372.915	23.522.643
Held-To-Maturity Investments	-	-	-	367.193	-	-	367.193
Other Assets	-	-	-	-	-	600.410	600.410
Total Assets	12.717.424	5.484.920	5.457.687	5.293.223	2.400.725	1.787.181	33.141.160
Liabilities							
Bank Deposits	748.489	350.770	305.547	-	-	50	1.404.856
Customer Deposits	14.268.678	8.347.478	419.146	3.787	-	1.105.174	24.144.263
Money Market Borrowings	274.250	-	9.910	-	-	-	284.160
Miscellaneous Payables	-	-	-	-	-	28.191	28.191
Marketable Securities Issued	42.229	-	-	-	-	-	42.229
Subordinated Loans(*)	-	-	-	-	450.111	-	450.111
Funds Provided From Other Financial Institutions	509.173	816.597	990.733	1.832	-	-	2.318.335
Other Liabilities (**)	27.190	44.522	66.348	42.250	10.335	4.278.370	4.469.015
Total Liabilities	15.870.009	9.559.367	1.791.684	47.869	460.446	5.411.785	33.141.160
Balance Sheet Long Position	-	-	3.666.003	5.245.354	1.940.279	-	10.851.636
Balance Sheet Short Position	(3.152.585)	(4.074.447)	-	-	-	(3.624.604)	(10.851.636)
Off-Balance Sheet Long Position	7.407.308	6.145.613	3.942.246	2.282.350	642.964	-	20.420.481
Off-Balance Sheet Short Position	(7.912.422)	(6.424.829)	(3.072.319)	(2.442.448)	(608.699)	-	(20.460.717)
Total Position	(3.657.699)	(4.353.663)	4.535.930	5.085.256	1.974.544	(3.624.604)	(40.236)

(*) 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. 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 3.380.736, TL 79.536 TL tax liabilities, TL 514.287 provisions and TL 303.811 other liabilities.

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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
December 31, 2015							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.937.140	-	-	-	-	137.444	4.074.584
Banks	-	-	-	-	-	35.986	35.986
Financial Assets at Fair Value Through Profit and Loss	17.064	20.728	41.271	21.325	25.337	-	125.725
Money Market Placements	4.061.196	-	-	-	-	-	4.061.196
Available-For-Sale Financial Assets	41.042	598.091	452.760	-	-	5.285	1.097.178
Loans	3.688.373	5.081.545	6.500.236	4.674.337	1.562.886	299.494	21.806.871
Held-To-Maturity Investments	-	-	-	364.449	-	-	364.449
Other Assets	-	-	-	-	-	516.719	516.719
Total Assets	11.744.815	5.700.364	6.994.267	5.060.111	1.588.223	994.928	32.082.708
Liabilities							
Bank Deposits	496.754	238.524	268.957	-	-	175	1.004.410
Customer Deposits	13.530.074	9.073.643	342.758	4.325	-	1.378.286	24.329.086
Money Market Borrowings	156.858	-	-	-	-	-	156.858
Miscellaneous Payables	-	-	-	-	-	4.770	4.770
Marketable Securities Issued	154.995	-	-	-	-	-	154.995
Subordinated Loans(*)	-	-	-	-	436.789	873.420	1.310.209
Funds Provided From Other Financial Institutions	560.687	1.092.197	862.064	284.872	333.649	-	3.133.469
Other Liabilities (**)	32.478	30.802	61.650	16.265	1.524	1.846.192	1.988.911
Total Liabilities	14.931.846	10.435.166	1.535.429	305.462	771.962	4.102.843	32.082.708
Balance Sheet Long Position	-	-	5.634.688	4.754.649	1.253.051	-	11.642.388
Balance Sheet Short Position	(3.187.031)	(5.347.440)	-	-	-	(3.107.917)	(11.642.388)
Off-Balance Sheet Long Position	5.600.129	3.349.807	3.434.632	2.187.155	818.828	-	15.390.551
Off-Balance Sheet Short Position	(5.635.791)	(3.384.390)	(3.488.817)	(2.183.467)	(818.828)	-	(15.511.293)
Total Position	(3.222.693)	(5.382.023)	5.580.503	4.758.337	1.253.051	(3.107.917)	(120.742)

(*) The Bank has classified the subordinated loans obtained from its controlling shareholder Bank Audi sal amounting to USD 100 million and USD 200 million respectively which were previously recognized as Tier II capital in the account of additional Tier I capital. Pursuant to the resolution taken by the Board of Directors of Odea Bank and Article 7 of the Regulation on Equity of Banks, the type of both loans were changed to perpetual and interest-free. As of April 1, 2014 including of the both loans to account of additional Tier I capital was approved by BRSA. On the other hand 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. 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 1.347.139, TL 47.976 tax liabilities, TL 255.055 provisions and TL 196.022 other liabilities.

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
September 30, 2016				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	0,49	-	2,99
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,33
Money Market Placements	-	-	-	8,25
Available-For-Sale Financial Assets	-	6,10	-	9,20
Loans	5,56	6,61	-	15,36
Held-To-Maturity Investments	-	3,47	-	-
Liabilities				
Bank Deposits	2,05	2,75	-	8,17
Customer Deposits	2,16	2,90	-	11,13
Money Market Balances	-	-	-	7,24
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	11,70
Funds Provided From Other Financial Institutions	2,07	2,80	-	6,71

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III. Explanations on Interest Rate Risk (continued)

	EURO	USD	JPY	TL
	%	%	%	%
December 31, 2015				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	0,28	-	5,45
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	10,37
Money Market Placements	-	-	-	10,75
Available-For-Sale Financial Assets	-	6,19	-	9,74
Loans	5,61	6,26	-	14,74
Held-To-Maturity Investments	-	3,52	-	-
Liabilities				
Bank Deposits	2,12	2,30	-	6,52
Customer Deposits	2,19	2,36	-	12,36
Money Market Borrowings	-	-	-	7,24
Subordinated Loans	-	6,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	10,40
Funds Provided From Other Financial Institutions	2,13	2,08	-	6,70

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 is the risk that the Bank's financial condition is adversely affected as a result of its inability to meet both expected and unexpected current and future cash flow and collateral needs in a timely and cost efficient manner.
- Market liquidity risk is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption ultimately leading to loss.

Management of Bank's liquidity risk is carried out in scope of responsibilities of Board of Directors, Audit 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.

Audit Committee evaluates and approves short, medium and long term liquidity risk management strategies. Audit Committee also provides general adaptability of the Bank to principals and management procedures included in the management of the risk. Audit 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 Audit 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, Audit 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 50% for foreign currency assets and liabilities and 70% for total assets and liabilities for the year 2016. Both of the aforementioned rates shall be increased by 10% annually until 2019 and foreign currency shall be applied as 80% while total shall be applied as 100%.

Information regarding weekly solo liquidity coverage ratios realized in the third quarter of 2016 is as follows:

Current Period-30.09.2016		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
HIGH QUALITY LIQUID ASSETS				5.248.315	2.094.005
1	High quality liquid assets	6.534.813	3.380.502	5.248.315	2.094.005
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	14.049.626	7.693.500	1.352.289	769.350
3	Stable deposits	1.053.477	-	52.674	-
4	Less stable deposits	12.996.149	7.693.500	1.299.615	769.350
5	Unsecured Funding other than Retail and Small Business Customer Deposits	9.569.180	6.668.599	4.888.401	3.572.358
6	Operational deposits	28.779	32	7.195	8
7	Non-Operational Deposits	8.709.730	6.101.015	4.050.535	3.004.799
8	Other Unsecured Funding	830.671	567.552	830.671	567.552
9	Secured funding	-	-	-	-
10	Other Cash Outflows	4.694.038	2.995.973	715.603	1.613.751
11	Liquidity needs related to derivatives and market	604.127	1.449.087	334.160	1.449.087
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.089.911	1.546.886	381.443	164.664
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS	-	-	6.956.293	5.955.459
CASH INFLOWS					
17	Secured Lending Transactions	2.222.984	-	-	-
18	Unsecured Lending Transactions	2.227.601	888.678	1.739.141	736.904
19	Other contractual cash inflows	247.779	2.398.025	247.779	2.398.025
20	TOTAL CASH INFLOWS	4.698.364	3.286.703	1.986.920	3.134.929
		Upper Limit Applied Amounts			
21	TOTAL HQLA	-	-	5.248.315	2.094.005
22	TOTAL NET CASH OUTFLOWS	-	-	4.969.373	2.820.530
23	Liquidity Coverage Ratio (%)	-	-	107,28	76,92

(*) 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 2015 is as follows:

Prior Period-31.12.2015		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				6.064.442	2.945.037
1	High quality liquid assets	7.349.775	4.230.369	6.064.442	2.945.037
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	13.500.995	7.605.381	1.301.172	750.517
3	Stable deposits	978.555	200.420	48.928	10.021
4	Less stable deposits	12.522.440	7.404.961	1.252.244	740.496
5	Unsecured Funding other than Retail and Small Business Customer Deposits	9.721.066	7.103.915	4.724.319	3.504.049
6	Operational deposits	27.329	159	6.832	40
7	Non-Operational Deposits	8.836.495	6.538.928	3.860.244	2.939.181
8	Other Unsecured Funding	857.241	564.828	857.241	564.828
9	Secured funding	-	-	-	-
10	Other Cash Outflows	4.045.331	2.514.290	541.783	1.210.476
11	Liquidity needs related to derivatives and market	162.948	1.051.338	162.948	1.051.338
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.882.383	1.462.952	378.835	159.138
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			6.567.274	5.465.043
CASH INFLOWS					
17	Secured Lending Transactions	2.346.846	-	-	-
18	Unsecured Lending Transactions	2.776.275	1.129.796	2.226.959	911.834
19	Other contractual cash inflows	53.162	2.455.946	53.162	2.455.946
20	TOTAL CASH INFLOWS	5.176.283	3.585.742	2.280.121	3.367.780
Upper limit applied amounts					
21	TOTAL HQLA	-	-	6.064.442	2.945.037
22	TOTAL NET CASH OUTFLOWS	-	-	4.287.153	2.117.458
23	Liquidity Coverage Ratio (%)	-	-	142,74	144,14

(*) 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 Period -30/09/2016		Prior Period -31/12/2015	
	TL+FC	FC	TL+FC	FC
Lowest Week	86,10 05/08/2016	51,56 30/09/2016	114,40 25.12.2015	109,96 20.11.2015
Highest Week	132,73 19/08/2016	127,79 02/09/2016	178,36 09.10.2015	217,73 16.10.2015
Average	107,28	76,92	142,74	144,14

Presentation of assets and liabilities according to their remaining maturities:

September 30, 2016	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.920.262	-	-	-	-	-	-	3.920.262
Banks	130.587	-	-	-	-	-	-	130.587
Financial Assets at Fair Value Through Profit and Loss	-	24.526	25.979	46.041	66.730	20.063	-	183.339
Money Market Placements	-	2.991.169	-	-	-	-	-	2.991.169
Available-For-Sale Financial Assets	-	-	-	-	606.214	817.603	1.740	1.425.557
Loans	-	1.160.383	925.833	4.486.390	9.532.314	7.044.808	372.915	23.522.643
Held-To-Maturity Investments	-	-	-	-	367.193	-	-	367.193
Other Assets	-	-	-	-	-	-	600.410	600.410
Total Assets	4.050.849	4.176.078	951.812	4.532.431	10.572.451	7.882.474	975.065	33.141.160
Liabilities								
Bank Deposits	50	531.551	338.623	20.458	514.174	-	-	1.404.856
Customer Deposits	1.105.174	14.268.678	8.347.478	419.146	3.787	-	-	24.144.263
Funds Provided From Other Financial Institutions	-	406.635	257.762	915.226	355.797	382.915	-	2.318.335
Money Market Borrowings	-	274.250	-	9.910	-	-	-	284.160
Marketable Securities Issued	-	42.229	-	-	-	-	-	42.229
Subordinated Loans(**)	-	-	-	-	-	450.111	-	450.111
Miscellaneous Payables	-	-	-	-	-	-	28.191	28.191
Other Liabilities (***)	-	22.386	42.880	36.795	78.249	10.335	4.278.370	4.469.015
Total Liabilities	1.105.224	15.545.729	8.986.743	1.401.535	952.007	843.361	4.306.561	33.141.160
Liquidity Gap	2.945.625	(11.369.651)	(8.034.931)	3.130.896	9.620.444	7.039.113	(3.331.496)	-
Net Off-Balance Sheet Position	-	1.668	(27.219)	(8.647)	(4.884)	(1.154)	-	(40.236)
Financial Derivative Assets	-	6.443.318	5.277.539	2.952.532	4.715.253	1.031.839	-	20.420.481
Financial Derivative Liabilities	-	6.441.650	5.304.758	2.961.179	4.720.137	1.032.993	-	20.460.717
Non-Cash Loans	-	976.143	520.102	806.408	12.801	-	-	2.315.454
Prior period								
Total Assets	4.110.570	5.376.491	905.642	4.128.239	9.893.018	6.847.250	821.498	32.082.708
Total Liabilities	1.378.461	14.929.513	10.434.953	1.533.686	308.721	772.992	2.724.382	32.082.708
Liquidity Gap	2.732.109	(9.553.022)	(9.529.311)	2.594.553	9.584.297	6.074.258	(1.902.884)	-

(*) 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. 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 3.380.736, TL 79.536 tax liabilities, TL 514.287 provisions and TL 303.811 other liabilities.

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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 7,78% (December 31, 2015: 5,82%). According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

	Current Period 30 September 2016(*)	Prior Period 31 December 2015(*)
Balance sheet transactions		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	32.542.274	31.865.370
2 (Assets deducted from Core capital)	(93.348)	(80.499)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	32.448.926	31.784.871
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	242.951	292.073
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)	242.951	292.073
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity		
7 (excluding Balance sheet)	-	-
8 Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity		
9 (sum of lines 7 and 8)	-	-
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	4.338.217	3.654.590
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	4.338.217	3.654.590
Capital and total risk		
13 Core Capital	2.886.706	2.078.091
14 Total risk amount(sum of lines 3, 6, 9 and 12)	37.030.094	35.731.534
Leverage ratio		
15 Leverage ratio	7,78	5,82

(*) 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

Overview of RWA

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
		30 September 2016	31 December 2015	30 September 2016
1	Credit risk (excluding counterparty credit risk) (CCR)	22.843.994	21.024.610	1.827.519
2	Standardised approach (SA)	22.843.994	21.024.610	1.827.519
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	385.236	4.542	30.819
5	Standardised approach for counterparty credit risk (SA-CCR)	385.236	4.542	30.819
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	522.538	487.375	41.803
17	Standardised approach (SA)	522.538	487.375	41.803
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.027.288	525.161	82.183
20	Basic Indicator Approach	1.027.288	525.161	82.183
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	24.779.056	22.041.688	1.982.324

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Cash in Vault	73.798	69.314	65.252	72.078
Balances with the Central Bank of Turkey	774.245	3.002.905	464.333	3.472.921
Other	-	-	-	-
Total	848.043	3.072.219	529.585	3.544.999

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

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Unrestricted demand deposits	774.245	159	464.333	84
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	3.002.746	-	3.472.837
Total	774.245	3.002.905	464.333	3.472.921

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 09 September 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2016 (31 December 2015: 5% and 25 % 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:

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Classified as unrestricted	6.459	-	24.812	-
Subject to repurchase agreements	-	-	-	-
Given as collateral/blocked	-	-	-	-
Total	6.459	-	24.812	-

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

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

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Forward Transactions	4.872	2.222	19.104	4.952
Swap Transactions	101.666	47.403	37.022	16.135
Futures Transactions	-	-	-	-
Options	14.044	6.673	20.063	3.637
Other	-	-	-	-
Total	120.582	56.298	76.189	24.724

3. Information on banks:

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Banks				
Domestic	124	-	114	-
Foreign	-	130.463	-	35.872
Branches and head office abroad	-	-	-	-
Total	124	130.463	114	35.872

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

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

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	157.738	-	285.673	-
Other	-	-	-	-
Total	157.738	-	285.673	-

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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 September 30, 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 270.875 (31 December 2015: TL 157.575).

b) Information on financial assets available for sale portfolio:

	September 30, 2016	December 31, 2015
Debt securities	1.423.817	1.091.893
Quoted on a stock exchange	1.423.817	1.091.893
Not quoted	-	-
Share certificates	1.740	5.285
Quoted on a stock exchange	-	-
Not quoted	1.740	5.285
Value Decrease (-) / Increase (+)	-	-
Total	1.425.557	1.097.178

5. Information on loans:

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

	September 30, 2016		December 31, 2015	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	14.608	-	16.770
Loans granted to employees	7.143	-	7.071	-
Total	7.143	14.608	7.071	16.770

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		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	21.737.180	208.148	-	583.898	620.501	-
Discount notes	-	-	-	-	-	-
Export loans	1.453.081	-	-	3.671	21.543	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	48.506	-	-	1.998	-	-
Foreign loans	396.407	-	-	32.130	-	-
Consumer loans	2.031.533	224	-	133.402	47.786	-
Credit cards	258.276	-	-	18.538	-	-
Precious metals loans	-	-	-	-	-	-
Other	17.549.377	207.924	-	394.159	551.172	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	21.737.180	208.148	-	583.898	620.501	-

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

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

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	208.148	620.501
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	208.148	620.501

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring(*)
0 - 6 Months	151.941	198.511
6 - 12 Months	224	7.603
1 - 2 Years	24.100	108.877
2 - 5 Years	31.883	300.802
5 Years and over	-	4.708
Total	208.148	620.501

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

Information on loan types and provisions:

30 September 2016	Corporate	Commercial and SME	Retail	Total
Standard Loans	11.025.479	8.648.760	2.271.089	21.945.328
Close Monitoring Loans	108.341	886.972	209.086	1.204.399
Non-performing loans	14.707	559.708	162.067	736.482
Specific Provision (-)	(11.290)	(245.929)	(106.347)	(363.566)
Total	11.137.237	9.849.511	2.535.895	23.522.643

31 December 2015	Corporate	Commercial and SME	Retail	Total
Standard Loans	10.132.451	8.545.766	2.046.005	20.724.222
Close Monitoring Loans	49.981	577.762	155.413	783.156
Non-performing loans	16.632	338.172	133.123	487.927
Specific Provision (-)	(12.739)	(115.246)	(60.449)	(188.434)
Total	10.186.325	9.346.454	2.274.092	21.806.871

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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
Consumer Loans - TL	89.056	2.029.165	2.118.221
Housing Loans	448	631.257	631.705
Car Loans	351	40.779	41.130
General Purpose Loans	88.257	1.357.129	1.445.386
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	74.219	74.219
Housing Loans	-	74.219	74.219
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	265.237	5	265.242
With Installments	82.129	5	82.134
Without Installments	183.108	-	183.108
Individual Credit Cards-FC	67	-	67
With Installments	21	-	21
Without Installments	46	-	46
Personnel Loans - TL	333	4.889	5.222
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	333	4.889	5.222
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	1.919	2	1.921
With Installments	781	2	783
Without Installments	1.138	-	1.138
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	15.283	-	15.283
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	371.895	2.108.280	2.480.175

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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
Commercial loans with installment facility-TL	192.057	4.218.190	4.410.247
Business Loans	-	6.442	6.442
Car Loans	553	35.713	36.266
General Purpose Loans	191.504	4.176.035	4.367.539
Other	-	-	-
Commercial loans with installment facility-Indexed to FC	57.430	799.895	857.325
Business Loans	-	-	-
Car Loans	-	6.046	6.046
General Purpose Loans	57.430	793.849	851.279
Other	-	-	-
Commercial loans with installment facility -FC	165.116	10.666.120	10.831.236
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	165.116	10.666.120	10.831.236
Other	-	-	-
Corporate Credit Cards-TL	9.572	-	9.572
With Installments	649	-	649
Without Installments	8.923	-	8.923
Corporate Credit Cards-FC	12	-	12
With Installments	-	-	-
Without Installments	12	-	12
Overdraft Accounts-TL (Legal Entities)	156.381	-	156.381
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	580.568	15.684.205	16.264.773

f) Distribution of domestic and foreign loans:

	September 30, 2016	December 31, 2015
Domestic loans	22.721.190	21.061.787
Foreign loans	428.537	445.591
Total	23.149.727	21.507.378

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2016	December 31, 2015
Specific provisions		
Loans and receivables with limited collectability	15.722	16.516
Loans and receivables with doubtful collectability	82.557	72.275
Uncollectible loans and receivables	265.287	99.643
Total	363.566	188.434

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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:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2015 balance	120.268	217.916	149.743
Additions (+)	351.277	-	-
Transfers from other categories of non-performing loans (+)	-	342.889	322.233
Transfers to other categories of non-performing loans (-)	342.889	322.233	-
Collections (-)	15.589	19.995	23.745
Write-offs (-) (*)	-	-	43.393
Corporate and commercial loans	-	-	-
Retail loans	-	-	34.748
Credit cards	-	-	8.645
Other (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
September 30, 2016 balance	113.067	218.577	404.838
Specific provision (-)	15.722	82.557	265.287
Net Balances on Balance Sheet	97.345	136.020	139.551

(*) In 2016 with the decision of Board of Directors and in accordance with laws of "Regulations of Provisions", retail loans with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been removed from the assets, by the bank (December 31, 2015: TL 45.618).

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:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
September 30, 2016 (Net)	97.345	136.020	139.551
Loans to Real Persons and Legal Entities (Gross)	113.067	218.577	404.838
Specific provision (-)	15.722	82.557	265.287
Loans to Real Persons and Legal Entities (Net)	97.345	136.020	139.551
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2015 (Net)	103.752	145.641	50.100
Loans to Real Persons and Legal Entities (Gross)	120.268	217.916	149.743
Specific provision (-)	16.516	72.275	99.643
Loans to Real Persons and Legal Entities (Net)	103.752	145.641	50.100
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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j) Main principles of liquidation policies of nonperforming loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of September 30, 2016, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 139.551 (December 31, 2015: TL 50.100).

k) Explanations on write-off policy:

In 2016 with the decisions of Board of Directors and in accordance with laws of "Regulations of Provisions", retail loans and credit cards with special provision at the rate of 100%, without any collateral, amounting to TL 43.393 have been moved to off- balance sheet by means of renounce and removed from the assets, by the bank (December 31, 2015: TL 45.618).

6. Information on held-to-maturity investments:

a) Information on held-to-maturity investments given as collateral or blocked: As of September 30, 2016, held-to-maturity investments given as collateral is amounting to TL 97.937 (December 31, 2015: None).

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

c) The Bank has TL 367.193 held-to-maturity investments as of September 30, 2016 (December 31, 2015: TL 364.449).

d) Movement on held-to-maturity investments:

	September 30, 2016	December 31, 2015
Beginning Balance	364.449	300.091
Foreign Currency Differences on Monetary Assets	-	-
Purchases during year	-	-
Disposals Through Sales and Redemptions	-	-
Impairment Provision	-	-
Change in Amortized Cost (*)	2.744	64.358
Total	367.193	364.449

(*)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.

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

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets (Net):

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

13. Information on intangible assets:

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

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of September 30, 2016, the Bank has deferred tax asset amounting to TL 69.682 arising from deductible temporary differences (December 31, 2015: TL 40.866).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

As of September 30, 2016 the Bank has assets held for sale and discontinued operations amounting to TL 42.568 (December 31, 2015: TL 29.879).

17. Information on other assets

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) **September 30, 2016**

	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	168.070	-	1.124.669	5.479.673	49.575	221.232	13.306	-	7.056.525
Foreign currency deposits	605.860	-	1.108.571	11.594.285	625.428	230.958	58.609	-	14.223.711
Residents in Turkey	563.343	-	1.108.571	11.504.030	537.138	226.730	10.999	-	13.950.811
Residents abroad	42.517	-	-	90.255	88.290	4.228	47.610	-	272.900
Public sector deposits	59.399	-	-	4.055	-	-	-	-	63.454
Commercial deposits	270.006	-	324.601	1.838.176	48.364	3.615	130	-	2.484.892
Other institutions deposits	1.195	-	3.244	288.459	22.133	-	6	-	315.037
Precious metals deposits	644	-	-	-	-	-	-	-	644
Interbank deposits	50	-	216.938	780.064	99.387	308.417	-	-	1.404.856
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	50	-	216.938	780.064	99.387	308.417	-	-	1.404.856
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.105.224	-	2.778.023	19.984.712	844.887	764.222	72.051	-	25.549.119

December 31, 2015

	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	93.895	-	440.258	5.549.307	1.257	11.308	21.058	-	6.117.083
Foreign currency deposits	786.076	-	1.769.195	11.736.065	313.341	87.283	72.100	-	14.764.060
Residents in Turkey	760.665	-	1.668.163	11.633.646	313.117	84.331	56.456	-	14.516.378
Residents abroad	25.411	-	101.032	102.419	224	2.952	15.644	-	247.682
Public sector deposits	24.861	-	-	403	-	-	-	-	25.264
Commercial deposits	472.221	-	508.143	2.025.806	4.843	18.475	1.120	-	3.030.608
Other institutions deposits	312	-	3.931	386.907	-	-	-	-	391.150
Precious metals deposits	921	-	-	-	-	-	-	-	921
Interbank deposits	175	-	106.319	572.602	49.578	275.736	-	-	1.004.410
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	175	-	106.319	572.602	49.578	275.736	-	-	1.004.410
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.378.461	-	2.827.846	20.271.090	369.019	392.802	94.278	-	25.333.496

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

i. Information on saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Saving deposits	1.798.879	1.263.479	5.257.646	4.853.604
Foreign currency saving deposits	295.329	298.778	7.407.231	7.717.182
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	2.094.208	1.562.257	12.664.877	12.570.786

(*) 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:

	September 30,2016	December 31,2015
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	23.995	21.159
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Forward Transactions	7.260	1.413	10.350	2.978
Swap Transactions	113.068	34.948	81.239	10.258
Futures Transactions	-	-	-	-
Options	19.253	14.703	32.641	5.253
Other	-	-	-	-
Total	139.581	51.064	124.230	18.489

3. Information on borrowings:

a) Information on banks and other financial institutions:

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
From Domestic Banks and Institutions	7.156	16.821	5.130	39.792
From Foreign Banks, Institutions and Funds	-	2.294.358	-	3.088.547
Total	7.156	2.311.179	5.130	3.128.339

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

b) Maturity analysis of borrowings:

	September 30, 2016		December 31, 2015	
	TL	FC	TL	FC
Short-term	5.295	861.043	4.666	1.822.297
Medium and long-term	1.861	1.450.136	464	1.306.042
Total	7.156	2.311.179	5.130	3.128.339

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

	September 30, 2016	December 31, 2015
Funds Provided Under Repurchase Agreements	271.538	156.858
Total	271.538	156.858

5. Marketable Securities Issued (Net):

	September 30, 2016	December 31, 2015
Bank Bills	42.229	154.995
Total	42.229	154.995

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 101.420, maturity on July 15, 2016 and with a simple interest rate of 11.68% on January 18, 2016, a bill with a nominal value of TL 42.700, maturity on October 24, 2016 and with a simple interest rate of 11.00% on April 28, 2016 and a bill with a nominal value of TL 51.030, maturity on September 23, 2016 and with a simple interest rate of 11.00% on June 21, 2016 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

	September 30, 2016	December 31, 2015
General Provisions	232.860	196.224
I. Provisions for First Group Loans and Receivables	184.545	160.744
o/w - Provision for extended loans	5.526	1.786
II. Provisions for Second Group Loans and Receivables	41.677	30.159
o/w - Provision for extended loans	29.907	23.793
Provisions for Non-cash Loans and Derivative Financial Instruments	6.638	5.321
Total	232.860	196.224

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 1.171 on the foreign currency indexed loans are netted off from loans on the balance sheet.(December 31, 2015: TL 7.068).

c) Provisions for NPL customers' non-cash loans that are not converted into cash: As of September 30, 2016 provision for NPL customers' non-cash loans that are not converted into cash is TL 4.341 (December 31, 2015: TL 3.501).

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

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

	September 30, 2016	December 31, 2015
Employee termination benefit provision	7.965	4.983
Unused vacation provision	5.335	5.163
Total of provision for employee benefits	13.300	10.146

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 221.722 (December 31, 2015: None).

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 42.064 for the year of 2016 (December 31, 2015: TL 44.477).

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 September 30, 2016, the Bank has corporate income tax provision amounting to TL 87.835, which is netted with prepaid taxes amounting to TL, 53.062 and shown in the liabilities amounting to TL 34.773 (December 31, 2015: Tax Asset TL 15).

a.2) Explanations on taxes payable:

	September 30, 2016	December 31, 2015
Payroll Tax	3.923	3.622
Taxation on Securities	22.686	23.767
BITT	13.491	15.637
Property Tax	497	260
Value Added Tax Payable	70	1.163
Stamp Tax	120	106
Corporate Taxes Payable	34.773	-
Foreign Exchange Transaction Tax	-	-
Other	452	534
Total	76.012	45.089

a.3) Information on premiums:

	September 30, 2016	December 31, 2015
Social Security Premiums-Employer	1.703	1.393
Social Security Premiums-Employee	1.503	1.233
Unemployment Insurance-Employer	212	174
Unemployment Insurance-Employee	106	87
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Other	-	-
Total	3.524	2.887

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

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

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

12. Information on Subordinated Loans:

	September 30, 2016		December 31 2015	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From foreign banks	-	450.111	-	1.310.209
Total	-	450.111	-	1.310.209

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. 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". On the other hand, pursuant to the approval of BRSA dated December 8, 2015, The Bank, on March 1, 2016, converted into TL the capital contribution which were obtained from its controlling shareholder Bank Audi sal amounting to total USD 300 million, and completed the necessary legal and administrative procedures with the relevant authorities and added the counter value TL 883.530 to the paid in capital on March 31, 2016.

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of September 30, 2016 the Bank's paid in capital consists of 3.288.842.000 shares which nominal value is TL 1.

TL	September 30, 2016	December 31, 2015
Common stock(*)	3.288.842	1.496.150
Preferred stock	-	-
Total	3.288.842	1.496.150

(*) Nominal Capital

b) The Bank does not apply registered share capital system.

c) Information on share capital increases and their sources: Pursuant to the approval of BRSA dated December 8, 2015, The Bank, on March 1, 2016, converted into TL the capital contribution which were obtained from its controlling shareholder Bank Audi sal amounting to total USD 300 million, and completed the necessary legal and administrative procedures with the relevant authorities and added the counter value TL 883.530 to the paid in capital on March 31, 2016.

On August 10, 2016, in line with Article 473 and Article 474/2 of the Turkish Commercial Code, The Bank simultaneously reduced the paid in capital by TL 90.838 and increased by TL 1.000.000 to TL 3.288.842 where TL 224.451 have been subscribed by Bank Audi S.A.L., TL 263.394 by European Bank for Reconstruction and Development, TL 209.252 by International Finance Corporation, TL 112.674 by IFC FIG Investment Company S.a.r.l, TL 131.697 by H.H. Sheikh Dheyab Binzayed Binsultan Al-Nahyan and TL 58.532 by Mr. Mohammad Hassan Zeidan.

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

- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

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

	September 30, 2016	December 31, 2015
Valuation Difference	(8.282)	(43.071)
Foreign Exchange Difference	-	-
Total	(8.282)	(43.071)

- i) Information on legal reserves: None.
- j) Information on extraordinary reserves: None.

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:

	September 30, 2016	December 31, 2015
Forward asset purchase and sales commitments	535.074	217.670
Loan granting commitments	624.552	269.068
Commitments for checks	94.600	95.023
Credit card limit commitments	492.149	314.447
Other irrevocable commitments	5.287	5.242
Total	1.751.662	901.450

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

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

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

	September 30, 2016	December 31, 2015
Other guarantees and collaterals	1.651.914	1.748.730
Letters of credit	570.734	480.011
Bank acceptance loans	92.806	68.037
Total	2.315.454	2.296.778

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

	September 30, 2016	December 31, 2015
Definite letter of guarantees	963.710	1.019.448
Temporary letter of guarantees	13.526	32.949
Other letter of guarantees	674.678	696.333
Total	1.651.914	1.748.730

c) Total amount of non-cash loans:

	September 30, 2016	December 31, 2015
Non-cash loans given to cover cash loans		
With maturity of 1 year or less than 1 year	128.122	40.687
With maturity of more than 1 year	-	-
Other non-cash loans	2.187.332	2.256.091
Total	2.315.454	2.296.778

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	September 30, 2016		September 30, 2015	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	435.427	35.560	453.898	34.609
Medium and long term loans	665.527	510.613	531.964	408.238
Interest on non-performing loans	-	-	-	-
Total	1.100.954	546.173	985.862	442.847

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

b) Information on interest received from banks:

	September 30, 2016		September 30, 2015	
	TL	FC	TL	FC
The Central Bank of Republic of Turkey (CBRT)	27.135	-	5.319	1.830
Domestic banks	56.883	648	65.589	594
Foreign banks	-	601	-	170
Branches and head office abroad	-	-	-	-
Total	84.018	1.249	70.908	2.594

c) Interest received from marketable securities portfolio:

	September 30, 2016		September 30, 2015	
	TL	FC	TL	FC
Trading securities	1.223	-	1.812	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	35.086	23.550	29.305	27.503
Held-to-maturity securities	-	9.696	-	9.986
Total	36.309	33.246	31.117	37.489

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

2. a) Information on interest on funds borrowed:

	September 30, 2016		September 30, 2015	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	247	66.419	379	49.974
The Central Bank of Turkey	-	46	-	-
Domestic banks	247	125	379	231
Foreign banks	-	66.248	-	49.743
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	247	66.419	379	49.974

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IV. Explanations and Disclosures Related to the Statement of Income

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

c) Information on interest expense to marketable securities issued: As of September 30, 2016; The bank has interest expense to marketable securities issued amounting to TL 9.437 (September 30, 2015: TL 14.531).

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

September 30, 2016								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	545	-	-	-	-	-	545
Saving deposits	190	64.375	485.971	3.671	5.768	1.028	-	561.003
Public sector deposits	-	2	248	-	-	-	-	250
Commercial deposits	39	20.681	179.372	2.356	228	14	-	202.690
Other deposits	1	645	31.528	1.568	-	-	-	33.742
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	230	86.248	697.119	7.595	5.996	1.042	-	798.230
Foreign Currency								
Foreign currency deposits	68	12.173	232.992	11.107	3.235	1.541	-	261.116
Bank deposits	-	19.046	-	-	-	-	-	19.046
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	68	31.219	232.992	11.107	3.235	1.541	-	280.162
Grand Total	298	117.467	930.111	18.702	9.231	2.583	-	1.078.392

3. Information on Dividend Income: None.

4. Information on net trading income:

	September 30, 2016	September 30, 2015
Income	6.782.302	6.500.624
Gains on capital market operations	355.282	4.773
Gains on derivative financial instruments	978.309	1.437.586
Foreign exchange gains	5.448.711	5.058.265
Losses (-)	6.558.986	6.655.674
Losses on capital market operations	17.875	7.422
Losses on derivative financial instruments	944.209	943.536
Foreign exchange losses	5.596.902	5.704.716
Net Amount	223.316	(155.050)

5. Information on other operating income: As of September 30, 2016; other operating income includes the adjustment account for previous years' expenses and other operating income. Also, further to the sale of Visa Europe Ltd. to Visa Inc., the Bank in exchange of the EUR 10 nominal of Visa Europe Ltd. shares, received EUR 1.323.747,95 in cash and 480 Series C of preferred stock. Above mentioned closing cash consideration, stock and the deferred cash proceeds resulted in TL 6.216 of gain that was reported under "Other operating Income"

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IV. Explanations and Disclosures Related to the Statement of Income

6. Provision for impairment of loans and other receivables:

	September 30, 2016	September 30, 2015
Specific provisions for loans and other receivables (*)	216.661	155.458
III. Group Loans and Receivables	17.445	38.531
IV. Group Loans and Receivables	94.725	55.075
V. Group Loans and Receivables	104.491	61.852
General loan loss provision expenses / (income)	30.459	41.539
Provision expenses for possible losses	221.722	-
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	-	-
Total	468.842	196.997

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

7. Information on other operating expenses:

	September 30, 2016	September 30, 2015
Personnel expenses	216.085	182.485
Employee termination benefit provision	2.983	1.830
Taxes and duties	-	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	31.556	26.332
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	21.018	13.047
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	520	33
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	218.679	159.157
Rent expenses	47.123	38.886
Maintenance expenses	3.097	1.762
Advertisement expenses	27.509	25.025
Other expenses (*)	140.950	93.484
Loss on sales of assets	-	-
Total	490.841	382.884

(*)As of September 30, 2016, other operating expenses include taxes and similar disbursements expenses amounting to TL 29.927, IT expenses amounting to TL 25.178, support services amounting to TL 16.387, premiums for saving deposit insurance fund amounting to TL 11.111, communication and other expenses amounting to TL 7.941.

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

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

As of September 30, 2016, the Bank's profit before tax from continued operations is TL153.517.

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

As of September 30, 2016, The Bank has deferred tax income amounting to TL 37.513 through temporary difference and The Bank has current tax expense TL 75.752. (September 30, 2015: TL 11.822 deferred tax income and TL 7.839 current tax expense.)

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

As of September 30, 2016, the Bank's net profit from continued operations is TL 115.278 (30 September 2015: TL 36.722).

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

- a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: In the 2016, Odeabank purchased USD denominated Eurobonds through sale of LBP T-Bills (nominal amount of LBP 595 billion) with the Central Bank of Lebanon that generated capital gains of TL 349.555.

As at September 30, 2016 , the Bank constituted TL 221.722 of free provisions above the regulatory general provisions requirements for possible results of the circumstances which may arise from possible changes in the economy or market conditions.

- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- c) Profit or loss attributable to minority shares: None.

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

None.

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V. Explanations on the Risk Group of the Bank

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

a) **September 30, 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
Loans and other receivables						
Balance at beginning of period	-	-	-	16.290	30	80
Balance at end of period	-	-	-	14.608	34	46
Interest and commission income	-	-	-	-	-	-

December 31, 2015:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	-	18.221	3	120
Balance at end of period	-	-	-	16.290	30	80
Interest and commission income	-	-	-	-	-	-

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

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank(*)	Other entities and real persons included in the risk group
	September 30, 2016	September 30, 2016	September 30, 2016
Deposits			
Balance at beginning of period	-	1.027.230	8.105
Balance at end of period	-	1.404.875	8.506
Interest on deposits	-	20.354	751

December 31, 2015:

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, 2015	December 31, 2015	December 31, 2015
Deposits			
Balance at beginning of period	-	575.564	5.695
Balance at end of period	-	1.027.230	8.105
Interest on deposits	-	18.257	852

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

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. 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".

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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:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank	Other entities and real persons included in the risk group
Financial assets at fair value through profit and loss	September 30, 2016	September 30, 2016	September 30, 2016
Balance at beginning of period	-	-	-
Balance at end of period	-	58.504	-
Total Loss/ Profit	-	-	-

December 31, 2015

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities	Direct and indirect shareholders of the Bank	Other entities and real persons included in the risk group
Financial assets at fair value through profit and loss	December 31, 2015	December 31, 2015	December 31, 2015
Balance at beginning of period	-	-	-
Balance at end of period	-	-	-
Total Loss/ Profit	-	-	-

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

Gross payment made to the executive management as of September 30, 2016 is TL 23.757 (September 30, 2015: TL 19.850)

VI. Explanations And Disclosures Related To Subsequent Events

None.

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

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SECTION SIX

AUDITOR'S REVIEW REPORT

I. Explanations on the Auditor's Review Report

The unconsolidated financial statements for the period ended September 30, 2016 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The auditor's review report dated November 08, 2016 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 Assesments 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.

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Capital and shareholders' structure:

As of September 30, 2016 and December 31, 2015, 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-Audi Group	2.420.930	73,610%	1.403.787	93,827%
European Bank for Reconstruction and Development	263.394	8,009%	-	-
International Finance Corporation	209.252	6,362%	-	-
IFC Financial Institutions Growth Fund L.P	112.674	3,426%	-	-
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	-	-
Audi Private Bank sal	90.698	2,758%	90.698	6,062%
Mr.Mohammad Hassan Zeidan	58.532	1,780%	-	-
Raymond Audi	555	0,017%	555	0,037%
Samir Hanna	555	0,017%	555	0,037%
Freddie Baz	555	0,017%	555	0,037%
	3.288.842	100,00%	1.496.150	100,00%

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

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Changes in the articles of association:

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

<http://www.odeabank.com.tr/tr-TR/Sayfalar/Sozlesmeler.aspx>

Information on number of branches and personnel:

As of 30 September 2016 the Bank has 50 domestic branches and 1.622 personnel.

Information on Board Members and executive management of the Bank

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice President of the Executive Board	Marwan GHANDOUR	Member of the Board of Directors/ Member of Audit Committee	PHD Degree
Members of the Board of Directors	Freddie BAZ	Member of the Board of Directors	PHD Degree
	Imad ITANI	Member of the Board of Directors	PHD Degree
	Elia SAMAHA	Member of the Board of Directors	Bachelor's Degree
	Hatem Ali SADEK	Member of the Board of Directors	PHD 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
Member of the Board of Directors and General Manager	Hüseyin ÖZKAYA	Member of the Board of Directors and General Manager	Master Degree
Deputy General Manager	Naim HAKIM	Finance	Master Degree
Assistant General Managers	Alpaslan YURDAGÜL	Financial Institutions and Investment Banking	Master Degree
	Aytaç AYDIN	Operations and Support Services	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 Enterprises	Master's Degree

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Message from Mr. Samir Hanna
Bank Audi Group CEO and
Odeabank Chairman of the Board of Directors

Esteemed Stakeholders,

I am proud to address you in our third quarterly report of 2016.

Over the past 13 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 which 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 not only became the largest bank in Lebanon, but it also developed new products to meet the inter-market requirements of these new regions while generating cross-selling opportunities and expanded to its current size. Providing banking services in 12 countries, through 11 banks and three financial services firms, our Group has achieved great success with its strong risk management approach.

As of End-September 2016, Bank Audi Group's total assets of which 45% come from entities outside Lebanon, amounted to USD 45.3 billion, with shareholders' equity of USD 3.7 billion, deposits of USD 37 billion, loans of USD 18.8 billion and profit totaling USD 350 million.

Launched in Turkey in 2012 with a significant investment from Bank Audi Group, Odeabank achieved great national and international success in the third quarter of 2016. 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 at all times. 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.

As a result of this great achievement, in June 2016 Odeabank had signed a TL 1 billion capital increase agreement with IFC and EBRD, two reputable and prestigious institutions, alongside other reputable investors. In August 2016, Odeabank successfully completed the capital increase of TL 1 billion, after obtaining necessary corporate and regulatory approvals, including that of the Banking Regulation and Supervision Agency (BRSA).

Bank Audi Group remains a majority shareholder of Odeabank following the capital increase with a stake of more than 75 percent. The transaction demonstrates strong investor confidence in Odeabank, as well as the resilience of the Turkish economy.

At this point, I would like to share our overall view about the economy. Although global economy continues to grow moderately, the outlook still looks weak similar to first half of the year. While the world trade volume has recovered moderately, political and geopolitical uncertainties still remain as the main challenges for the global economic recovery. This time, we think that political risks are high not only in emerging market economies, but also in advanced economies. Since UK citizens' vote in favor of leaving European Union membership, there has been an increasing concern that this tendency may spread across Europe. Ahead of the US presidential election, polarizing campaigns and the social unrests are on the top of the agenda. While these uncertainties have been limiting the benefits of recent policy measures taken in order to support the economies, the expectations over introduction of new supporting tools have been increasing.

In addition to the weak domestic demand and lower productivity growth, high debt burden and clogged credit mechanism, the adverse consequences of 2008 Global Financial Crisis, are still important obstacles for the recovery in advanced economies. Even though risks on growth have been roughly balanced in most of the economies, we think recent political and geopolitical uncertainties keep the downside risks alive. On the other hand, even though global financial markets are getting used to the new economic model in China, we think Fed's future monetary policy course may not be fully priced-in.

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Message from Mr. Samir Hanna (continued)

As the recent political and geopolitical developments threaten the recovery in global economy, we think accommodative monetary policy measures in advanced economies will be maintained in upcoming periods. Meanwhile, in the countries with sufficient fiscal buffers, complementary also fiscal policies should aim to support growth in the medium-term. We also think that the structural reforms have to be implemented effectively for an inclusive and sustainable growth in the long-run.

We believe that Turkey had a remarkable experience at this juncture in the last couple of years. Raising global uncertainties and elevated domestic political risks resulted in a tough period for Turkish financial assets in the third quarter. Nevertheless, Turkey's economic and financial markets performance have been stronger than the expectations considering those uncertainties and risks thanks to the timely and efficient actions taken by the authorities. We believe that a solid banking sector and strong public finances, strengthened financial stability and macroeconomic fundamentals coupled with the well thought macro prudential measures will have crucial roles in sustaining this performance.

On the other hand, the lower oil price has led to a decline in Turkey's current account deficit, the achilles heel of the country according to many, as well as balancing of growth composition. While we expect Turkey's 2016 GDP growth to be slightly lower than 2015 growth, the current account deficit is likely to stay at manageable levels despite the challenges in tourism sector. Inflation has been above the desired levels and the upside risks remain. Therefore, we forecast that Turkey will reduce the inflation to low single digits permanently only in the coming years.

Well-capitalized and experienced Turkish banking sector has always been the main driver of economic growth in Turkey. That being said, banking sector has grown at a slower pace while keeping its profitability in the last couple of years. We think the sector is already prepared for a new episode emerging from new global and domestic financial conditions. Thus, we do not expect any considerable challenges to the banking sector unless there is a global crunch.

Given the country's solid macroeconomic fundamentals, we think sustainable, relatively high and balanced growth of recent years', contributed positively to investors' perception towards Turkey, which has deteriorated markedly in recent years. Therefore, we believe that Turkish financial assets will soon begin to reflect the value indicated by country's strong long-term fundamentals.

Having entered the banking sector at 49th place and climbed up to rank 11th among deposit banks in a short period of time, Odeabank is full of confidence to become the preferred financial provider for major projects that will keep the Turkish economy move forward at full steam. Improving every year both in terms of profitability 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's economy can prosper further in the next ten years. As the first bank established from scratch after many years in Turkey, Odeabank has achieved numerous accomplishments in a very short time. These accomplishments are also important in terms of showing the opportunities Turkey presents to other financial institutions that have entered or will enter the sector following Odeabank.

With its promising potential, Turkey, the traditional bridge between the west and the east, is one of the world's most important developing markets. Being a country which has the largest population in the region and has achieved an average annual growth rate of 4.0 percent over the past ten years, penetration potential 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 will continue to solidify its achievements and 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 our Executive Board, I thank all our employees who have contributed in bringing the success of our bank to fruition and our customers who have placed their trust in us, who have chosen to be with us.

Samir Hanna

Bank Audi Group CEO and Odeabank
Chairman of the Board of Directors

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Message from the CEO

Dear Stakeholders;

I am pleased to share with you our Bank's activities in the third quarter report for the year 2016.

Before dealing with our activities, I would like to touch briefly on the developments in the economic field.

While the monetary and fiscal policy measures taken to eliminate the vulnerabilities that have remained from the crisis in 2008 have started to show their effects in part in the global growth, the ongoing political and geopolitical uncertainties in the world have started to create new risks. This causes a high volatility in the financial markets and the risks on the economic activities all around the world. This results in continuation of the low-level investment, growth and inflation cycle in the world.

Although the effects of the domestic political developments on the Turkish financial assets in the third quarter have remained to be limited thanks to the measures taken, a significant slowdown was observed in the economic activities in the first stage. In the following days, establishment of stability in the domestic market and social consensus messages have built up trust in the economic actors and it has been observed that the economic activities have recovered thanks to the maintenance of the strength of global activities. While there has been a limited loss of value in TL in the third quarter despite the political developments, the interests have displayed a fluctuating course depending on the global trends and inflation. The cease of the political developments that have been experienced without causing uncertainty has limited the selling pressure in the Turkish financial assets.

The severe shrinkage observed in the industrial production in July was substantially recovered in August. We think that the consistent, albeit slight, improvement in the domestic demand and the strengthening in the foreign demand were effective in this recovery. In addition, we anticipate that the measures taken by the government in order to support the economy and the easing in the macro-prudential measures to a certain text may limit the slowdown in the economic activities. Furthermore, the effects of the ongoing, albeit vulnerable, trend of recovery are observed in the EU economies on the export side. As for the import side, we have been supported by our decreasing energy invoices. Thus, there has been no serious deterioration in our foreign trade and current account deficit. The only factor that limited the positive course in the current account deficit has been our tourism revenues weakened by the safety concerns and the high-level geopolitical risks. We see that the slowdown in tourism has not caused an adverse impact expanding throughout the entire economy thanks to the buoyancy in the domestic market. Therefore, we anticipate that the growth throughout the year will exceed the government's forecasts in its Medium-Term Program for 2017-2019.

The inflation that displayed its lowest levels in the second quarter upon the halt in the increase of the food prices as well as the limitation of the base effect and the loss in value of TL has followed a fluctuating course in the third quarter. Again, we see that this has been caused by the volatility in the food prices. We consider that the rigidity in the pricing behaviours has been another factor that limited the improvement in the inflation. The core inflation has gradually continued to go down thanks to the weakening domestic demand. We think that the volatility in the food prices, the volatility in the exchange rates and the rigidity of prices are the factors that may apply an upward pressure on the inflation towards the end of the year. In addition, if the weakening in the domestic demand remains limited, the inflation may exceed the government's forecasts by the end of this year.

While these developments have been experienced in the economic activities and financial markets, it has been observed that the growth strength in the banking sector has continued to display a moderate deceleration. According to the weekly data from BRSA, the annual growth rate of loans which was 12,2% by the end of June 2016 has been recorded as 9,5% by the end of September. In the same period, the growth rate in deposits dropped from 12,7% to 7,5%. Thus, the deposit to loan ratio has increased from 114,5% to 115,5%. The ratio of non-performing loans to total loans has slightly increased from 3,36% to 3,37% in this period. We can say that the profitability of the sector has displayed a better outlook in the third quarter compared to the first half of the year. According to the monthly data from BRSA, the net income for the period in the banking sector was recorded as 26,6 billion TL by August displaying an increase by 63,4% in the first eight month compared to the same period of the last year. We consider that the growth in the banking sector may recover to a certain extent upon the recent easing of the macro-prudential measures by the government while the volatility in the financial markets has lingered. Thus, the profitability may be expected to accelerate together with the growth as well.

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Message from the CEO (continued)

While the low oil prices in the current period are keeping the current account deficit, considered as the vulnerable spot of Turkey, at sustainable levels; the low inflation and the low interest environment on the global scale point out that there is a valuable room for manoeuvring to increase the potential growth through structural reforms. It is clear that there is a high volatility in the financial market together with the ongoing global uncertainties in the short run. In our opinion, the main problem plaguing the Turkish economy since mid-2013 is that the investor perception has significantly deteriorated and cannot be permanently improved and as a result, the globally positive commodity price developments cannot be adequately reflected to the domestic inflation and interest rates due to the risk premiums that remained high. In this context, if strengthening structural reforms are adopted and implemented and the expected results are achieved from those that are already implemented, which will enable Turkey to have a new story, we expect that capital flows into our country will be permanently recovered and our financial asset prices will correctly reflect our economic fundamentals.

Within this conjuncture, as Odeabank, we have continued to improve our service quality and to expand our customer-oriented service undertaking throughout the broader society.

In the third quarter of 2016, our Corporate and Commercial Banking segment has supported a variety of industries by developing versatile financing models requiring specialization thanks to its experience in this field and played an important role in the implementation of various projects and as a result, it has maintained its sustainable growth in the loan volume.

In order to establish long-term relationships with our clients in the Corporate and Commercial Banking, we are constantly striving to diversify our products and services while we are continuing to display an expeditious, innovative and result-oriented approach in line with our corporate philosophy.

We will continue to closely monitor the market conditions and customer requirements and to produce solutions that meet all expectations of our customers in order to make our success sustainable and to position Odeabank Corporate and Commercial Banking services as one of the leading and most preferred services in the banking sector.

Our SME Banking segment has gained a very important speed with 11% net growth in the third quarter of the year after completing its new structuring in a short period of time. This successful performance has increased our appetite for doubling our market shares in SME loans and accelerated further our actions that we take in order to become the main bank of SME customers.

We are continuing to proactively structure our SME Banking activities in order to improve further our growth rate and profitability above the sector average. Our customer-specific approaches and our expeditious and correct processes are distinguishing and bringing us into the forefront in this field compared to our competitors.

We are not focused on funding only; and we are planning and developing all other services to be offered to SMEs on a non-stop, direct-focused and advantageous manner. In the last quarter of the year, we will also continue to be at every point where we can serve SMEs, to acquire new customers, and to increase further our support for the real sector.

We have developed a system infrastructure tailored to our growing retail customer base, by which our retail customers can apply for a customer loan via Internet banking and withdraw the loan amount from their accounts when approved. In addition, we have opened our website page for facilitating the applications of our customers willing to purchase vehicles.

In Retail Banking, we are continuing to grow by increasing the industrial diversity of the companies that we cooperate with in the Consumer Financing field. In the remaining part of 2016, we are aiming to diversify the industries that we work with and to increase the number of our member merchants for consumer financing. We will continue to stand by our customers by providing them financing solutions that are accessible when needed.

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Message from the CEO (continued)

The year 2016 has been a year focusing on credit card offers differentiated by customer needs; and the number of credit cards has exceeded 340 thousand by the third quarter through effective product sales.

Odeabank Private Card 2016 addressing to our top segment customers and equipped with the features distinguishing it from the other credit cards was placed on the market in June and reached out to 1.600 customers in a short period of time. This rapid penetration has been achieved by offering the product needed by our bank’s customers in the high-income segment via the correct channels and communication methods. We are continuing to work on new credit card projects with the purpose of increasing credit card diversity and number of customers.

With the campaigns targeting Bank’O Card and Bank’O Card Axess portfolio, the relationships with customers are deepened and strengthened.

Odeabank Bank’O Debit Cards continue to develop in line with the ‘Customer first’ approach as a product that allows customers to deposit/withdraw money to/from their accounts at any time desired and to use their cards while shopping; also providing access to their Overdraft Accounts at anytime desired. The Overdraft Account with Instalment allowing our customers to use their Overdraft Account limits on instalments has been put at the disposal of our customers in the third quarter of the year.

With our Oxygen Account product putting the everyday savings of our retail customers to good use under high interest rates and offering advantages in their life, we have continued to yield an income over the gross annual interest rate of 13% for saving amounts up to 50.000 TL, and to provide active users with free banking services and movie tickets every month. In September, we have conducted a huge communication campaign for Oxygen Account that significantly increased the demand TL volume of Odeabank and substantially boosted our customer numbers and customer loyalty. During this 3-week campaign, it has been emphasized that the interest rate offered for of Oxygen Account as +2 points above the market average is not limited with the “welcome” campaign as usually seen in the competitive environment and the advantageous interest rate is provided on a continuous basis. I am glad to share with you that the number of new customers and the balance volume have more than doubled with our campaign which has made a tremendous impact in the sector and increased our branch traffic. In the last quarter of 2016, we are planning to maintain our activities at full tilt and to continue to increase the volume and profitability of our portfolio in order to maintain the sustainability of this wind of success that we have gained and to announce the innovations made in relation to the products.

As Odeabank, we are not limiting our customers with merely deposit accounts for their savings. We have freshened up and diversified a variety of savings options that we offer to our customers under 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.

We have blazed a trail in investment banking by cooperating with leading portfolio management companies of Turkey. With TEFAS and non-TEFAS active marketing and distribution agreements that we have executed with 14 Portfolio Management companies, we had the opportunity to provide many diversified fund types for our customers. We have also continued to make a difference with our general investment recommendations that we formulate based on market conditions and competitive model returns that we present on a risk group basis in the third quarter of 2016. We keep our customers updated about their investments with daily and weekly briefing reports. We are making the best of the advantages while working with different institutions within the context of product diversity. In this context, we have added a new hedge fund and capital-protected funds in different themes to our system and we have also implemented the first Odeabank Wealth Management Fund Basket Special Fund that we have established through our cooperation with Ak Portfolio.

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Message from the CEO (continued)

Odeabank's Wealth Management customers and the CEOs and portfolio managers of our contracted leading investment companies of Turkey have come together at "Odeabank Wealth Management 3rd Economy Summit" held in Istanbul on September 29. In this Summit, the expectations related with the course of the Turkish and global markets in 2017 have been discussed in detail by the leading wealth management specialists of Turkey. Odeabank Retail Banking Assistant General Manager Cem Muratoğlu, Ak Portfolio General Manager Alp Keler, Garanti Portfolio General Manager Mahmut Kaya, Finans Invest General Manager Özgür Güneri, İş Portfolio Assistant General Manager Emrah Yücel, Yapı Kredi Portfolio Fixed Income Securities (S.G.M.K.) Group Manager Ümit Ersamut and Finans Portfolio Sales and Marketing Coordinator Arzu Odabaşı, all attending the Summit comprising two panels, answered the questions of Odeabank Wealth Management customers under the moderation of the journalist Aslı Şafak.

Under the new CMB regulatory framework, we plan to capture an increasing market share by offering intermediation services for transmission of orders via our solution partner institution in the stock exchange market. The stock purchase-sale transactions, for which the necessary infrastructure was established in the first quarter of 2016, have been started in our branches by the third quarter. While our investment offerings are gradually increasing, we will provide our customers with a variety of services such as risk evaluation, advisory, purchase and sales of investment products in addition to our product diversity that we will achieve with the mobile projects scheduled for launching in the years to come.

As a bank caring about its customers' life and time, we are also continuing to operate in the field of bancassurance in order to meet all needs via a single channel. Besides offering life insurances, elementary insurances and private pension products to our customers via the Branch channel effectively, we are continuing to add new products through product and channel development activities, and to ensure protection against the risks borne by our customers through telesales channel as well.

We are pleased to share with you that we have signed an exclusivity agreement with AvivaSA Emeklilik ve Hayat A.Ş. as a result of the collaboration on private pension products maintained for nearly 3 years in order to focus our Bank's rapid growth on long-term development. With the said agreement, it is aimed to increase further the user experiences and the diversity of products to be offered to our customers under the scope of this collaboration that will be effective for 10 years regarding the sales of life insurances and private pension products to our customers.

Our Transactional Banking Department have continued to improve its current services according to customer needs and also increased its investments particularly in the commercial cards and POS products with an innovative point of view in the third quarter of 2016. Thus, it has ensured deepening of its relationships with both current corporate and commercial customers; and started to reach out to new customers and expand to new business areas as well.

At the end of June, the International Finance Corporation (IFC), a member of the World Bank Group, IFC Financial Institutions Growth Fund (IFC FIG Fund), the European Bank for Reconstruction and Development (EBRD) and our shareholder Bank Audi decided to make a capital investment of 1 billion TL to our bank as a consequence of the trust that they had in Odeabank and Turkish economy; and this capital increase has been successfully completed in the third quarter. The additional financial capabilities that will be provided under such capital increase will allow Odeabank to expand the financing that it provides for the real sector in Turkey, and to fund large-scale infrastructure projects, and to offer funding needed by and easily accessible for small and medium-scale enterprises (SMEs). With this capital inflow, we are targeting to strengthen our branch network, our digital banking channels and our technology as well.

Our Bank has continued to issue TL bonds in the domestic market in the third quarter of 2016. Our Foreign Trade Department has continued to provide product support in the fields of sales and marketing for the corporate and commercial branches in order to establish coordination in the foreign trade transactions that our Bank intermediates in; and to increase further its deep relationships with the customers operating in corporate, commercial SME segments and to focus on new customer acquisition.

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Message from the CEO (continued)

More than 400.000 customers have received services and 12 millions of transactions with a volume of 6 billion TL have been executed via Direct Banking channels such as Internet Branch, Mobile Branch, ATM, 444 8 444 Contact Center, etc. through which we offer the same user experience, menu structure, front-end, design and business process flow to our customers. The number of our ATMs reached to 65. Our mobile application was downloaded by more than 225.000 users. Thanks to Odeabank Kazandıry’O platform provided over our mobile application, more than 5.000 people won prizes in competitions and benefited from special discounts. Our Contact Center received more than 1,7 millions of calls.

Guided by our mission as a bank attaching great importance to creating added value not only in banking, but also in all aspects of life, we are pleased to provide support to sports and arts in our country.

As a bank attaching great importance to creating added value not only in banking, but also in all aspects of life, we have provided sponsorship support for 3 major basketball teams for 3 seasons in Turkey. One of these teams, Fenerbahçe men’s basketball team displayed a superior performance and competed in the finals in THY Euroleague last year. Galatasaray Odeabank Men’s Basketball Team to which we lent our name became champion in Eurocup last year. As the “Bank of Basketball”, we have decided to crown our support for basketball by becoming a sponsor of the “Euroleague”, the highest-level basketball league of Europe. We are both proud and glad to be a part of this giant tournament where Turkey will compete with 4 teams this year.

On the other hand, we are happy to support modern art and artists with the exhibitions that we host in our arts platform O’Art; and we will present to you our exhibitions that, we believe, will make an overwhelming impression in the forthcoming period.

We have continued our controlled growth and reached to 1622 people in the third quarter of 2016. We are continuing to offer effective and expeditious Human Resources solutions together with the training processes that will support our employees’ development and performances.

We have also continued to receive awards in the national and international organizations during the third quarter of 2016; we have been selected as the “Best Digital Bank” of Turkey in the Retail Banking category and as the best of the Western Europe in “Bill Payment and Presentment”, “Information Security”, “Investment Services”, and “Social Media” categories in the “2016 World’s Best Digital Banks Awards” organized by Global Finance for the 17th time this year. Our Odeabank and Bank’O Card websites have been awarded with the “Best in Class” awards in Interactive Media Awards 2016. In the Stevie Awards, one of the most distinguished awards programmes of the international business world, we have received 13 awards in total in different categories including 4 golden, 1 silver and 8 bronze awards; thus, receiving the highest number of awards among all banks from Turkey participating in the competition. In addition, we have also been named as the “**Bank of the Year**” in the banking category this year as we were last year.

With reference to our financial figures; our loans have reached to 23.5 billion TL, our deposits have reached to 25.6 billion TL, and our total assets have reached to 33.1 billion TL as a result of the performance that we have displayed in the third quarter of the year ve we closed the third quarter of 2016 with a net profit of 115.3 million TL. As an absolute beginner bank, we are proud of our story of success that we have written in a short period of time despite the ongoing high investment costs and expenditures. We will continue our efforts for continuation of this story.

As Odeabank, we aim to maintain our customer-oriented banking approach by making it available to a broader society while focusing on improving further our service quality. The objectives that we will realize without compromising our principles will constitute the fundamentals of the corporate success based on personal success and bring along additional achievements in the following periods in terms of our key performance indicators. As we always mention, our main goal is to “join the giants’ league” and provide more resources for the economy. I would like express my gratitude to all our stakeholders that support us on our way to achieve this goal.

Yours sincerely,

HÜSEYİN ÖZKAYA

Odea Bank A.Ş.

General Manager and Board Member

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Brief financial information of the Bank

ASSETS:

	Reviewed Current Period 30.09.2016			Audited Prior Period 31.12.2015		
	TL	FC	Total	TL	FC	Total
CASH AND BALANCES WITH THE CENTRAL BANK	848.043	3.072.219	3.920.262	529.585	3.544.999	4.074.584
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	127.041	56.298	183.339	101.001	24.724	125.725
BANKS	124	130.463	130.587	114	35.872	35.986
MONEY MARKET PLACEMENTS	2.991.169	-	2.991.169	4.061.196	-	4.061.196
FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	435.837	989.720	1.425.557	471.861	625.317	1.097.178
HELD TO MATURITY INVESTMENTS (Net)	-	367.193	367.193	-	364.449	364.449
LOANS AND RECEIVABLES	11.556.805	11.965.838	23.522.643	10.726.013	11.080.858	21.806.871
TANGIBLE ASSETS (Net)	127.477	-	127.477	142.902	-	142.902
INTANGIBLE ASSETS (Net)	83.889	-	83.889	99.028	-	99.028
TAX ASSET	69.682	-	69.682	40.881	-	40.881
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	42.568	-	42.568	29.879	-	29.879
OTHER ASSETS	174.721	102.073	276.794	137.978	66.051	204.029
TOTAL ASSETS	16.457.356	16.683.804	33.141.160	16.340.438	15.742.270	32.082.708

LIABILITIES:

	Reviewed Current Period 30.09.2016			Audited Prior Period 31.12.2015		
	TL	FC	Total	TL	FC	Total
DEPOSITS	9.930.117	15.619.002	25.549.119	9.568.571	15.764.925	25.333.496
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	139.581	51.064	190.645	124.230	18.489	142.719
FUNDS BORROWED	7.156	2.311.179	2.318.335	5.130	3.128.339	3.133.469
MONEY MARKET BALANCES	271.538	12.622	284.160	156.858	-	156.858
MARKETABLE SECURITIES ISSUED (Net)	42.229	-	42.229	154.995	-	154.995
MISCELLANEOUS PAYABLES	27.588	603	28.191	4.579	191	4.770
OTHER LIABILITIES	276.916	26.895	303.811	180.985	15.037	196.022
PROVISIONS	400.676	113.611	514.287	159.030	96.025	255.055
TAX LIABILITY	79.536	-	79.536	47.976	-	47.976
SUBORDINATED LOANS	-	450.111	450.111	-	1.310.209	1.310.209
SHAREHOLDERS' EQUITY	3.385.466	(4.730)	3.380.736	1.375.266	(28.127)	1.347.139
TOTAL LIABILITIES AND EQUITY	14.560.803	18.580.357	33.141.160	11.777.620	20.305.088	32.082.708

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Statement of Income:

		Reviewed Current Period 01.01-30.09.2016	Reviewed Prior Period 01.01-30.09.2015
I.	INTEREST INCOME	1.970.777	1.705.435
II.	INTEREST EXPENSE	1.173.590	992.141
III.	NET INTEREST INCOME (I - II)	797.187	713.294
IV.	NET FEES AND COMMISSIONS INCOME	81.322	73.875
V.	DIVIDEND INCOME	-	-
VI.	NET TRADING INCOME	223.316	(155.050)
VII.	OTHER OPERATING INCOME	11.375	4.145
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)	1.113.200	636.264
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	468.842	196.997
X.	OTHER OPERATING EXPENSES (-)	490.841	382.884
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	153.517	56.383
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
XIII.	PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	153.517	56.383
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(38.239)	(19.661)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	115.278	36.722
XVIII.	INCOME ON DISCONTINUED OPERATIONS	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	115.278	36.722