

# **ODEA BANK A.Ş.**

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

### ***Scope of Review***

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

### ***Basis of Qualified Conclusion***

The accompanying unconsolidated financial statements as at 30 June 2016 include a general reserve for possible risks amounting to TL 68.000 thousands, 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 TL 13.600 in the accompanying unconsolidated financial statements as at 30 June 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 June 2016 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and 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, August 08, 2016

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

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

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

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

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

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

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

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

#### SECTION ONE

##### GENERAL INFORMATION ABOUT THE BANK

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

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

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

As of June 30, 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           | 2.287.317          | 96,119%        | 1.403.787        | 93,827%        |
| Audi Private Bank sal   | 90.698             | 3,811%         | 90.698           | 6,062%         |
| Raymond Audi            | 555                | 0,023%         | 555              | 0,037%         |
| Samir Hanna             | 555                | 0,023%         | 555              | 0,037%         |
| Freddie Baz             | 555                | 0,023%         | 555              | 0,037%         |
|                         | <b>2.379.680</b>   | <b>100,00%</b> | <b>1.496.150</b> | <b>100,00%</b> |

(\*)The Bank, on June 27,2016, signed the Subscription Agreement among its shareholder Bank Audi, International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and prominent Middle Eastern investors to increase the paid in capital by TL 1 billion. As part of the TL 1 billion capital increase, the IFC and EBRD are investing the Turkish Lira equivalent of US\$ 110 million and US\$ 90 million respectively and the remaining balance will be covered by prominent Middle Eastern investors and Bank Audi itself. Regulatory approvals including approval by the BRSA and other customary closing conditions for the completion of the transaction is still ongoing.

**ODEA BANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 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**

| <b><u>Title</u></b>   | <b><u>Name-Surname</u></b>         | <b><u>Responsibility</u></b>   | <b><u>Education</u></b> |
|---|------------------------------------|--|-------------------------|
| <b>Chairman of the Board of Directors</b>                       | Samir HANNA                        | Chairman   | High School             |
| <b>Vice President of the Executive Board</b>                    | Marwan GHANDOUR                    | Member of the Board of Directors/<br>Member of Audit Committee                               | PHD Degree              |
| <b>Members of the Board of Directors</b>                        | Freddie BAZ                        | Member of the Board of Directors   | PHD Degree              |
|   | Imad ITANI                         | Member of the Board of Directors   | 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<br>Directors/Member of Audit<br>Committee                             | Bachelor's Degree       |
|   | Philippe Elias Farid EL-<br>KHOURY | Member of the Board of Directors   | Master Degree           |
| <b>Member of the Board of Directors<br/>and General Manager</b> | Hüseyin ÖZKAYA                     | Member of the Board of Directors<br>and General Manager                                      | Master Degree           |
| <b>Deputy General Manager</b>                                   | Naim HAKIM                         | Finance  | Master Degree           |
| <b>Assistant General Managers</b>                               | Alpaslan YURDAGÜL                  | Financial Institutions and<br>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,<br>Transactional Banking and<br>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<br>Enterprises  | Master Degree           |

**ODEA BANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 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 June 30, 2016:

| Name / Commercial Title | Share Amount | Share Ratios | Paid up Shares | Unpaid Shares |
|-------------------------|--------------|--------------|----------------|---------------|
| Bank Audi sal           | 2.287.317    | 96,119%      | 2.287.317      | -             |
| Audi Private Bank sal   | 90.698       | 3,811%       | 90.698         | -             |

Among the Board of Directors, senior management and auditors, only Samir Hanna and Freddie Baz have shareholding in the bank at the rate of 0,023% separately.

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

The headquarter of the Bank is located in Istanbul and as of June 30, 2016, there are 56 domestic branches with 1.577 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**

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**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF JUNE 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<br>(Section<br>Five) | Reviewed<br>Current Period<br>30.06.2016 |                   |                   | Audited<br>Prior Period<br>31.12.2015 |                   |                   |
|---------------------|---|-------------------------------|--|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
|                     |   |                               | TL                                       | FC                | Total             | TL                                    | FC                | Total             |
| <b>I.</b>           | <b>CASH AND BALANCES WITH THE CENTRAL BANK</b>                          | I-1                           | 692.045                                  | 2.952.467         | 3.644.512         | 529.585                               | 3.544.999         | 4.074.584         |
| <b>II.</b>          | <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT<br/>AND LOSS (Net)</b> | I-2                           | 139.362                                  | 71.493            | 210.855           | 101.001                               | 24.724            | 125.725           |
| 2.1                 | Financial assets held for trading                                       |                               | 139.362                                  | 71.493            | 210.855           | 101.001                               | 24.724            | 125.725           |
| 2.1.1               | Public sector debt securities   |                               | 9.041                                    | -                 | 9.041             | 24.812                                | -                 | 24.812            |
| 2.1.2               | Share certificates  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 2.1.3               | Derivative financial assets held for trading                            |                               | 130.321                                  | 71.493            | 201.814           | 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   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>III.</b>         | <b>BANKS</b>  | I-3                           | 96                                       | 120.019           | 120.115           | 114                                   | 35.872            | 35.986            |
| <b>IV.</b>          | <b>MONEY MARKET PLACEMENTS</b>  |                               | 3.100.764                                | -                 | 3.100.764         | 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                          |                               | 3.100.764                                | -                 | 3.100.764         | 4.061.196                             | -                 | 4.061.196         |
| <b>V.</b>           | <b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>                        | I-4                           | 492.965                                  | 651.795           | 1.144.760         | 471.861                               | 625.317           | 1.097.178         |
| 5.1                 | Share certificates  |                               | -  | 1.508             | 1.508             | -                                     | 5.285             | 5.285             |
| 5.2                 | Public sector debt securities   |                               | 492.965                                  | 650.287           | 1.143.252         | 471.861                               | 620.032           | 1.091.893         |
| 5.3                 | Other marketable securities   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>VI.</b>          | <b>LOANS AND RECEIVABLES</b>  | I-5                           | 10.641.070                               | 11.225.320        | 21.866.390        | 10.726.013                            | 11.080.858        | 21.806.871        |
| 6.1                 | Loans and receivables   |                               | 10.299.428                               | 11.225.320        | 21.524.748        | 10.426.520                            | 11.080.858        | 21.507.378        |
| 6.1.1               | Loans to risk group of the Bank   |                               | 41                                       | -                 | 41                | 64                                    | -                 | 64                |
| 6.1.2               | Public sector debt securities   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 6.1.3               | Other   |                               | 10.299.387                               | 11.225.320        | 21.524.707        | 10.426.456                            | 11.080.858        | 21.507.314        |
| 6.2                 | Non-performing loans  |                               | 633.050                                  | -                 | 633.050           | 487.927                               | -                 | 487.927           |
| 6.3                 | Specific provisions (-)   |                               | 291.408                                  | -                 | 291.408           | 188.434                               | -                 | 188.434           |
| <b>VII.</b>         | <b>FACTORING RECEIVABLES</b>  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>VIII.</b>        | <b>HELD TO MATURITY INVESTMENTS (Net)</b>                               | I-6                           | -  | 355.951           | 355.951           | -                                     | 364.449           | 364.449           |
| 8.1                 | Public sector debt securities   |                               | -  | 355.951           | 355.951           | -                                     | 364.449           | 364.449           |
| 8.2                 | Other marketable securities   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>IX.</b>          | <b>INVESTMENTS IN ASSOCIATES (Net)</b>                                  | I-7                           | -  | -                 | -                 | -                                     | -                 | -                 |
| 9.1                 | Accounted for under equity method                                       |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 9.2                 | Unconsolidated associates   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 9.2.1               | Financial investments   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 9.2.2               | Non-financial investments   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>X.</b>           | <b>INVESTMENTS IN SUBSIDIARIES (Net)</b>                                | I-8                           | -  | -                 | -                 | -                                     | -                 | -                 |
| 10.1                | Unconsolidated financial subsidiaries                                   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 10.2                | Unconsolidated non-financial subsidiaries                               |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XI.</b>          | <b>JOINTLY CONTROLLED ENTITIES (JOINT VENTURES)<br/>(Net)</b>           | I-9                           | -  | -                 | -                 | -                                     | -                 | -                 |
| 11.1                | Accounted for under equity method                                       |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 11.2                | Unconsolidated  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 11.2.1              | Financial subsidiaries  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 11.2.2              | Non-financial subsidiaries  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XII.</b>         | <b>LEASE RECEIVABLES (Net)</b>  | I-10                          | -  | -                 | -                 | -                                     | -                 | -                 |
| 12.1                | Finance lease receivables   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 12.2                | Operating lease receivables   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 12.3                | Other   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 12.4                | Unearned income ( - )   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XIII.</b>        | <b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING<br/>PURPOSES</b>             | I-11                          | -  | -                 | -                 | -                                     | -                 | -                 |
| 13.1                | Fair value hedge  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 13.2                | Cash flow hedge   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 13.3                | Hedge of net investment in foreign operations                           |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XIV.</b>         | <b>TANGIBLE ASSETS (Net)</b>  | I-12                          | 130.681                                  | -                 | 130.681           | 142.902                               | -                 | 142.902           |
| <b>XV.</b>          | <b>INTANGIBLE ASSETS (Net)</b>  | I-13                          | 88.934                                   | -                 | 88.934            | 99.028                                | -                 | 99.028            |
| 15.1                | Goodwill  |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| 15.2                | Other   |                               | 88.934                                   | -                 | 88.934            | 99.028                                | -                 | 99.028            |
| <b>XVI.</b>         | <b>INVESTMENT PROPERTY (Net)</b>  | I-14                          | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XVII.</b>        | <b>TAX ASSET</b>  | I-15                          | 43.900                                   | -                 | 43.900            | 40.881                                | -                 | 40.881            |
| 17.1                | Current tax asset   |                               | -  | -                 | -                 | 15                                    | -                 | 15                |
| 17.2                | Deferred tax asset  |                               | 43.900                                   | -                 | 43.900            | 40.866                                | -                 | 40.866            |
| <b>XVIII.</b>       | <b>ASSETS HELD FOR SALE AND DISCONTINUED<br/>OPERATIONS (Net)</b>       | I-16                          | 40.904                                   | -                 | 40.904            | 29.879                                | -                 | 29.879            |
| 18.1                | Held for sale   |                               | 40.904                                   | -                 | 40.904            | 29.879                                | -                 | 29.879            |
| 18.2                | Discontinued operations   |                               | -  | -                 | -                 | -                                     | -                 | -                 |
| <b>XIX.</b>         | <b>OTHER ASSETS</b>   | I-17                          | 152.039                                  | 114.320           | 266.359           | 137.978                               | 66.051            | 204.029           |
| <b>TOTAL ASSETS</b> |   |                               | <b>15.522.760</b>                        | <b>15.491.365</b> | <b>31.014.125</b> | <b>16.340.438</b>                     | <b>15.742.270</b> | <b>32.082.708</b> |

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF JUNE 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<br>Current Period<br>30.06.2016 |            |            | Audited<br>Prior Period<br>31.12.2015 |            |            |
|------------------------------|---|-----------------------------|--|------------|------------|---------------------------------------|------------|------------|
|                              |   | Note Ref.<br>(Section Five) | TL                                       | FC         | Total      | TL                                    | FC         | Total      |
| I.                           | DEPOSITS  | II-1                        | 8,428,523                                | 15,838,638 | 24,267,161 | 9,568,571                             | 15,764,925 | 25,333,496 |
| 1.1                          | Deposits from risk group of the Bank  |                             | 28,119                                   | 1,478,598  | 1,506,717  | 25,004                                | 1,023,367  | 1,048,371  |
| 1.2                          | Other   |                             | 8,400,404                                | 14,360,040 | 22,760,444 | 9,543,567                             | 14,741,558 | 24,285,125 |
| II.                          | DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING   | II-2                        | 197,254                                  | 70,094     | 267,348    | 124,230                               | 18,489     | 142,719    |
| III.                         | FUNDS BORROWED  | II-3                        | 4,988                                    | 2,545,254  | 2,550,242  | 5,130                                 | 3,128,339  | 3,133,469  |
| IV.                          | MONEY MARKET BALANCES   |                             | 316,315                                  | 3,482      | 319,797    | 156,858                               | -          | 156,858    |
| 4.1                          | Interbank money market takings  |                             | -  | 3,482      | 3,482      | -                                     | -          | -          |
| 4.2                          | Istanbul Stock Exchange money market takings  |                             | -  | -          | -          | -                                     | -          | -          |
| 4.3                          | Funds provided under repurchase agreements  | II-4                        | 316,315                                  | -          | 316,315    | 156,858                               | -          | 156,858    |
| V.                           | MARKETABLE SECURITIES ISSUED (Net)  | II-5                        | 188,863                                  | -          | 188,863    | 154,995                               | -          | 154,995    |
| 5.1                          | Bills   |                             | 188,863                                  | -          | 188,863    | 154,995                               | -          | 154,995    |
| 5.2                          | Asset backed securities   |                             | -  | -          | -          | -                                     | -          | -          |
| 5.3                          | Bonds   |                             | -  | -          | -          | -                                     | -          | -          |
| VI.                          | FUNDS   |                             | -  | -          | -          | -                                     | -          | -          |
| 6.1                          | Borrower funds  |                             | -  | -          | -          | -                                     | -          | -          |
| 6.2                          | Other   |                             | -  | -          | -          | -                                     | -          | -          |
| VII.                         | MISCELLANEOUS PAYABLES  |                             | 17,787                                   | 604        | 18,391     | 4,579                                 | 191        | 4,770      |
| VIII.                        | OTHER LIABILITIES   | II-6                        | 204,751                                  | 27,308     | 232,059    | 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                        | 230,228                                  | 105,341    | 335,569    | 159,030                               | 96,025     | 255,055    |
| 12.1                         | General loan loss provisions  |                             | 110,388                                  | 105,253    | 215,641    | 100,199                               | 96,025     | 196,224    |
| 12.2                         | Restructuring reserves  |                             | -  | -          | -          | -                                     | -          | -          |
| 12.3                         | Reserve for employee benefits   |                             | 13,947                                   | -          | 13,947     | 10,146                                | -          | 10,146     |
| 12.4                         | Insurance technical reserves (Net)  |                             | -  | -          | -          | -                                     | -          | -          |
| 12.5                         | Other provisions  |                             | 105,893                                  | 88         | 105,981    | 48,685                                | -          | 48,685     |
| XIII.                        | TAX LIABILITY   | II-10                       | 69,425                                   | -          | 69,425     | 47,976                                | -          | 47,976     |
| 13.1                         | Current tax liability   |                             | 69,425                                   | -          | 69,425     | 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                       | -  | 432,812    | 432,812    | -                                     | 1,310,209  | 1,310,209  |
| XVI.                         | SHAREHOLDERS' EQUITY  | II-13                       | 2,334,678                                | (2,220)    | 2,332,458  | 1,375,266                             | (28,127)   | 1,347,139  |
| 16.1                         | Paid-in capital   |                             | 2,379,680                                | -          | 2,379,680  | 1,496,150                             | -          | 1,496,150  |
| 16.2                         | Supplementary capital   |                             | 623                                      | (2,220)    | (1,597)    | (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   |                             | 623                                      | (2,220)    | (1,597)    | (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  |                             | (45,625)                                 | -          | (45,625)   | (105,940)                             | -          | (105,940)  |
| 16.4.1                       | Prior years' income/ (losses)   |                             | (105,940)                                | -          | (105,940)  | (156,230)                             | -          | (156,230)  |
| 16.4.2                       | Current year income/ (losses)   |                             | 60,315                                   | -          | 60,315     | 50,290                                | -          | 50,290     |
| 16.5                         | Minority shares   | II-14                       | -  | -          | -          | -                                     | -          | -          |
| TOTAL LIABILITIES AND EQUITY |   |                             | 11,992,812                               | 19,021,313 | 31,014,125 | 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 JUNE 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.<br>(Section<br>Five) | Reviewed<br>Current Period<br>30.06.2016 |                   |                    | Audited<br>Prior Period<br>31.12.2015 |                   |                   |
|---|---|--------------------------------|--|-------------------|--------------------|---------------------------------------|-------------------|-------------------|
|   |   |                                | TL                                       | FC                | Total              | TL                                    | FC                | Total             |
| <b>A.</b>                                     | <b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)</b>           |                                | <b>14.975.843</b>                        | <b>31.176.293</b> | <b>46.152.136</b>  | <b>13.418.057</b>                     | <b>20.464.345</b> | <b>33.882.402</b> |
| <b>I.</b>                                     | <b>GUARANTEES</b>   | III-1                          | <b>994.312</b>                           | <b>1.177.718</b>  | <b>2.172.030</b>   | <b>1.073.154</b>                      | <b>1.223.624</b>  | <b>2.296.778</b>  |
| 1.1   | Letters of guarantee  |                                | 978.463                                  | 615.570           | 1.594.033          | 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  |                                | 978.463                                  | 615.570           | 1.594.033          | 1.065.579                             | 683.151           | 1.748.730         |
| 1.2   | Bank loans  |                                | 15.849                                   | 57.343            | 73.192             | 7.575                                 | 60.462            | 68.037            |
| 1.2.1   | Import letter of acceptance   |                                | 15.849                                   | 57.343            | 73.192             | 7.575                                 | 60.462            | 68.037            |
| 1.2.2   | Other bank acceptances  |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 1.3   | Letters of credit   |                                | -  | 504.805           | 504.805            | -                                     | 480.011           | 480.011           |
| 1.3.1   | Documentary letters of credit   |                                | -  | 504.805           | 504.805            | -                                     | 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   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| <b>II.</b>                                    | <b>COMMITMENTS</b>  | III-1                          | <b>886.913</b>                           | <b>581.290</b>    | <b>1.468.203</b>   | <b>656.703</b>                        | <b>244.747</b>    | <b>901.450</b>    |
| 2.1   | Irrevocable commitments   |                                | 886.913                                  | 581.290           | 1.468.203          | 656.703                               | 244.747           | 901.450           |
| 2.1.1   | Forward asset purchase and sales commitments                                |                                | 189.482                                  | 216.697           | 406.179            | 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   |                                | 192.795                                  | 359.509           | 552.304            | 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   |                                | 93.578                                   | -                 | 93.578             | 95.023                                | -                 | 95.023            |
| 2.1.8   | Tax and fund liabilities from export commitments                            |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 2.1.9   | Commitments for credit card expenditure limits                              |                                | 411.058                                  | -                 | 411.058            | 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   |                                | -  | 5.084             | 5.084              | -                                     | 5.242             | 5.242             |
| 2.2   | Revocable commitments   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 2.2.1   | Revocable loan granting commitments   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 2.2.2   | Other revocable commitments   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| <b>III.</b>                                   | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                                     |                                | <b>13.094.618</b>                        | <b>29.417.285</b> | <b>42.511.903</b>  | <b>11.688.200</b>                     | <b>18.995.974</b> | <b>30.684.174</b> |
| 3.1   | Derivative financial instruments for hedging purposes                       |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 3.1.1   | Fair value hedge  |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 3.1.2   | Cash flow hedge   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 3.1.3   | Hedge of net investment in foreign operations                               |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 3.2   | Held for trading transactions   |                                | 13.094.618                               | 29.417.285        | 42.511.903         | 11.688.200                            | 18.995.974        | 30.684.174        |
| 3.2.1   | Forward foreign currency buy/sell transactions                              |                                | 2.310.444                                | 5.548.180         | 7.858.624          | 1.372.690                             | 2.266.972         | 3.639.662         |
| 3.2.1.1                                       | Forward foreign currency transactions-buy                                   |                                | 1.412.235                                | 2.530.886         | 3.943.121          | 796.564                               | 1.032.074         | 1.828.638         |
| 3.2.1.2                                       | Forward foreign currency transactions-sell                                  |                                | 898.209                                  | 3.017.294         | 3.915.503          | 576.126                               | 1.234.898         | 1.811.024         |
| 3.2.2   | Swap transactions related to foreign currency. and interest rates           |                                | 7.201.786                                | 14.294.906        | 21.496.692         | 6.957.968                             | 11.412.454        | 18.370.422        |
| 3.2.2.1                                       | Foreign currency swaps-buy  |                                | 1.553.572                                | 5.362.693         | 6.916.265          | 1.136.845                             | 5.295.631         | 6.432.476         |
| 3.2.2.2                                       | Foreign currency swaps-sell   |                                | 3.862.028                                | 3.117.475         | 6.979.503          | 4.570.705                             | 1.966.973         | 6.537.678         |
| 3.2.2.3                                       | Interest rate swaps-buy   |                                | 893.093                                  | 2.907.369         | 3.800.462          | 625.209                               | 2.074.925         | 2.700.134         |
| 3.2.2.4                                       | Interest rate swaps-sell  |                                | 893.093                                  | 2.907.369         | 3.800.462          | 625.209                               | 2.074.925         | 2.700.134         |
| 3.2.3   | Foreign currency, interest rate and securities options                      |                                | 3.582.388                                | 9.574.199         | 13.156.587         | 3.357.542                             | 5.316.548         | 8.674.090         |
| 3.2.3.1                                       | Foreign currency options-buy  |                                | 1.631.360                                | 4.705.660         | 6.337.020          | 1.604.114                             | 2.487.852         | 4.091.966         |
| 3.2.3.2                                       | Foreign currency options-sell   |                                | 1.951.028                                | 4.445.785         | 6.396.813          | 1.753.428                             | 2.372.188         | 4.125.616         |
| 3.2.3.3                                       | Interest rate options-buy   |                                | -  | 211.377           | 211.377            | -                                     | 228.254           | 228.254           |
| 3.2.3.4                                       | Interest rate options-sell  |                                | -  | 211.377           | 211.377            | -                                     | 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>B.</b>                                     | <b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                  |                                | <b>46.768.171</b>                        | <b>20.737.835</b> | <b>67.506.006</b>  | <b>41.270.364</b>                     | <b>20.339.860</b> | <b>61.610.224</b> |
| <b>IV.</b>                                    | <b>ITEMS HELD IN CUSTODY</b>  |                                | <b>635.869</b>                           | <b>653.644</b>    | <b>1.289.513</b>   | <b>687.373</b>                        | <b>658.554</b>    | <b>1.345.927</b>  |
| 4.1   | Assets under management   |                                | 168.434                                  | -                 | 168.434            | 184.697                               | -                 | 184.697           |
| 4.2   | Investment securities held in custody                                       |                                | 9.907                                    | 20.892            | 30.799             | 10.722                                | 19.233            | 29.955            |
| 4.3   | Checks received for collection  |                                | 4.684                                    | 218.561           | 223.245            | 7.954                                 | 264.894           | 272.848           |
| 4.4   | Commercial notes received for collection                                    |                                | 452.844                                  | 414.191           | 867.035            | 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  |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| <b>V.</b>                                     | <b>PLEDGED ITEMS</b>  |                                | <b>46.132.302</b>                        | <b>20.084.191</b> | <b>66.216.493</b>  | <b>40.582.991</b>                     | <b>19.681.306</b> | <b>60.264.297</b> |
| 5.1   | Marketable securities   |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 5.2   | Guarantee notes   |                                | 16.198.528                               | 2.688.360         | 18.886.888         | 14.022.866                            | 2.047.436         | 16.070.302        |
| 5.3   | Commodities   |                                | 2.822.582                                | -                 | 2.822.582          | 2.314.283                             | -                 | 2.314.283         |
| 5.4   | Warrants  |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| 5.5   | Properties  |                                | 19.706.802                               | 10.007.810        | 29.714.612         | 17.233.229                            | 9.964.727         | 27.197.956        |
| 5.6   | Other pledged items   |                                | 7.404.390                                | 7.388.021         | 14.792.411         | 7.012.613                             | 7.669.143         | 14.681.756        |
| 5.7   | Pledged items-depository  |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| <b>VI.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       |                                | -  | -                 | -                  | -                                     | -                 | -                 |
| <b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b> |   |                                | <b>61.744.014</b>                        | <b>51.914.128</b> | <b>113.658.142</b> | <b>54.688.421</b>                     | <b>40.804.205</b> | <b>95.492.626</b> |

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-JUNE 30, 2016 AND 2015**

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

**III. STATEMENT OF INCOME**

|  | Note<br>(Section<br>Five) | Reviewed<br>Current<br>Period<br>01.01-<br>30.06.2016 | Reviewed<br>Prior<br>Period<br>01.01-<br>30.06.2015 | Reviewed<br>Current<br>Period<br>01.04-<br>30.06.2016 | Reviewed<br>Prior Period<br>01.04-<br>30.06.2015 |
|--|---------------------------|---|---|---|--|
| <b>I. INTEREST INCOME</b>  | IV-1                      | <b>1.294.685</b>                                      | <b>1.068.270</b>                                    | <b>637.189</b>  | <b>549.666</b>                                   |
| 1.1 Interest on loans  |                           | 1.073.886   | 907.929   | 534.835   | 467.465  |
| 1.2 Interest received from reserve deposits  |                           | 19.213  | 3.088   | 9.550   | 2.078  |
| 1.3 Interest received from banks   |                           | 42.779  | 39.875  | 20.937  | 22.476   |
| 1.4 Interest received from money market placements   |                           | 108.654   | 72.341  | 49.752  | 33.590   |
| 1.5 Interest received from marketable securities portfolio                                       |                           | 42.466  | 40.985  | 18.121  | 21.405   |
| 1.5.1 Held-for-trading financial assets  |                           | 897   | 1.020   | 159   | 778  |
| 1.5.2 Financial assets at fair value through profit and loss                                     |                           | -   | -   | -   | -  |
| 1.5.3 Available-for-sale financial assets  |                           | 35.273  | 33.735  | 14.729  | 17.589   |
| 1.5.4 Investments held-to-maturity   |                           | 6.296   | 6.230   | 3.233   | 3.038  |
| 1.6 Finance lease income   |                           | -   | -   | -   | -  |
| 1.7 Other interest income  |                           | 7.687   | 4.052   | 3.994   | 2.652  |
| <b>II. INTEREST EXPENSE</b>  | IV-2                      | <b>796.240</b>  | <b>634.566</b>                                      | <b>372.763</b>  | <b>319.335</b>                                   |
| 2.1 Interest on deposits   |                           | 732.360   | 587.371   | 341.172   | 296.351  |
| 2.2 Interest on funds borrowed   |                           | 43.763  | 29.541  | 21.915  | 15.158   |
| 2.3 Interest on money market borrowings  |                           | 9.700   | 4.916   | 5.640   | 2.414  |
| 2.4 Interest on securities issued  |                           | 6.621   | 9.972   | 3.653   | 5.076  |
| 2.5 Other interest expense   |                           | 3.796   | 2.766   | 383   | 336  |
| <b>III. NET INTEREST INCOME (I - II)</b>   |                           | <b>498.445</b>  | <b>433.704</b>                                      | <b>264.426</b>  | <b>230.331</b>                                   |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>   |                           | <b>60.600</b>   | <b>33.870</b>                                       | <b>26.060</b>   | <b>20.881</b>                                    |
| 4.1 Fees and commissions received  |                           | 78.229  | 44.282  | 34.349  | 26.283   |
| 4.1.1 Non-cash loans   |                           | 15.292  | 10.326  | 6.753   | 5.535  |
| 4.1.2 Other  | IV-12                     | 62.937  | 33.956  | 27.596  | 20.748   |
| 4.2 Fees and commissions paid  |                           | 17.629  | 10.412  | 8.289   | 5.402  |
| 4.2.1 Non-cash loans   |                           | -   | -   | -   | -  |
| 4.2.2 Other  | IV-12                     | 17.629  | 10.412  | 8.289   | 5.402  |
| <b>V. DIVIDEND INCOME</b>  | IV-3                      | -   | -   | -   | -  |
| <b>VI. NET TRADING INCOME</b>  | IV-4                      | <b>68.172</b>   | <b>(61.613)</b>                                     | <b>115.435</b>  | <b>(44.807)</b>                                  |
| 6.1 Securities trading gains/ (losses)   |                           | 166.529   | (724)   | 164.401   | 1.387  |
| 6.2 Gain/(losses) from derivative financial instruments  |                           | (5.300)   | 123.293   | (10.189)  | 151.838  |
| 6.3 Foreign exchange gains/ (losses)   |                           | (93.057)  | (184.182)   | (38.777)  | (198.032)  |
| <b>VII. OTHER OPERATING INCOME</b>   | IV-5                      | <b>10.114</b>   | <b>2.360</b>  | <b>8.235</b>  | <b>1.359</b>                                     |
| <b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>  |                           | <b>637.331</b>  | <b>408.321</b>                                      | <b>414.156</b>  | <b>207.764</b>                                   |
| <b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                                   | IV-6                      | <b>229.830</b>  | <b>124.084</b>                                      | <b>167.950</b>  | <b>60.381</b>                                    |
| <b>X. OTHER OPERATING EXPENSES (-)</b>   | IV-7                      | <b>327.047</b>  | <b>251.977</b>                                      | <b>194.119</b>  | <b>134.455</b>                                   |
| <b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>   |                           | <b>80.454</b>   | <b>32.260</b>                                       | <b>52.087</b>   | <b>12.928</b>                                    |
| <b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>                                       |                           | -   | -   | -   | -  |
| <b>XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>                |                           | -   | -   | -   | -  |
| <b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>   |                           | -   | -   | -   | -  |
| <b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>                     | IV-8                      | <b>80.454</b>   | <b>32.260</b>                                       | <b>52.087</b>   | <b>12.928</b>                                    |
| <b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>   | IV-9                      | <b>(20.139)</b>                                       | <b>(11.872)</b>                                     | <b>(14.411)</b>                                       | <b>(4.297)</b>                                   |
| 16.1 Provision for current income taxes  |                           | (33.541)  | (18.315)  | (31.762)  | (12.351)   |
| 16.2 Provision for deferred taxes  |                           | 13.402  | 6.443   | 17.351  | 8.054  |
| <b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>                                | IV-10                     | <b>60.315</b>   | <b>20.388</b>                                       | <b>37.676</b>   | <b>8.631</b>                                     |
| <b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>  |                           | -   | -   | -   | -  |
| 18.1 Income on assets held for sale  |                           | -   | -   | -   | -  |
| 18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures) |                           | -   | -   | -   | -  |
| 18.3 Income on other discontinued operations   |                           | -   | -   | -   | -  |
| <b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>  |                           | -   | -   | -   | -  |
| 19.1 Loss from assets held for sale  |                           | -   | -   | -   | -  |
| 19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)   |                           | -   | -   | -   | -  |
| 19.3 Loss from other discontinued operations   |                           | -   | -   | -   | -  |
| <b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>                   |                           | -   | -   | -   | -  |
| <b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>  |                           | -   | -   | -   | -  |
| 21.1 Provision for current income taxes  |                           | -   | -   | -   | -  |
| 21.2 Provision for deferred taxes  |                           | -   | -   | -   | -  |
| <b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                               |                           | -   | -   | -   | -  |
| <b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>  | IV-11                     | <b>60.315</b>   | <b>20.388</b>                                       | <b>37.676</b>   | <b>8.631</b>                                     |

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED**  
**UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JANUARY 1-JUNE 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<br>Current Period<br>01.01-30.06.2016 | Reviewed<br>Prior Period<br>01.01-30.06.2015 |
|---|--|--|
| I. Additions to marketable securities revaluation differences for available for sale financial assets   | 51.842   | (17.071)                                     |
| 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  | (10.368)                                       | 3.414  |
| X. Total Net Profit/Loss accounted under equity (I+II+...+IX)   | 41.474   | (13.657)                                     |
| XI. Profit/Loss   | 60.315   | 20.388                                       |
| 1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)   | 182.621  | (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   | (122.306)                                      | 22.798                                       |
| XII. Total Profit/Loss accounted for in the period (X±XI)   | 101.789  | 6.731  |

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

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

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

|  |   | THOUSANDS OF TURKISH LIRA(TL) |                    |                                   |                   |                                  |                   |                   |                           |                   |   |   |   |  |  |                     |  |   |                    |                                  |
|--|---|-------------------------------|--------------------|-----------------------------------|-------------------|----------------------------------|-------------------|-------------------|---------------------------|-------------------|---|---|---|--|--|---------------------|--|---|--------------------|----------------------------------|
|  |   | Note<br>(Section<br>Five)     | Paid-In<br>Capital | Adjustment<br>to Share<br>Capital | Share<br>Premiums | Share<br>Cancellation<br>Profits | Legal<br>Reserves | Status<br>Rserves | Extraordinary<br>Reserves | Other<br>Reserves | Current<br>Period Net<br>Income<br>(Loss) | Prior<br>Period<br>Net Income<br>(Loss) | Marketable<br>Securities<br>Value<br>Increase<br>Fund | Revaluation<br>Surplus on<br>Tangible<br>and<br>Intangible<br>Assets | Bonus Shares<br>from Invest.<br>In Ass., Subs.<br>and J.V. | Hedging<br>Reserves | Val.Chan.In<br>Prop. And Eq.<br>HF'S Purp./<br>Disc. Opr.. | Total<br>Equity<br>Before<br>Minority<br>Shares | Minority<br>Shares | Total<br>Shareholders'<br>Equity |
| CHANGES IN SHAREHOLDERS' EQUITY                  |   |                               |                    |                                   |                   |                                  |                   |                   |                           |                   |   |   |   |  |  |                     |  |   |                    |                                  |
|  | PRIOR PERIOD<br>30/06/2015  |                               |                    |                                   |                   |                                  |                   |                   |                           |                   |   |   |   |  |  |                     |  |   |                    |                                  |
| 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 Securities Valuation Differences                                     |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | (13.657)  | -  | -  | -                   | -  | (13.657)  | -                  | (13.657)                         |
| 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,<br>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  |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 14.1   | Cash Increase   | II-12                         | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 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)<br>20.388                           | 347                                     | -   | -  | -  | -                   | -  | 20.388  | -                  | 20.388                           |
| XX.  | Profit Distribution   |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.1   | Dividens Paid   |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.2   | Transfers to Reserves   |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| 20.3   | Other   |                               | -                  | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -  | -   | -                  | -                                |
| Period End Balance (I+II+III+...+XVI+XVII+XVIII) |   |                               | 1.496.150          | -                                 | -                 | -                                | -                 | -                 | -                         | -                 | 20.388                                    | (156.230)                               | (16.326)  | -  | -  | -                   | -  | 1.343.982                                       | -                  | 1.343.982                        |

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

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

|  |   | THOUSANDS OF TURKISH LIRA(TL) |                    |                                   |                   |                                  |                   |                    |                           |                   |   |   |   |  |  |                     |   |   |                    |                                  |
|--|---|-------------------------------|--------------------|-----------------------------------|-------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|---|---|---|--|--|---------------------|---|---|--------------------|----------------------------------|
|  |   | Note<br>(Section<br>Five)     | Paid-In<br>Capital | Adjustment<br>to Share<br>Capital | Share<br>Premiums | Share<br>Cancellation<br>Profits | Legal<br>Reserves | Status<br>Reserves | Extraordinary<br>Reserves | Other<br>Reserves | Current<br>Period Net<br>Income<br>(Loss) | Prior<br>Period<br>Net Income<br>(Loss) | Marketable<br>Securities<br>Value<br>Increase<br>Fund | Revaluation<br>Surplus on<br>Tangible<br>and<br>Intangible<br>Assets | Bonus Shares<br>from Invest.<br>In Ass., Subs.<br>and J.V. | Hedging<br>Reserves | Val.Chan.In<br>Prop. And Eq.<br>HFS Purp./<br>Disc. Opr.. | Total<br>Equity<br>Before<br>Minority<br>Shares | Minority<br>Shares | Total<br>Shareholders'<br>Equity |
| CHANGES IN SHAREHOLDERS' EQUITY                  |   |                               |                    |                                   |                   |                                  |                   |                    |                           |                   |   |   |   |  |  |                     |   |   |                    |                                  |
| CURRENT PERIOD<br>30/06/2016                     |   |                               |                    |                                   |                   |                                  |                   |                    |                           |                   |   |   |   |  |  |                     |   |   |                    |                                  |
| 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                                     |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | 41.474  | -  | -  | -                   | -   | 41.474  | -                  | 41.474                           |
| 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<br>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                         | 883.530            | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | 883.530   | -                  | 883.530                          |
| 12.1   | Cash Increase   |                               | 883.530            | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | 883.530   | -                  | 883.530                          |
| 12.2   | Internal Resources  |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | -   | -                  | -                                |
| 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   |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | 60.315                                    | -                                       | -   | -  | -  | -                   | -   | 60.315  | -                  | 60.315                           |
| 18.1   | Dividends Paid  |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | -   | -                  | -                                |
| 18.2   | Transfers to Reserves   |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | -   | -                  | -                                |
| 18.3   | Other   |                               | -                  | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | -   | -                                       | -   | -  | -  | -                   | -   | -   | -                  | -                                |
| Period End Balance (I+II+III+...+XVI+XVII+XVIII) |   |                               | 2.379.680          | -                                 | -                 | -                                | -                 | -                  | -                         | -                 | 60.315                                    | (105.940)                               | (1.597)   | -  | -  | -                   | -   | 2.332.458                                       | -                  | 2.332.458                        |

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



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

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

**VI. STATEMENT OF CASH FLOW**

|   | Reviewed<br>Current Period<br>30.06.2016 | Reviewed<br>Prior Period<br>30.06.2015 |
|---|--|--|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>  |  |  |
| <b>1.1 Operating profit before changes in operating assets and liabilities</b>                                    | <b>247.344</b>                           | <b>(41.125)</b>                        |
| 1.1.1 Interest received   | 1.349.681                                | 927.481                                |
| 1.1.2 Interest paid   | (785.857)                                | (638.539)                              |
| 1.1.3 Dividend received   | -  | -                                      |
| 1.1.4 Fees and commissions received   | 80.691                                   | 53.906                                 |
| 1.1.5 Other income  | (84.504)                                 | 36.115                                 |
| 1.1.6 Collections from previously written off loans   | 44.639                                   | 35.533                                 |
| 1.1.7 Payments to personnel and service suppliers   | (295.433)                                | (244.394)                              |
| 1.1.8 Taxes paid  | (60.268)                                 | (33.315)                               |
| 1.1.9 Others  | (1.605)                                  | (177.912)                              |
| <b>1.2 Changes in operating assets and liabilities</b>  | <b>(985.557)</b>                         | <b>294.922</b>                         |
| 1.2.1 Net (increase) decrease in financial assets held for trading  | 15.879                                   | (60.876)                               |
| 1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss                            | 23.728                                   | 25.498                                 |
| 1.2.3 Net (increase) decrease in due from banks and other financial institutions                                  | 581.692                                  | (775.014)                              |
| 1.2.4 Net (increase) decrease in loans  | (86.965)                                 | (1.805.937)                            |
| 1.2.5 Net (increase) decrease in other assets   | (55.516)                                 | (122.542)                              |
| 1.2.6 Net increase (decrease) in bank deposits  | 480.175                                  | 500.167                                |
| 1.2.7 Net increase (decrease) in other deposits   | (1.556.048)                              | 1.933.529                              |
| 1.2.8 Net increase (decrease) in funds borrowed   | (422.077)                                | 514.519                                |
| 1.2.9 Net increase (decrease) in matured payables   | -  | -                                      |
| 1.2.10 Net increase (decrease) in other liabilities   | 33.575                                   | 85.578                                 |
| <b>I. Net cash provided from banking operations</b>   | <b>(738.213)</b>                         | <b>253.797</b>                         |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |  |
| <b>II. Net cash provided from investing activities</b>  | <b>(48.612)</b>                          | <b>(261.335)</b>                       |
| 2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries                            | -  | -                                      |
| 2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries                           | -  | -                                      |
| 2.3 Fixed assets purchases  | (12.379)                                 | 53.786                                 |
| 2.4 Fixed assets sales  | -  | -                                      |
| 2.5 Cash paid for purchase of financial assets available for sale   | (651.741)                                | 207.549                                |
| 2.6 Cash obtained from sale of financial assets available for sale  | 615.508                                  | -                                      |
| 2.7 Cash paid for purchase of investment securities   | -  | -                                      |
| 2.8 Cash obtained from sale of investment securities  | -  | -                                      |
| 2.9 Others  | -  | -                                      |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |  |  |
| <b>III. Net cash provided from financing activities</b>   | <b>33.867</b>                            | <b>89.007</b>                          |
| 3.1 Cash obtained from funds borrowed and securities issued (*)   | 188.733                                  | 226.490                                |
| 3.2 Cash used for repayment of funds borrowed and securities issued   | (154.866)                                | (137.483)                              |
| 3.3 Capital increase  | -  | -                                      |
| 3.4 Dividends paid  | -  | -                                      |
| 3.5 Payments for finance leases   | -  | -                                      |
| 3.6 Other   | -  | -                                      |
| <b>IV. Effect of change in foreign exchange rate on cash and cash equivalents and other asset and liabilities</b> | <b>27.131</b>                            | <b>26.757</b>                          |
| <b>V. Net increase / (decrease) in cash and cash equivalents</b>  | <b>(725.827)</b>                         | <b>108.226</b>                         |
| <b>VI. Cash and cash equivalents at beginning of the period</b>   | <b>4.689.699</b>                         | <b>3.662.338</b>                       |
| <b>VII. Cash and cash equivalents at end of the period</b>  | <b>3.963.872</b>                         | <b>3.770.564</b>                       |

(\*) In accordance with the Board of Directors' decision and permits taken from the CMB and BRSA, the Bank has issued a bill with a nominal value of TL 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.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 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 JUNE 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 June 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 JUNE 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 JUNE 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 June 30, 2016, the Bank has specific provision amount to TL 291.408 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**  
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**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 June 30, 2016, the Bank has TL 3.100.764 of reverse repo transactions (December 31, 2015: TL 4.061.196).

As of June 30, 2016, the Bank has TL 316.315 funds provided under repurchase agreements(December 31, 2015: TL 156.858).

As of June 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**

Banks are obliged to dispose the assets they had to acquire due to receivables within three years following the day of acquisition. Assets subject to amortization to be disposed which are possible to be disposed in one year following the date of acquisition may not be subject to amortization, providing that a sale plan and an active study to carry out the plan has been made by the bank during this period and that the asset has been put up for sale at a price close to its market price. Assets subject to amortization unlikely to be disposed in one year following the date of acquisition or assets which cannot be disposed in one year, though likely to be disposed in such period of time are subject to amortization separately in a way to begin as of the date of acquisition and according to the quality by using the life cycles and amortization ratios defined by the Ministry of Finance pursuant to the Tax Procedure Law dated January 4, 1961 and Nr. 213. Assets subject to amortization which cannot be disposed after the expiration of three-year period are subject to amortization twice the amortization ratio following the expiration of this date and within the procedures and principles set forth in the third paragraph. In the event that assets which are not subject to amortization cannot be disposed following the acquisition date are subject to amortization by setting aside provisions at five percent for each year as of the date of acquisition. Pursuant to the Regulation on Equities of Banks, assets which cannot be disposed in five years following the acquisition date are considered as the value decreased from capital in equity account on net book values. Assets acquired due to receivables may not be valued, under any circumstances.

As of June 30, 2016, the Bank has TL 40.904 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 June 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 JUNE 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.

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**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 June 30, 2016, the Bank has corporate income tax provision amounting to TL 45.634, which is netted with prepaid taxes amounting to TL 30.197 and shown in the liabilities amounting to TL 15.437 (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 43.900 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 June 2016 Bank's total capital has been calculated as TL 2.832.985, capital adequacy ratio is 12.53%. As of 31 December 2015, Bank's total capital amounted to TL 2.832.670 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<br>Year<br>30 June<br>2016 | Amounts<br>Subject to Pre-<br>Basel III<br>treatment<br>(Before the<br>1/1/2014)* |
|---|------------------------------------|---|
| <b>COMMON EQUITY TIER 1 CAPITAL</b>   |                                    |   |
| Paid-up Capital following all debts in terms of claim in liquidation of the Bank  | 2.379.680                          |   |
| Share issue premiums  | -                                  |   |
| Reserves  | -                                  |   |
| Gains recognized in equity as per TAS   | -                                  |   |
| Profit  | 110.952                            |   |
| Current Period Profit   | 60.315                             |   |
| Prior Period Profit   | 50.637                             |   |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period  | -                                  |   |
| <b>Common Equity Tier 1 Capital Before Deductions</b>   | <b>2.490.632</b>                   |   |
| <b>Deductions from Common Equity Tier 1 Capital</b>   |                                    |   |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks   | -                                  |   |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | 158.174                            |   |
| Improvement costs for operating leasing   | 63.319                             |   |
| Goodwill (net of related tax liability)   |                                    |   |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 49.176                             | 81.960  |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | -                                  |   |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk   | -                                  |   |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision  | -                                  |   |
| Gains arising from securitization transactions  | -                                  |   |
| Unrealized gains and losses due to changes in own credit risk on fair valued liabilities  | -                                  |   |
| Defined-benefit pension fund net assets   | -                                  |   |
| Direct and indirect investments of the Bank in its own Common Equity  | -                                  |   |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | -                                  |   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -                                  |   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -                                  |   |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | -                                  |   |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | -                                  |   |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks   | -                                  |   |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                                   | -                                  |   |
| Excess amount arising from mortgage servicing rights  | -                                  |   |
| Excess amount arising from deferred tax assets based on temporary differences   | -                                  |   |
| Other items to be defined by the BRSA   | -                                  |   |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | -                                  |   |
| <b>Total Deductions From Common Equity Tier 1 Capital</b>   | <b>270.669</b>                     |   |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>2.219.963</b>                   |   |

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

|  | Current<br>Year 30<br>June 2016 | Amounts<br>Subject to Pre-<br>Basel III<br>treatment<br>(Before the<br>1/1/2014) * |
|--|---------------------------------|--|
| <b>ADDITIONAL TIER 1 CAPITAL</b>   |                                 |  |
| Preferred Stock not Included in Common Equity and the Related Share Premiums   | -                               |  |
| Debt instruments and premiums approved by BRSA   | -                               |  |
| Debt instruments and premiums approved by BRSA(Temporary Article 4)  | -                               |  |
| <b>Additional Tier I Capital before Deductions</b>   |                                 |  |
| <b>Deductions from Additional Tier I Capital</b>   |                                 |  |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital   | -                               |  |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.   | -                               |  |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital  | -                               |  |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital   | -                               |  |
| Other items to be defined by the BRSA  | -                               |  |
| <b>Transition from the Core Capital to Continue to deduce Components -</b>   |                                 |  |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)   | 32.784                          |  |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)  | -                               |  |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)   | -                               |  |
| <b>Total Deductions From Additional Tier I Capital</b>   |                                 |  |
| <b>Total Additional Tier I Capital</b>   |                                 |  |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>   | <b>2.187.179</b>                |  |
| <b>TIER II CAPITAL</b>   |                                 |  |
| Debt instruments and share issue premiums deemed suitable by the BRSA  | 432.735                         |  |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)  | -                               |  |
| Provisions (Article 8 of the Regulation on the Equity of Banks)  | 215.641                         |  |
| <b>Tier II Capital Before Deductions</b>   | <b>648.376</b>                  |  |
| <b>Deductions From Tier II Capital</b>   |                                 |  |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)   | -                               |  |
| Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.   | -                               |  |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)   | -                               |  |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank  | -                               |  |
| Other items to be defined by the BRSA (-)  | -                               |  |
| <b>Total Deductions from Tier II Capital</b>   |                                 |  |
| <b>Total Tier II Capital</b>   | <b>648.376</b>                  |  |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>   | <b>2.835.555</b>                |  |
| <b>Deductions from Total Capital</b>   |                                 |  |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law   | -                               |  |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years  | -                               |  |
| Other items to be defined by the BRSA (-)  | 2.885                           |  |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>  |                                 |  |
| The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -                               |  |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)                       | -                               |  |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)               | -                               |  |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>   | <b>2.832.670</b>                |  |

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

|  | Current Year<br>30 June 2016 | Amounts Subject<br>to Pre-Basel III<br>treatment (Before<br>the 1/1/2014) (*) |
|--|------------------------------|---|
| <b>TOTAL CAPITAL</b>   |                              |   |
| Total Capital (TIER I Capital and TIER II Capital)   | 2.835.555                    |   |
| Total risk weighted amounts  | 22.608.881                   |   |
| <b>Capital Adequacy Ratios</b>   |                              |   |
| Core Capital Adequacy Ratio  | 9,82                         |   |
| Tier I Capital Adequacy Ratio  | 9,67                         |   |
| Capital Adequacy Ratio   | 12,53                        |   |
| <b>BUFFERS</b>   |                              |   |
| Total buffer requirement   | 0,639                        |   |
| Capital conservation buffer requirement  | 0,625                        |   |
| Bank specific counter-cyclical buffer requirement  | 0,014                        |   |
| The ratio of Additional Common Equity Tier I 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                      | 5,32                         |   |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                              |   |
| Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | -                            |   |
| Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital                       | -                            |   |
| Amount arising from deferred tax assets based on temporary differences   | -                            |   |
| Limits related to provisions considered in Tier II calculation   | -                            |   |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                              |   |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation)  | 215.641                      |   |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 215.641                      |   |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation  | -                            |   |
| Excess amount of total provision amount to %0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation   | -                            |   |
| <b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>   |                              |   |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | -                            |   |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4  | -                            |   |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4  | -                            |   |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | -                            |   |

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

# ODEA BANK ANONİM ŞİRKETİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### AS OF JUNE 30, 2016

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## I. Explanations on Equity (continued)

### Information related to the components of shareholders' equity:

| Common Equity  | Prior Period<br>December 31, 2015(*) |
|--|--------------------------------------|
| <b>Paid-in capital following all debts in terms of claim in liquidation of the Bank</b>  | <b>1.496.150</b>                     |
| 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   | -                                    |
| <b>Common Equity Before Deductions</b>   | <b>1.546.787</b>                     |
| <b>Deductions from Common Equity</b>   |                                      |
| 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 (-)   | -                                    |
| <b>Total Deductions From Common Equity</b>   | <b>287.094</b>                       |
| <b>Total Common Equity</b>   | <b>1.259.693</b>                     |
| <b>ADDITIONAL TIER I CAPITAL</b>   |                                      |
| 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                              |
| <b>Additional Tier I Capital before Deductions</b>   | <b>873.420</b>                       |
| <b>Deductions from Additional Tier I Capital</b>   |                                      |
| 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 (-)   | -                                    |
| <b>Total Deductions From Additional Tier I Capital</b>   | <b>-</b>                             |
| <b>Total Additional Tier I Capital</b>   | <b>873.420</b>                       |
| <b>Deductions from Tier I Capital</b>  |                                      |
| 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 (-)   | -                                    |
| <b>Total Tier I Capital</b>  | <b>2.058.668</b>                     |
| <b>TIER II CAPITAL</b>   |                                      |
| 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                              |
| <b>Tier II Capital Before Deductions</b>   | <b>632.934</b>                       |
| <b>Deductions From Tier II Capital</b>   |                                      |
| 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  | -                                    |
| <b>Total Tier II Capital</b>   | <b>632.934</b>                       |
| <b>CAPITAL</b>   | <b>2.691.602</b>                     |
| 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 (-)                   | -                                    |
| <b>TOTAL CAPITAL</b>   | <b>2.687.249</b>                     |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                                      |
| 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 30 June 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 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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**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) (***)                         | 432.735   |
| 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 June 30, 2016 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

|                | 23 June 2016 | 24 June 2016 | 27 June 2016 | 28 June 2016 | 29 June 2016 | 30 June 2016 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>USD</b>     | 2,8737       | 2,9238       | 2,9339       | 2,8968       | 2,8923       | 2,8849       |
| <b>CHF</b>     | 3,0028       | 2,9972       | 2,9990       | 2,9598       | 2,9549       | 2,9589       |
| <b>GBP</b>     | 4,2542       | 4,0272       | 3,8745       | 3,8759       | 3,9087       | 3,8762       |
| <b>100 JPY</b> | 2,7204       | 2,8570       | 2,8876       | 2,8264       | 2,8165       | 2,8127       |
| <b>EURO</b>    | 3,2715       | 3,2386       | 3,2302       | 3,2047       | 3,2163       | 3,2124       |

  

|                | 24 Dec 2015 | 25 Dec 2015 | 28 Dec 2015 | 29 Dec 2015 | 30 Dec 2015 | 31 Dec 2015 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>USD</b>     | 2,9186      | 2,9152      | 2,9105      | 2,9082      | 2,9151      | 2,9114      |
| <b>CHF</b>     | 2,9567      | 2,9533      | 2,9450      | 2,9328      | 2,9442      | 2,9152      |
| <b>GBP</b>     | 4,3551      | 4,3501      | 4,3361      | 4,3062      | 4,3243      | 4,3086      |
| <b>100 JPY</b> | 2,4253      | 2,4236      | 2,4181      | 2,4177      | 2,4206      | 2,4210      |
| <b>EURO</b>    | 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 June 30, 2016 are as follows:

|                | Monthly Average<br>Foreign<br>Exchange Rate |
|----------------|---|
| <b>USD</b>     | 2,9151                                      |
| <b>CHF</b>     | 3,0068                                      |
| <b>GBP</b>     | 4,1469                                      |
| <b>100 JPY</b> | 2,7707                                      |
| <b>EURO</b>    | 3,2765                                      |

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

| June 30, 2016  | EUR                | USD                | OTHER           | TOTAL              |
|--|--------------------|--------------------|-----------------|--------------------|
| <b>Assets</b>  |                    |                    |                 |                    |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 123.483            | 2.825.299          | 3.685           | 2.952.467          |
| Banks  | 36.640             | 75.196             | 8.183           | 120.019            |
| Financial Assets at Fair Value Through Profit and Loss (***)   | -                  | -                  | -               | -                  |
| Money Market Placements  | -                  | -                  | -               | -                  |
| Available-For-Sale Financial Assets  | 75                 | 651.720            | -               | 651.795            |
| Loans (*)  | 5.373.235          | 7.348.570          | -               | 12.721.805         |
| Subsidiaries, Associates and Jointly Controlled Entities   | -                  | -                  | -               | -                  |
| Held-To-Maturity Investments   | -                  | 355.951            | -               | 355.951            |
| Derivative Financial Assets for Hedging Purposes   | -                  | -                  | -               | -                  |
| Tangible Assets  | -                  | -                  | -               | -                  |
| Intangible Assets  | -                  | -                  | -               | -                  |
| Other Assets   | 17.187             | 97.133             | -               | 114.320            |
| <b>Total Assets</b>  | <b>5.550.620</b>   | <b>11.353.869</b>  | <b>11.868</b>   | <b>16.916.357</b>  |
| <b>Liabilities</b>   |                    |                    |                 |                    |
| Bank Deposits  | 741.626            | 736.344            | -               | 1.477.970          |
| Other Deposits   | 5.763.834          | 8.549.304          | 47.530          | 14.360.668         |
| Derivative financial liabilities(****)   | -                  | -                  | -               | -                  |
| Money Market Balances  | -                  | 3.482              | -               | 3.482              |
| Funds Provided From Other Financial Institutions   | 708.240            | 1.792.613          | 44.401          | 2.545.254          |
| Subordinated Loan  | -                  | 432.812            | -               | 432.812            |
| Miscellaneous Payables   | 123                | 469                | 12              | 604                |
| Derivative Financial Liabilities for Hedging Purposes  | -                  | -                  | -               | -                  |
| Other Liabilities (***)  | 2.410              | 24.732             | 166             | 27.308             |
| <b>Total Liabilities</b>   | <b>7.216.233</b>   | <b>11.539.756</b>  | <b>92.109</b>   | <b>18.848.098</b>  |
| <b>Net Balance Sheet Position</b>  | <b>(1.665.613)</b> | <b>(185.887)</b>   | <b>(80.241)</b> | <b>(1.931.741)</b> |
| <b>Net Off-Balance Sheet Position</b>  | <b>2.052.055</b>   | <b>8.561</b>       | <b>80.688</b>   | <b>2.141.305</b>   |
| Financial Derivative Assets  | 6.598.240          | 8.762.673          | 357.072         | 15.717.985         |
| Financial Derivative Liabilities   | 4.537.438          | 8.885.166          | 276.696         | 13.699.300         |
| Forward deposit purchase commitments   | 10.367             | 158.979            | 312             | 169.658            |
| Forward deposit sales commitments  | 19.114             | 27.925             | -               | 47.039             |
| Non-Cash Loans (**)  | 337.317            | 839.585            | 816             | 1.177.718          |
| <b>December 31, 2015</b>   |                    |                    |                 |                    |
| 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         |
| <b>Net Balance Sheet Position</b>  | <b>(1.892.716)</b> | <b>(1.160.355)</b> | <b>(72.913)</b> | <b>(3.125.981)</b> |
| <b>Net Off-Balance Sheet Position</b>  | <b>2.253.564</b>   | <b>914.718</b>     | <b>73.216</b>   | <b>3.241.498</b>   |
| 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 1.496.485 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 |                   |
|------------------------------|-------|------------------------------|-------------------|------------------|-------------------|
|                              |       | June 30, 2016                | December 31, 2015 | June 30, 2016    | December 31, 2015 |
| USD                          | % 10  | (17.733)                     | (24.564)          | (17.733)         | (24.564)          |
| USD                          | %(10) | 17.733                       | 24.564            | 17.733           | 24.564            |
| EUR                          | % 10  | 38.644                       | 36.085            | 38.644           | 36.085            |
| EUR                          | %(10) | (38.644)                     | (36.085)          | (38.644)         | (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<br>Month   | 1-3<br>Months      | 3-12<br>Months   | 1-5<br>Years     | Over<br>5 Years  | Non-interest<br>bearing | Total             |
|--|--------------------|--------------------|------------------|------------------|------------------|-------------------------|-------------------|
| <b>June 30, 2016</b>   |                    |                    |                  |                  |                  |                         |                   |
| <b>Assets</b>  |                    |                    |                  |                  |                  |                         |                   |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 3.425.018          | -                  | -                | -                | -                | 219.494                 | 3.644.512         |
| Banks  | -                  | -                  | -                | -                | -                | 120.115                 | 120.115           |
| Financial Assets at Fair Value Through Profit and Loss   | 47.706             | 32.245             | 48.804           | 65.721           | 16.379           | -                       | 210.855           |
| Money Market Placements  | 3.100.764          | -                  | -                | -                | -                | -                       | 3.100.764         |
| Available-For-Sale Financial Assets  | 41.508             | 259.886            | -                | -                | 841.858          | 1.508                   | 1.144.760         |
| Loans  | 5.783.668          | 3.961.768          | 6.036.555        | 4.290.263        | 1.452.494        | 341.642                 | 21.866.390        |
| Held-To-Maturity Investments   | -                  | -                  | -                | 355.951          | -                | -                       | 355.951           |
| Other Assets   | -                  | -                  | -                | -                | -                | 570.778                 | 570.778           |
| <b>Total Assets</b>  | <b>12.398.664</b>  | <b>4.253.899</b>   | <b>6.085.359</b> | <b>4.711.935</b> | <b>2.310.731</b> | <b>1.253.537</b>        | <b>31.014.125</b> |
| <b>Liabilities</b>   |                    |                    |                  |                  |                  |                         |                   |
| Bank Deposits  | 748.282            | 187.774            | 30.751           | 469.419          | 47.844           | 167                     | 1.484.237         |
| Customer Deposits  | 14.679.612         | 6.238.302          | 693.440          | 8.054            | -                | 1.163.516               | 22.782.924        |
| Money Market Borrowings  | 316.315            | 3.482              | -                | -                | -                | -                       | 319.797           |
| Miscellaneous Payables   | -                  | -                  | -                | -                | -                | 18.391                  | 18.391            |
| Marketable Securities Issued   | 97.947             | 49.707             | 41.209           | -                | -                | -                       | 188.863           |
| Subordinated Loans(*)  | -                  | -                  | -                | -                | 432.812          | -                       | 432.812           |
| Funds Provided From Other Financial Institutions   | 548.733            | 690.297            | 1.276.738        | 34.474           | -                | -                       | 2.550.242         |
| Other Liabilities (**)   | 81.475             | 47.041             | 83.241           | 52.497           | 3.094            | 2.969.511               | 3.236.859         |
| <b>Total Liabilities</b>   | <b>16.472.364</b>  | <b>7.216.603</b>   | <b>2.125.379</b> | <b>564.444</b>   | <b>483.750</b>   | <b>4.151.585</b>        | <b>31.014.125</b> |
| Balance Sheet Long Position  | -                  | -                  | 3.959.980        | 4.147.491        | 1.826.981        | -                       | 9.934.452         |
| Balance Sheet Short Position   | (4.073.700)        | (2.962.704)        | -                | -                | -                | (2.898.048)             | (9.934.452)       |
| Off-Balance Sheet Long Position  | 9.883.165          | 4.390.547          | 3.984.690        | 2.337.971        | 611.873          | -                       | 21.208.246        |
| Off-Balance Sheet Short Position   | (9.907.028)        | (4.180.253)        | (4.271.662)      | (2.141.572)      | (803.142)        | -                       | (21.303.657)      |
| <b>Total Position</b>  | <b>(4.097.563)</b> | <b>(2.752.410)</b> | <b>3.673.008</b> | <b>4.343.890</b> | <b>1.635.712</b> | <b>(2.898.048)</b>      | <b>(95.411)</b>   |

(\*) The Bank was provided a subordinated loan with a value of USD 150 million, maturity of 10 years and with a interest rate of 6,5% on October 31, 2014 from its parent bank, Bank Audi. 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 2.332.458, TL 69.425 tax liabilities, TL 335.569 provisions and TL 232.059 other liabilities.

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

|  | Up to 1<br>Month   | 1-3<br>Months      | 3-12<br>Months   | 1-5<br>Years     | Over<br>5 Years  | Non-interest<br>bearing | Total             |
|--|--------------------|--------------------|------------------|------------------|------------------|-------------------------|-------------------|
| <b>December 31, 2015</b>   |                    |                    |                  |                  |                  |                         |                   |
| <b>Assets</b>  |                    |                    |                  |                  |                  |                         |                   |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 3.937.140          | -                  | -                | -                | -                | 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           |
| <b>Total Assets</b>  | <b>11.744.815</b>  | <b>5.700.364</b>   | <b>6.994.267</b> | <b>5.060.111</b> | <b>1.588.223</b> | <b>994.928</b>          | <b>32.082.708</b> |
| <b>Liabilities</b>   |                    |                    |                  |                  |                  |                         |                   |
| 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         |
| <b>Total Liabilities</b>   | <b>14.931.846</b>  | <b>10.435.166</b>  | <b>1.535.429</b> | <b>305.462</b>   | <b>771.962</b>   | <b>4.102.843</b>        | <b>32.082.708</b> |
| 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)      |
| <b>Total Position</b>  | <b>(3.222.693)</b> | <b>(5.382.023)</b> | <b>5.580.503</b> | <b>4.758.337</b> | <b>1.253.051</b> | <b>(3.107.917)</b>      | <b>(120.742)</b>  |

(\*) 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<br>% | USD<br>% | JPY<br>% | TL<br>% |
|--|-----------|----------|----------|---------|
| <b>June 30, 2016</b>   |           |          |          |         |
| <b>Assets</b>  |           |          |          |         |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | -         | 0,49     | -        | 3,51    |
| Banks  | -         | -        | -        | -       |
| Financial Assets at Fair Value Through Profit and Loss   | -         | -        | -        | 9,00    |
| Money Market Placements  | -         | -        | -        | 9,00    |
| Available-For-Sale Financial Assets  | -         | 6,39     | -        | 9,84    |
| Loans  | 5,54      | 6,44     | -        | 15,31   |
| Held-To-Maturity Investments   | -         | 3,48     | -        | -       |
| <b>Liabilities</b>   |           |          |          |         |
| Bank Deposits  | 2,06      | 2,61     | -        | 8,64    |
| Customer Deposits  | 1,92      | 2,49     | -        | 11,38   |
| Money Market Balances  | -         | -        | -        | 7,24    |
| Subordinated Loans   | -         | 6,50     | -        | -       |
| Miscellaneous Payables   | -         | -        | -        | -       |
| Marketable Securities Issued   | -         | -        | -        | 11,70   |
| Funds Provided From Other Financial Institutions   | 2,07      | 2,32     | -        | 6,68    |

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

|  | <b>EURO</b> | <b>USD</b> | <b>JPY</b> | <b>TL</b> |
|--|-------------|------------|------------|-----------|
|  | <b>%</b>    | <b>%</b>   | <b>%</b>   | <b>%</b>  |
| <b>December 31, 2015</b>   |             |            |            |           |
| <b>Assets</b>  |             |            |            |           |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques    |             |            |            |           |
| Purchased, Precious Metals) and Balances with the Central Bank of Turkey | -           | 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       | -          | -         |
| <b>Liabilities</b>   |             |            |            |           |
| 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 last quarter of 2016 is as follows:

| Current Period-30.06.2016         |  | Rate of "Percentage to be taken into account" not implemented Total value (*) |                  | Rate of "Percentage to be taken into account" implemented Total value (*) |                  |
|-----------------------------------|--|---|------------------|---|------------------|
|                                   |  | TL+FC   | FC               | TL+FC   | FC               |
| <b>HIGH QUALITY LIQUID ASSETS</b> |  |   |                  | <b>5.184.465</b>  | <b>2.182.066</b> |
| 1                                 | High quality liquid assets   | 6.494.085   | 3.491.687        | 5.184.465   | 2.182.066        |
| <b>CASH OUTFLOWS</b>              |  |   |                  |   |                  |
| 2                                 | Retail and Small Business Customer Deposits  | 13.563.694  | 7.717.613        | 1.309.643   | 771.627          |
| 3                                 | Stable deposits  | 934.532   | 2.687            | 46.727  | 134              |
| 4                                 | Less stable deposits   | 12.629.162  | 7.714.926        | 1.262.916   | 771.493          |
| 5                                 | Unsecured Funding other than Retail and Small Business Customer Deposits                                 | 8.604.442   | 6.329.683        | 4.535.646   | 3.479.571        |
| 6                                 | Operational deposits   | 27.596  | 38               | 6.899   | 10               |
| 7                                 | Non-Operational Deposits   | 7.701.991   | 5.703.425        | 3.653.892   | 2.853.341        |
| 8                                 | Other Unsecured Funding  | 874.855   | 626.220          | 874.855   | 626.220          |
| 9                                 | Secured funding  | -   | -                | -   | -                |
| 10                                | Other Cash Outflows  | 4.386.105   | 2.648.713        | 774.322   | 1.391.115        |
| 11                                | Liquidity needs related to derivatives and market  | 624.062   | 1.231.796        | 408.527   | 1.231.796        |
| 12                                | Debts related to the structured financial products   | -   | -                | -   | -                |
| 13                                | Commitment related to debts to financial markets and other off balance sheet liabilities                 | 3.762.043   | 1.416.917        | 365.795   | 159.319          |
| 14                                | Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | -   | -                | -   | -                |
| 15                                | Other irrevocable or conditionally revocable commitments   | -   | -                | -   | -                |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>   | -   | -                | <b>6.619.611</b>  | <b>5.642.313</b> |
| <b>CASH INFLOWS</b>               |  |   |                  |   |                  |
| 17                                | Secured Lending Transactions   | 2.030.303   | -                | -   | -                |
| 18                                | Unsecured Lending Transactions   | 2.308.886   | 842.951          | 1.867.001   | 717.228          |
| 19                                | Other contractual cash inflows   | 317.815   | 2.957.544        | 317.815   | 2.957.544        |
| 20                                | <b>TOTAL CASH INFLOWS</b>  | <b>4.657.004</b>  | <b>3.800.495</b> | <b>2.184.816</b>  | <b>3.674.772</b> |
|                                   |  | <b>Upper limit applied amounts</b>  |                  |   |                  |
| 21                                | <b>TOTAL HQLA</b>  | -   | -                | <b>5.184.465</b>  | <b>2.182.066</b> |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>   | -   | -                | <b>4.435.020</b>  | <b>1.967.766</b> |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  | -   | -                | <b>117,30</b>   | <b>114,57</b>    |

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

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

Information regarding weekly solo liquidity coverage ratios realized in the fourth quarter of 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" not implemented Total value (*) |                  |
|-----------------------------------|--|---|------------------|---|------------------|
|                                   |  | TL+FC   | FC               | TL+FC   | FC               |
| <b>HIGH QUALITY LIQUID ASSETS</b> |  |   |                  | <b>6.064.442</b>  | <b>2.945.037</b> |
| 1                                 | High quality liquid assets   | 7.349.775   | 4.230.369        | 6.064.442   | 2.945.037        |
| <b>CASH OUTFLOWS</b>              |  |   |                  |   |                  |
| 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                                | <b>TOTAL CASH OUTFLOWS</b>   | -   | -                | <b>6.567.274</b>  | <b>5.465.043</b> |
| <b>CASH INFLOWS</b>               |  |   |                  |   |                  |
| 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                                | <b>TOTAL CASH INFLOWS</b>  | <b>5.176.283</b>  | <b>3.585.742</b> | <b>2.280.121</b>  | <b>3.367.780</b> |
|                                   |  | Upper limit applied amounts   |                  |   |                  |
| 21                                | <b>TOTAL HQLA</b>  | -   | -                | <b>6.064.442</b>  | <b>2.945.037</b> |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>   | -   | -                | <b>4.287.153</b>  | <b>2.117.458</b> |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  | -   | -                | <b>142,74</b>   | <b>144,14</b>    |

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

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

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

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

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

|              | Current Year-30/06/2016 |                      | Prior Year-31/12/2015 |                      |
|--------------|-------------------------|----------------------|-----------------------|----------------------|
|              | TL+FC                   | FC                   | TL+FC                 | FC                   |
| Lowest Week  | 102,26<br>01/07/2016    | 68,12<br>20/05/2016  | 114,40<br>25.12.2015  | 109,96<br>20.11.2015 |
| Highest Week | 134,78<br>10/06/2016    | 157,50<br>10/06/2016 | 178,36<br>09.10.2015  | 217,73<br>16.10.2015 |
| Average      | 117,30                  | 114,57               | 142,74                | 144,14               |

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

| June 30, 2016  | Demand           | Up to 1 Month       | 1-3 Month          | 3-12 Months      | 1-5 Years        | Over 5 Years     | Undistributed (*)  | Total             |
|--|------------------|---------------------|--------------------|------------------|------------------|------------------|--------------------|-------------------|
| <b>Assets</b>  |                  |                     |                    |                  |                  |                  |                    |                   |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 3.644.512        | -                   | -                  | -                | -                | -                | -                  | 3.644.512         |
| Banks  | 120.115          | -                   | -                  | -                | -                | -                | -                  | 120.115           |
| Financial Assets at Fair Value Through Profit and Loss   | -                | 46.081              | 32.222             | 46.173           | 66.682           | 19.697           | -                  | 210.855           |
| Money Market Placements  | -                | 3.100.764           | -                  | -                | -                | -                | -                  | 3.100.764         |
| Available-For-Sale Financial Assets  | -                | 41.508              | -                  | -                | 259.886          | 841.858          | 1.508              | 1.144.760         |
| Loans  | -                | 1.099.268           | 967.642            | 4.077.637        | 9.132.970        | 6.247.230        | 341.643            | 21.866.390        |
| Held-To-Maturity Investments   | -                | -                   | -                  | -                | 355.951          | -                | -                  | 355.951           |
| Other Assets   | -                | -                   | -                  | -                | -                | -                | 570.778            | 570.778           |
| <b>Total Assets</b>  | <b>3.764.627</b> | <b>4.287.621</b>    | <b>999.864</b>     | <b>4.123.810</b> | <b>9.815.489</b> | <b>7.108.785</b> | <b>913.929</b>     | <b>31.014.125</b> |
| <b>Liabilities</b>   |                  |                     |                    |                  |                  |                  |                    |                   |
| Bank Deposits  | 167              | 976.243             | 213.961            | 293.866          | -                | -                | -                  | 1.484.237         |
| Customer Deposits  | 1.163.516        | 14.679.612          | 6.238.302          | 693.440          | 8.054            | -                | -                  | 22.782.924        |
| Funds Provided From Other Financial Institutions   | -                | 507.510             | 690.297            | 689.734          | 298.524          | 364.177          | -                  | 2.550.242         |
| Money Market Borrowings  | -                | 316.315             | 3.482              | -                | -                | -                | -                  | 319.797           |
| Marketable Securities Issued   | -                | 97.947              | 49.707             | 41.209           | -                | -                | -                  | 188.863           |
| Subordinated Loans(**)   | -                | -                   | -                  | -                | -                | 432.812          | -                  | 432.812           |
| Miscellaneous Payables   | -                | -                   | -                  | -                | -                | -                | 18.391             | 18.391            |
| Other Liabilities (***)  | -                | 71.589              | 38.111             | 69.176           | 75.847           | 12.625           | 2.969.511          | 3.236.859         |
| <b>Total Liabilities</b>   | <b>1.163.683</b> | <b>16.649.216</b>   | <b>7.233.860</b>   | <b>1.787.425</b> | <b>382.425</b>   | <b>809.614</b>   | <b>2.987.902</b>   | <b>31.014.125</b> |
| <b>Liquidity Gap</b>   | <b>2.600.944</b> | <b>(12.361.595)</b> | <b>(6.233.996)</b> | <b>2.336.385</b> | <b>9.433.064</b> | <b>6.299.171</b> | <b>(2.073.973)</b> | <b>-</b>          |
| <b>Net Off-Balance Sheet Position</b>  | <b>(57.040)</b>  | <b>(2.944)</b>      | <b>(33.374)</b>    | <b>(2.627)</b>   | <b>574</b>       | <b>-</b>         | <b>-</b>           | <b>(95.411)</b>   |
| Financial Derivative Assets  | 9.295.980        | 4.006.813           | 3.450.931          | 3.465.870        | 988.652          | -                | -                  | 21.208.246        |
| Financial Derivative Liabilities   | 9.353.020        | 4.009.757           | 3.484.305          | 3.468.497        | 988.078          | -                | -                  | 21.303.657        |
| <b>Non-Cash Loans</b>  | <b>102.517</b>   | <b>836.052</b>      | <b>150.894</b>     | <b>1.075.837</b> | <b>6.730</b>     | <b>-</b>         | <b>-</b>           | <b>2.172.030</b>  |
| <b>Prior period</b>  |                  |                     |                    |                  |                  |                  |                    |                   |
| 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        |
| <b>Liquidity Gap</b>   | <b>2.732.109</b> | <b>(9.553.022)</b>  | <b>(9.529.311)</b> | <b>2.594.553</b> | <b>9.584.297</b> | <b>6.074.258</b> | <b>(1.902.884)</b> | <b>-</b>          |
| <b>Net Off-Balance Sheet Position</b>  | <b>(36.159)</b>  | <b>(34.583)</b>     | <b>(54.185)</b>    | <b>3.688</b>     | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>(121.239)</b>  |
| Financial Derivative Assets  | 5.491.045        | 3.349.807           | 3.434.632          | 2.187.155        | 818.829          | -                | -                  | 15.281.468        |
| Financial Derivative Liabilities   | 5.527.204        | 3.384.390           | 3.488.817          | 2.183.467        | 818.829          | -                | -                  | 15.402.707        |
| <b>Non-Cash Loans</b>  | <b>54.429</b>    | <b>504.291</b>      | <b>318.859</b>     | <b>1.418.840</b> | <b>359</b>       | <b>-</b>         | <b>-</b>           | <b>2.296.778</b>  |

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

(\*\*) The Bank was provided a subordinated loan with a value of USD 150 million, maturity of 10 years and with a interest rate of 6,5% on October 31, 2014 from its parent bank, Bank Audi. 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 2.332.458, TL 69.425 tax liabilities, TL 335.569 provisions and TL 232.059 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 6,23% (December 31, 2015: 5,82%). According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

|  | <b>Current Period</b><br><b>30 June 2016(*)</b> | <b>Prior Period</b><br><b>31 December</b><br><b>2015(*)</b> |
|--|---|---|
| <b>Balance sheet transactions</b>  |   |   |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals) | 30.730.453                                      | 31.865.370  |
| 2 (Assets deducted from Core capital)  | (96.236)  | (80.499)  |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2)   | 30.634.217                                      | 31.784.871  |
| <b>Derivative financial assets and credit derivatives</b>  |   |   |
| 4 Cost of replenishment for derivative financial assets and credit derivatives                               | 393.444   | 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)             | 393.444   | 292.073   |
| <b>Financing transactions secured by marketable security or commodity</b>                                    |   |   |
| 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)   | -   | -   |
| <b>Off-balance sheet transactions</b>  |   |   |
| 10 Gross notional amount of off-balance sheet transactions   | 3.529.321                                       | 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)                                     | 3.529.321                                       | 3.654.590   |
| <b>Capital and total risk</b>  |   |   |
| 13 Core Capital  | 2.152.721                                       | 2.078.091   |
| 14 Total risk amount(sum of lines 3, 6, 9 and 12)  | 34.556.982                                      | 35.731.534  |
| <b>Leverage ratio</b>  |   |   |
| 15 Leverage ratio  | 6,23  | 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 30 June 2016. According to Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**a. Overview of RWA**

|    |   | Risk Weighted Amount              |                                     | Minimum Capital Requirement       |
|----|---|-----------------------------------|-------------------------------------|-----------------------------------|
|    |   | Current Period<br>30 June<br>2016 | Prior Period<br>31 December<br>2015 | Current Period<br>30 June<br>2016 |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 20.799.599                        | 21.024.610                          | 1.663.968                         |
| 2  | Standardised approach (SA)  | 20.799.599                        | 21.024.610                          | 1.663.968                         |
| 3  | Internal rating-based (IRB) approach  | -                                 | -                                   | -                                 |
| 4  | Counterparty credit risk  | 390.806                           | 4.542                               | 31.264                            |
| 5  | Standardised approach for counterparty credit risk (SA-CCR)                           | 390.806                           | 4.542                               | 31.264                            |
| 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   | 391.188                           | 487.375                             | 31.295                            |
| 17 | Standardised approach (SA)  | 391.188                           | 487.375                             | 31.295                            |
| 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 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>22.608.881</b>                 | <b>22.041.688</b>                   | <b>1.808.710</b>                  |

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**b. Credit quality of assets**

**Gross carrying values of (according to TAS)**

|                               | Defaulted exposures | Non-defaulted exposures | Allowances/ impairments | Net values        |
|-------------------------------|---------------------|-------------------------|-------------------------|-------------------|
| 1 Loans                       | 633.050             | 21.542.445              | 309.105                 | 21.866.390        |
| 2 Debt Securities             | -                   | 1.508.244               | -                       | 1.508.244         |
| 3 Off-balance sheet exposures | 10.660              | 3.629.573               | 2.607                   | 3.637.626         |
| <b>4 Total</b>                | <b>643.710</b>      | <b>26.680.262</b>       | <b>311.712</b>          | <b>27.012.260</b> |

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

|   | <b>30.06.2016</b> |
|---|-------------------|
| <b>1 Defaulted loans and debt securities at end of the previous reporting period</b>    | <b>487.927</b>    |
| 2 Loans and debt securities that have defaulted since the last reporting period         | 233.155           |
| 3 Returned to non-defaulted status  | -                 |
| 4 Amounts written off   | 43.393            |
| 5 Other changes   | 44.639            |
| <b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b> | <b>633.050</b>    |

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

|                      | Exposures unsecured: carrying amount | Exposures secured by collateral(*) | Exposures secured by collateral, of which: secured amount(**) | Exposures secured by financial guarantees | Exposures secured by financial guarantees, of which: secured amount | Exposures secured by credit derivatives | Exposures secured by credit derivatives, of which: secured amount |
|----------------------|--------------------------------------|------------------------------------|---|---|---|---|---|
| 1 Loans              | 19.745.013                           | 2.121.377                          | 1.261.868   | -   | -   | -                                       | -   |
| 2 Debt securities    | 1.508.244                            | -                                  | -   | -   | -   | -                                       | -   |
| <b>3 Total</b>       | <b>21.253.257</b>                    | <b>2.121.377</b>                   | <b>1.261.868</b>  | <b>-</b>                                  | <b>-</b>  | <b>-</b>                                | <b>-</b>  |
| 4 Of which defaulted | 633.050                              | 93                                 | 71  | -   | -   | -                                       | -   |

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

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

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

| Current Year - 30.06.2016 |   | Exposures before CCF and CRM |                          | Exposures post-CCF and CRM |                          | RWA and RWA density |             |
|---------------------------|---|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|-------------|
| Assets classes            |   | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount    | Off-balance sheet amount | RWA                 | RWA density |
| 1                         | Exposures to central governments or central banks                                     | 5.126.423                    | -                        | 5.126.423                  | -                        | 2.100.420           | 41%         |
| 2                         | Exposures to regional governments or local authorities                                | -                            | -                        | -                          | -                        | -                   | 0%          |
| 3                         | Exposures to public sector entities   | 320                          | 51                       | 320                        | 6                        | 326                 | 100%        |
| 4                         | Exposures to multilateral development banks   | -                            | -                        | -                          | -                        | -                   | 0%          |
| 5                         | Exposures to international organisations  | -                            | 10                       | -                          | 2                        | -                   | 0%          |
| 6                         | Exposures to institutions   | 599.559                      | 426.475                  | 599.559                    | 59.397                   | 269.732             | 41%         |
| 7                         | Exposures to corporates   | 12.551.731                   | 2.326.248                | 11.379.697                 | 1.039.188                | 12.418.885          | 100%        |
| 8                         | Retail exposures  | 2.191.039                    | 630.523                  | 2.135.007                  | 23.800                   | 1.622.870           | 75%         |
| 9                         | Exposures secured by residential property   | 1.420.685                    | 153.757                  | 1.386.954                  | 73.643                   | 511.209             | 35%         |
| 10                        | Exposures secured by commercial real estate   | 5.412.295                    | 103.170                  | 5.412.295                  | 51.109                   | 3.329.954           | 61%         |
| 11                        | Past-due loans  | 182.714                      | -                        | 182.714                    | -                        | 184.995             | 101%        |
| 12                        | Higher-risk categories by the Agency Board  | 209.583                      | -                        | 209.512                    | -                        | 248.681             | 119%        |
| 13                        | Exposures in the form of covered bonds  | -                            | -                        | -                          | -                        | -                   | 0%          |
| 14                        | Exposures to institutions and corporates with a short-term credit assessment          | -                            | -                        | -                          | -                        | -                   | 0%          |
| 15                        | Exposures in the form of units or shares in collective investment undertakings (CIUs) | -                            | -                        | -                          | -                        | -                   | 0%          |
| 16                        | Other assets  | 555.220                      | -                        | 555.220                    | -                        | 399.874             | 72%         |
| 17                        | Investments in equities   | -                            | -                        | -                          | -                        | -                   | 0%          |
| <b>18</b>                 | <b>Total</b>  | <b>28.249.569</b>            | <b>3.640.234</b>         | <b>26.987.701</b>          | <b>1.247.145</b>         | <b>21.086.946</b>   | <b>75%</b>  |

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

| Asset classes/ Risk weight*   | 0%               | 10%      | 20%            | 50%(*)           | 75%              | 100%              | 150%           | 200%     | Other<br>(35% -<br>50%(**)) | Total credit<br>risk<br>exposure<br>amount<br>(***) |
|---|------------------|----------|----------------|------------------|------------------|-------------------|----------------|----------|-----------------------------|---|
| Exposures to central governments or central banks                                     | 1.575.870        | -        | -              | -                | -                | 650.286           | -              | -        | 2.900.267                   | 5.126.423   |
| Exposures to regional governments or local authorities                                | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Exposures to public sector entities   | -                | -        | -              | -                | -                | 326               | -              | -        | -                           | 326   |
| Exposures to multilateral development banks   | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Exposures to international organisations  | 2                | -        | -              | -                | -                | -                 | -              | -        | -                           | 2   |
| Exposures to institutions   | -                | -        | 304.133        | -                | -                | 62.988            | -              | -        | 291.835                     | 658.956   |
| Exposures to corporates   | -                | -        | -              | -                | -                | 12.418.885        | -              | -        | -                           | 12.418.885  |
| Retail exposures  | -                | -        | -              | -                | 2.143.747        | 15.060            | -              | -        | -                           | 2.158.807   |
| Exposures secured by residential property   | -                | -        | -              | -                | -                | -                 | -              | -        | 1.460.597                   | 1.460.597   |
| Exposures secured by commercial real estate   | -                | -        | -              | 4.266.899        | -                | 1.196.505         | -              | -        | -                           | 5.463.404   |
| Past-due loans  | -                | -        | -              | -                | -                | 40.842            | 73.217         | -        | 68.655                      | 182.714   |
| Higher-risk categories by the Agency Board  | -                | -        | -              | -                | -                | 104.806           | 91.522         | -        | 13.184                      | 209.512   |
| Exposures in the form of covered bonds  | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Exposures to institutions and corporates with a short-term credit assessment          | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Exposures in the form of units or shares in collective investment undertakings (CIUs) | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Investments in equities   | -                | -        | -              | -                | -                | -                 | -              | -        | -                           | -   |
| Other assets  | 155.346          | -        | -              | -                | -                | 399.874           | -              | -        | -                           | 555.220   |
| <b>Total</b>  | <b>1.731.218</b> | <b>-</b> | <b>304.133</b> | <b>4.266.899</b> | <b>2.143.747</b> | <b>14.889.572</b> | <b>164.739</b> | <b>-</b> | <b>4.734.538</b>            | <b>28.234.846</b>                                   |

(\*) Collateralized with the Real Estate Mortgage

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

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

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

|                                  |  | Revaluation<br>Cost | Potential<br>credit risk<br>exposure | EBPRT(*) | Alpha    | Exposure<br>after credit<br>risk<br>mitigation | Risk<br>Weighted<br>Amounts |
|----------------------------------|--|---------------------|--------------------------------------|----------|----------|--|-----------------------------|
| <b>Current Year - 30.06.2016</b> |  |                     |                                      |          |          |  |                             |
| 1                                | Standard Approach-CCR  | 200.316             | 237.484                              | -        | 1,4      | 437.800  | 287.325                     |
| 2                                | Internal Model Approach  | -                   | -                                    | -        | -        | -  | -                           |
| 3                                | Simplified Standardised Approach for Credit Risk Mitigation                                    | -                   | -                                    | -        | -        | -  | -                           |
| 4                                | Comprehensive Method for Credit Risk Mitigation  | -                   | -                                    | -        | -        | 10.933   | 23                          |
| 5                                | Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions | -                   | -                                    | -        | -        | 10.933   | 23                          |
| <b>6</b>                         | <b>Total</b>   | <b>200.316</b>      | <b>237.484</b>                       | <b>-</b> | <b>-</b> | <b>448.733</b>                                 | <b>287.348</b>              |

(\*) Effective expected positive risk amount

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

| Current Year - 30.06.2016  | Exposure (After credit risk mitigation methods) | Risk Weighted Amounts |
|--|---|-----------------------|
| Total portfolio value with comprehensive approach CVA capital adequacy |   |                       |
| 1 (i) Value at risk component (3*multiplier included)                  | -   | -                     |
| 2 (ii) Stressed Value at Risk (3*multiplier included)                  | -   | -                     |
| 3 Total portfolio value with simplified approach CVA capital adequacy  | 420.131   | 103.460               |
| 4 Total amount of CVA capital adequacy                                 | 420.131   | 103.460               |

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

| Risk Weights/ Risk Classes  | 0%            | 10%      | 20%           | 50%            | 75%           | 100%           | 150%     | Other    | Total Credit Risk(*) |
|---|---------------|----------|---------------|----------------|---------------|----------------|----------|----------|----------------------|
| Central governments and central banks receivables                       | 10.820        | -        | -             | -              | -             | 793            | -        | -        | 793                  |
| Local governments and municipalities receivables                        | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Administrative and non commercial receivables                           | -             | -        | -             | -              | -             | 118            | -        | -        | 118                  |
| Multilateral Development Bank receivables                               | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| International Organisations receivables                                 | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Banks and Intermediary Institutions receivables                         | -             | -        | 68.257        | 175.405        | -             | -              | -        | -        | 101.354              |
| Corporate receivables   | -             | -        | -             | -              | -             | 160.312        | -        | -        | 160.312              |
| Retail receivables  | -             | -        | -             | -              | 33.028        | -              | -        | -        | 24.771               |
| Mortgage receivables  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Non performing receivables  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| High risk defined receivables   | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Mortgage backed securities  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Securitisation Positions  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Short term credit rated banks and Intermediary Institutions receivables | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Collective investment undertaking investments                           | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Equity investments  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Other receivables   | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| Other assets(**)  | -             | -        | -             | -              | -             | -              | -        | -        | -                    |
| <b>Total</b>  | <b>10.820</b> | <b>-</b> | <b>68.257</b> | <b>175.405</b> | <b>33.028</b> | <b>161.223</b> | <b>-</b> | <b>-</b> | <b>287.348</b>       |

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

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

**j. Composition of collateral for CCR exposure:** Due to absence of derivative collateral considered in the calculation of capital adequacy, related table was not given.

**k. Credit derivatives exposures:** None.

**l. Risk exposure to CCP:** None.

**m. Securitization explanation:** None.

**n. Market risk under standardised approach**

|   | RWA            |
|---|----------------|
| <b>Outright products</b>                    |                |
| 1 Interest rate risk (general and specific) | 170.012        |
| 2 Equity risk (general and specific)        | -              |
| 3 Foreign exchange risk                     | 88.688         |
| 4 Commodity risk                            | -              |
| <b>Options</b>                              |                |
| 5 Simplified approach                       | -              |
| 6 Delta-plus method                         | 132.488        |
| 7 Scenario approach                         | -              |
| 8 Securitisation                            | -              |
| <b>9 Total</b>                              | <b>391.188</b> |

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 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:**

|  | <b>June 30, 2016</b> |                  | <b>December 31, 2015</b> |                  |
|--|----------------------|------------------|--------------------------|------------------|
|  | <b>TL</b>            | <b>FC</b>        | <b>TL</b>                | <b>FC</b>        |
| Cash in Vault                            | 61.830               | 61.174           | 65.252                   | 72.078           |
| Balances with the Central Bank of Turkey | 630.215              | 2.891.293        | 464.333                  | 3.472.921        |
| Other                                    | -                    | -                | -                        | -                |
| <b>Total</b>                             | <b>692.045</b>       | <b>2.952.467</b> | <b>529.585</b>           | <b>3.544.999</b> |

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

|                              | <b>June 30, 2016</b> |                  | <b>December 31, 2015</b> |                  |
|------------------------------|----------------------|------------------|--------------------------|------------------|
|                              | <b>TL</b>            | <b>FC</b>        | <b>TL</b>                | <b>FC</b>        |
| Unrestricted demand deposits | 630.215              | 148              | 464.333                  | 84               |
| Unrestricted time deposits   | -                    | -                | -                        | -                |
| Restricted time deposits     | -                    | 2.891.145        | -                        | 3.472.837        |
| <b>Total</b>                 | <b>630.215</b>       | <b>2.891.293</b> | <b>464.333</b>           | <b>3.472.921</b> |

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

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

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of 30 June 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 June 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:

|                                  | <b>June 30, 2016</b> |           | <b>December 31, 2015</b> |           |
|----------------------------------|----------------------|-----------|--------------------------|-----------|
|                                  | <b>TL</b>            | <b>FC</b> | <b>TL</b>                | <b>FC</b> |
| Classified as unrestricted       | 9.041                | -         | 24.812                   | -         |
| Subject to repurchase agreements | -                    | -         | -                        | -         |
| Given as collateral/blocked      | -                    | -         | -                        | -         |
| <b>Total</b>                     | <b>9.041</b>         | <b>-</b>  | <b>24.812</b>            | <b>-</b>  |

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

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

|                      | <b>June 30, 2016</b> |               | <b>December 31, 2015</b> |               |
|----------------------|----------------------|---------------|--------------------------|---------------|
|                      | <b>TL</b>            | <b>FC</b>     | <b>TL</b>                | <b>FC</b>     |
| Forward Transactions | 21.234               | 13.751        | 19.104                   | 4.952         |
| Swap Transactions    | 94.184               | 43.855        | 37.022                   | 16.135        |
| Futures Transactions | -                    | -             | -                        | -             |
| Options              | 14.903               | 13.887        | 20.063                   | 3.637         |
| Other                | -                    | -             | -                        | -             |
| <b>Total</b>         | <b>130.321</b>       | <b>71.493</b> | <b>76.189</b>            | <b>24.724</b> |

**3. Information on banks:**

|                                 | <b>June 30, 2016</b> |                | <b>December 31, 2015</b> |               |
|---------------------------------|----------------------|----------------|--------------------------|---------------|
|                                 | <b>TL</b>            | <b>FC</b>      | <b>TL</b>                | <b>FC</b>     |
| Banks                           |                      |                |                          |               |
| Domestic                        | 96                   | -              | 114                      | -             |
| Foreign                         | -                    | 120.019        | -                        | 35.872        |
| Branches and head office abroad | -                    | -              | -                        | -             |
| <b>Total</b>                    | <b>96</b>            | <b>120.019</b> | <b>114</b>               | <b>35.872</b> |

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

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

|  | <b>June 30, 2016</b> |           | <b>December 31, 2015</b> |           |
|--|----------------------|-----------|--------------------------|-----------|
|  | <b>TL</b>            | <b>FC</b> | <b>TL</b>                | <b>FC</b> |
| Share certificates                         | -                    | -         | -                        | -         |
| Bond, Treasury bill and similar securities | 147.160              | -         | 285.673                  | -         |
| Other                                      | -                    | -         | -                        | -         |
| <b>Total</b>                               | <b>147.160</b>       | <b>-</b>  | <b>285.673</b>           | <b>-</b>  |



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

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

As of June 30, 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 320.531 (31 December 2015: TL 157.575).

b) Information on financial assets available for sale portfolio:

|                                   | June 30,<br>2016 | December 31,<br>2015 |
|-----------------------------------|------------------|----------------------|
| Debt securities                   | 1.143.252        | 1.091.893            |
| Quoted on a stock exchange        | 1.143.252        | 1.091.893            |
| Not quoted                        | -                | -                    |
| Share certificates                | 1.508            | 5.285                |
| Quoted on a stock exchange        | -                | -                    |
| Not quoted                        | 1.508            | 5.285                |
| Value Decrease (-) / Increase (+) | -                | -                    |
| <b>Total</b>                      | <b>1.144.760</b> | <b>1.097.178</b>     |

**5. Information on loans:**

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

|  | June 30,<br>2016 |               | December 31,<br>2015 |               |
|--|------------------|---------------|----------------------|---------------|
|  | Cash             | Non-cash      | Cash                 | Non-cash      |
| Direct loans granted to shareholders   | -                | -             | -                    | -             |
| Corporate shareholders                 | -                | -             | -                    | -             |
| Real person shareholders               | -                | -             | -                    | -             |
| Indirect loans granted to shareholders | -                | 15.850        | -                    | 16.770        |
| Loans granted to employees             | 7.021            | -             | 7.071                | -             |
| <b>Total</b>                           | <b>7.021</b>     | <b>15.850</b> | <b>7.071</b>         | <b>16.770</b> |

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

|                                 | Standard Loans and<br>Other Receivables |                                   |          | Loans and Other Receivables<br>Under Close Monitoring |                                   |          |
|---------------------------------|---|-----------------------------------|----------|---|-----------------------------------|----------|
|                                 | Loans and Other<br>Receivables          | Restructured<br>or<br>Rescheduled | Other    | Loans and Other<br>Receivables                        | Restructured<br>or<br>Rescheduled | Other    |
| <b>Cash Loans</b>               |   |                                   |          |   |                                   |          |
| Non-specialized loans           | 20.272.162                              | 138.594                           | -        | 532.608   | 581.384                           | -        |
| Discount notes                  | -                                       | -                                 | -        | -   | -                                 | -        |
| Export loans                    | 1.414.716                               | -                                 | -        | 4.665   | 21.775                            | -        |
| Import loans                    | -                                       | -                                 | -        | -   | -                                 | -        |
| Loans given to financial sector | 101.492                                 | -                                 | -        | 1.998   | -                                 | -        |
| Foreign loans                   | 386.341                                 | -                                 | -        | 30.306  | -                                 | -        |
| Consumer loans                  | 1.884.328                               | -                                 | -        | 98.770  | 41.777                            | -        |
| Credit cards                    | 230.996                                 | -                                 | -        | 14.094  | -                                 | -        |
| Precious metals loans           | -                                       | -                                 | -        | -   | -                                 | -        |
| Other                           | 16.254.289                              | 138.594                           | -        | 382.775   | 517.832                           | -        |
| Specialized loans               | -                                       | -                                 | -        | -   | -                                 | -        |
| Other receivables               | -                                       | -                                 | -        | -   | -                                 | -        |
| <b>Total</b>                    | <b>20.272.162</b>                       | <b>138.594</b>                    | <b>-</b> | <b>532.608</b>  | <b>581.384</b>                    | <b>-</b> |

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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      | 138.594                              | 581.384  |
| Extended by 3,4 or 5 times    | -                                    | -  |
| Extended by more than 5 times | -                                    | -  |
| <b>Total</b>                  | <b>138.594</b>                       | <b>581.384</b>                                     |

| Extension periods | Standard loans and other receivables(*) | Loans and other receivables under close monitoring(*) |
|-------------------|---|---|
| 0 - 6 Months      | 97.698                                  | 221.290   |
| 6 - 12 Months     | 196                                     | 10.783  |
| 1 - 2 Years       | 21.160                                  | 93.594  |
| 2 - 5 Years       | 19.540                                  | 251.182   |
| 5 Years and over  | -                                       | 4.535   |
| <b>Total</b>      | <b>138.594</b>                          | <b>581.384</b>  |

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

**Information on loan types and provisions:**

| 30 June 2016           | Corporate         | Commercial and SME | Retail           | Total             |
|------------------------|-------------------|--------------------|------------------|-------------------|
| Standard Loans         | 10.560.595        | 7.751.496          | 2.098.665        | <b>20.410.756</b> |
| Close Monitoring Loans | 134.871           | 817.910            | 161.211          | <b>1.113.992</b>  |
| Non-performing loans   | 20.007            | 478.295            | 134.748          | <b>633.050</b>    |
| Specific Provision (-) | (13.464)          | (200.527)          | (77.417)         | <b>(291.408)</b>  |
| <b>Total</b>           | <b>10.702.009</b> | <b>8.847.174</b>   | <b>2.317.207</b> | <b>21.866.390</b> |

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

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

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

|   | Short Term     | Medium and Long Term | Total            |
|---|----------------|----------------------|------------------|
| <b>Consumer Loans - TL</b>                    | <b>92.522</b>  | <b>1.840.313</b>     | <b>1.932.835</b> |
| Housing Loans                                 | 483            | 639.829              | 640.312          |
| Car Loans                                     | 279            | 41.857               | 42.136           |
| General Purpose Loans                         | 91.760         | 1.158.627            | 1.250.387        |
| Other   | -              | -                    | -                |
| <b>Consumer Loans - Indexed to FC</b>         | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Consumer Loans - FC</b>                    | <b>-</b>       | <b>74.060</b>        | <b>74.060</b>    |
| Housing Loans                                 | -              | 74.060               | 74.060           |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Individual Credit Cards - TL</b>           | <b>233.052</b> | <b>10</b>            | <b>233.062</b>   |
| With Installments                             | 71.831         | 10                   | 71.841           |
| Without Installments                          | 161.221        | -                    | 161.221          |
| <b>Individual Credit Cards-FC</b>             | <b>91</b>      | <b>-</b>             | <b>91</b>        |
| With Installments                             | 54             | -                    | 54               |
| Without Installments                          | 37             | -                    | 37               |
| <b>Personnel Loans - TL</b>                   | <b>344</b>     | <b>4.829</b>         | <b>5.173</b>     |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | 344            | 4.829                | 5.173            |
| Other   | -              | -                    | -                |
| <b>Personnel Loans- Indexed to FC</b>         | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Personnel Loans - FC</b>                   | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| Housing Loans                                 | -              | -                    | -                |
| Car Loans                                     | -              | -                    | -                |
| General Purpose Loans                         | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Personnel Credit Cards - TL</b>            | <b>1.846</b>   | <b>2</b>             | <b>1.848</b>     |
| With Installments                             | 762            | 2                    | 764              |
| Without Installments                          | 1.084          | -                    | 1.084            |
| <b>Personnel Credit Cards - FC</b>            | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| With Installments                             | -              | -                    | -                |
| Without Installments                          | -              | -                    | -                |
| <b>Overdraft Accounts – TL (Real Persons)</b> | <b>12.807</b>  | <b>-</b>             | <b>12.807</b>    |
| <b>Overdraft Accounts – FC (Real Persons)</b> | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| <b>Total</b>                                  | <b>340.662</b> | <b>1.919.214</b>     | <b>2.259.876</b> |

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

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

|   | <b>Short Term</b> | <b>Medium and Long Term</b> | <b>Total</b>     |
|---|-------------------|-----------------------------|------------------|
| <b>Commercial loans with installment facility-TL</b>            | <b>55.780</b>     | <b>1.882.475</b>            | <b>1.938.255</b> |
| Business Loans  | -                 | 7.732                       | 7.732            |
| Car Loans   | 909               | 31.989                      | 32.898           |
| General Purpose Loans   | 54.871            | 1.842.754                   | 1.897.625        |
| Other   | -                 | -                           | -                |
| <b>Commercial loans with installment facility-Indexed to FC</b> | <b>9.036</b>      | <b>286.293</b>              | <b>295.329</b>   |
| Business Loans  | -                 | -                           | -                |
| Car Loans   | -                 | 7.099                       | 7.099            |
| General Purpose Loans   | 9.036             | 279.194                     | 288.230          |
| Other   | -                 | -                           | -                |
| <b>Commercial loans with installment facility -FC</b>           | <b>-</b>          | <b>506.394</b>              | <b>506.394</b>   |
| Business Loans  | -                 | -                           | -                |
| Car Loans   | -                 | -                           | -                |
| General Purpose Loans   | -                 | 506.394                     | 506.394          |
| Other   | -                 | -                           | -                |
| <b>Corporate Credit Cards-TL</b>                                | <b>10.040</b>     | <b>-</b>                    | <b>10.040</b>    |
| With Installments   | 56                | -                           | 56               |
| Without Installments  | 9.984             | -                           | 9.984            |
| <b>Corporate Credit Cards-FC</b>                                | <b>49</b>         | <b>-</b>                    | <b>49</b>        |
| With Installments   | -                 | -                           | -                |
| Without Installments  | 49                | -                           | 49               |
| <b>Overdraft Accounts-TL (Legal Entities)</b>                   | <b>157.863</b>    | <b>-</b>                    | <b>157.863</b>   |
| <b>Overdraft Accounts-FC (Legal Entities)</b>                   | <b>-</b>          | <b>-</b>                    | <b>-</b>         |
| <b>Total</b>  | <b>232.768</b>    | <b>2.675.162</b>            | <b>2.907.930</b> |

f) Distribution of domestic and foreign loans:

|                | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|----------------|----------------------|--------------------------|
| Domestic loans | 21.108.101           | 21.061.787               |
| Foreign loans  | 416.647              | 445.591                  |
| <b>Total</b>   | <b>21.524.748</b>    | <b>21.507.378</b>        |

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

|  | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--|----------------------|--------------------------|
| Specific provisions                                |                      |                          |
| Loans and receivables with limited collectability  | 14.662               | 16.516                   |
| Loans and receivables with doubtful collectability | 85.843               | 72.275                   |
| Uncollectible loans and receivables                | 190.903              | 99.643                   |
| <b>Total</b>                                       | <b>291.408</b>       | <b>188.434</b>           |

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

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

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

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

|   | III. Group   | IV. Group   | V. Group  |
|---|--|---|---|
|   | Loans and other<br>receivables with<br>limited<br>collectability | Loans and other<br>receivables with<br>doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>December 31, 2015 balance</b>                            | <b>120.268</b>   | <b>217.916</b>  | <b>149.743</b>                                  |
| Additions (+)   | 233.155  | -   | -   |
| Transfers from other categories of non-performing loans (+) | -  | 239.134   | 211.551   |
| Transfers to other categories of non-performing loans (-)   | 239.134  | 211.551   | -   |
| Collections (-)   | 11.612   | 15.204  | 17.823  |
| 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  | -  | -   | -   |
| <b>June 30, 2016 balance</b>                                | <b>102.677</b>   | <b>230.295</b>  | <b>300.078</b>                                  |
| Specific provision (-)                                      | 14.662   | 85.843  | 190.903   |
| <b>Net Balances on Balance Sheet</b>                        | <b>88.015</b>  | <b>144.452</b>  | <b>109.175</b>                                  |

(\*) 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<br>receivables with<br>limited<br>collectability | Loans and other<br>receivables with<br>doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>June 30, 2016 (Net)</b>                       | <b>88.015</b>  | <b>144.452</b>  | <b>109.175</b>                                  |
| Loans to Real Persons and Legal Entities (Gross) | 102.677  | 230.295   | 300.078   |
| Specific provision (-)                           | 14.662   | 85.843  | 190.903   |
| Loans to Real Persons and Legal Entities (Net)   | 88.015   | 144.452   | 109.175   |
| Banks (Gross)                                    | -  | -   | -   |
| Specific provision (-)                           | -  | -   | -   |
| Banks (Net)                                      | -  | -   | -   |
| Other Loans and Receivables (Gross)              | -  | -   | -   |
| Specific provision (-)                           | -  | -   | -   |
| Other Loans and Receivables (Net)                | -  | -   | -   |
| <b>December 31, 2015 (Net)</b>                   |  |   |   |
| Loans to Real Persons and Legal Entities (Gross) | <b>103.752</b>   | <b>145.641</b>  | <b>50.100</b>                                   |
| Specific provision (-)                           | 120.268  | 217.916   | 149.743   |
| Loans to Real Persons and Legal Entities (Net)   | 16.516   | 72.275  | 99.643  |
| Banks (Gross)                                    | 103.752  | 145.641   | 50.100  |
| Specific provision (-)                           | -  | -   | -   |
| Banks (Net)                                      | -  | -   | -   |
| Other Loans and Receivables (Gross)              | -  | -   | -   |
| Specific provision (-)                           | -  | -   | -   |
| Other Loans and Receivables (Net)                | -  | -   | -   |

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

j) Main principles of liquidation policies of 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 June 30, 2016, the net amount after provisions of the non-performing loans and receivables in the fifth group is TL 109.175 (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 June 30, 2016, held-to-maturity investments given as collateral is amounting to TL 160.576 (December 31, 2015: None).

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

c) The Bank has TL 355.951 held-to-maturity investments as of June 30, 2016 (December 31, 2015: TL 364.449).

d) Movement on held-to-maturity investments:

|   | <b>June 30,<br/>2016</b> | <b>December 31,<br/>2015</b> |
|---|--------------------------|------------------------------|
| 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 (*)                    | (8.498)                  | 64.358                       |
| <b>Total</b>                                    | <b>355.951</b>           | <b>364.449</b>               |

(\*)Represents exchange differences and accrual interest.

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

The Bank has no associates in the current period.

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

The Bank has no subsidiaries in the current period.

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

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

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

The Bank has no lease receivables in the current period.

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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 25<sup>th</sup> article of Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures.

**13. Information on intangible assets:**

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

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

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

- a) As of June 30, 2016, the Bank has deferred tax asset amounting to TL 43.900 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 June 30, 2016 the Bank has assets held for sale and discontinued operations amounting to TL 40.904 (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) June 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             | 115.201          | -                   | 777.944          | 4.827.755         | 76.429           | 100.616        | 9.050           | -                     | 5.906.995         |
| Foreign currency deposits   | 709.135          | -                   | 644.285          | 11.809.234        | 915.917          | 227.076        | 54.995          | -                     | 14.360.642        |
| Residents in Turkey         | 689.555          | -                   | 615.405          | 11.602.626        | 849.181          | 224.194        | 11.296          | -                     | 13.992.257        |
| Residents abroad            | 19.580           | -                   | 28.880           | 206.608           | 66.736           | 2.882          | 43.699          | -                     | 368.385           |
| Public sector deposits      | 45.328           | -                   | -                | -                 | -                | -              | -               | -                     | 45.328            |
| Commercial deposits         | 292.532          | -                   | 193.135          | 1.666.784         | 24.050           | 3.308          | 133             | -                     | 2.179.942         |
| Other institutions deposits | 1.320            | -                   | 1.069            | 247.757           | 39.688           | -              | 183             | -                     | 290.017           |
| Precious metals deposits    | -                | -                   | -                | -                 | -                | -              | -               | -                     | -                 |
| Interbank deposits          | 167              | -                   | 231.438          | 818.596           | 134.006          | 300.030        | -               | -                     | 1.484.237         |
| Central Bank of Turkey      | -                | -                   | -                | -                 | -                | -              | -               | -                     | -                 |
| Domestic Banks              | -                | -                   | -                | -                 | -                | -              | -               | -                     | -                 |
| Foreign Banks               | 167              | -                   | 231.438          | 818.596           | 134.006          | 300.030        | -               | -                     | 1.484.237         |
| Participation Banks         | -                | -                   | -                | -                 | -                | -              | -               | -                     | -                 |
| Other                       | -                | -                   | -                | -                 | -                | -              | -               | -                     | -                 |
| <b>Total</b>                | <b>1.163.683</b> | <b>-</b>            | <b>1.847.871</b> | <b>19.370.126</b> | <b>1.190.090</b> | <b>631.030</b> | <b>64.361</b>   | <b>-</b>              | <b>24.267.161</b> |

**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                       | -                | -                   | -                | -                 | -              | -              | -               | -                     | -                 |
| <b>Total</b>                | <b>1.378.461</b> | <b>-</b>            | <b>2.827.846</b> | <b>20.271.090</b> | <b>369.019</b> | <b>392.802</b> | <b>94.278</b>   | <b>-</b>              | <b>25.333.496</b> |

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

**i. Information on saving deposits:**

| Saving deposits (*)  | Under the Guarantee of Insurance |                   | Exceeding the Limit of Insurance |                   |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
|  | June 30, 2016                    | December 31, 2015 | June 30, 2016                    | December 31, 2015 |
| Saving deposits  | 1.546.739                        | 1.263.479         | 4.360.256                        | 4.853.604         |
| Foreign currency saving deposits   | 320.917                          | 298.778           | 7.597.702                        | 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 | -                                | -                 | -                                | -                 |
| <b>Total</b>   | <b>1.867.656</b>                 | <b>1.562.257</b>  | <b>11.957.958</b>                | <b>12.570.786</b> |

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



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

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

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

|  | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--|----------------------|--------------------------|
| Deposits and accounts in branches abroad   | -                    | -                        |
| Deposits of ultimate shareholders and their close families   | -                    | -                        |
| Deposits of chairman, members of the Board of Directors and assistant general managers and their close families                                      | 22.465               | 21.159                   |
| Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004. | -                    | -                        |
| Saving deposits in banks established in Turkey exclusively for off shore banking activities  | -                    | -                        |

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

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

|                      | <b>June 30, 2016</b> |               | <b>December 31, 2015</b> |               |
|----------------------|----------------------|---------------|--------------------------|---------------|
|                      | <b>TL</b>            | <b>FC</b>     | <b>TL</b>                | <b>FC</b>     |
| Forward Transactions | 7.272                | 6.650         | 10.350                   | 2.978         |
| Swap Transactions    | 163.494              | 41.191        | 81.239                   | 10.258        |
| Futures Transactions | -                    | -             | -                        | -             |
| Options              | 26.488               | 22.253        | 32.641                   | 5.253         |
| Other                | -                    | -             | -                        | -             |
| <b>Total</b>         | <b>197.254</b>       | <b>70.094</b> | <b>124.230</b>           | <b>18.489</b> |

**3. Information on borrowings:**

a) Information on banks and other financial institutions:

|  | <b>June 30, 2016</b> |                  | <b>December 31, 2015</b> |                  |
|--|----------------------|------------------|--------------------------|------------------|
|  | <b>TL</b>            | <b>FC</b>        | <b>TL</b>                | <b>FC</b>        |
| From Domestic Banks and Institutions       | 4.988                | 12.341           | 5.130                    | 39.792           |
| From Foreign Banks, Institutions and Funds | -                    | 2.532.913        | -                        | 3.088.547        |
| <b>Total</b>                               | <b>4.988</b>         | <b>2.545.254</b> | <b>5.130</b>             | <b>3.128.339</b> |

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

b) Maturity analysis of borrowings:

|                      | <b>June 30, 2016</b> |                  | <b>December 31, 2015</b> |                  |
|----------------------|----------------------|------------------|--------------------------|------------------|
|                      | <b>TL</b>            | <b>FC</b>        | <b>TL</b>                | <b>FC</b>        |
| Short-term           | 4.732                | 1.055.862        | 4.666                    | 1.822.297        |
| Medium and long-term | 256                  | 1.489.392        | 464                      | 1.306.042        |
| <b>Total</b>         | <b>4.988</b>         | <b>2.545.254</b> | <b>5.130</b>             | <b>3.128.339</b> |

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

a) Funds Provided Under Repurchase Agreements:

|  | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--|----------------------|--------------------------|
| Funds Provided Under Repurchase Agreements | 316.315              | 156.858                  |
| <b>Total</b>                               | <b>316.315</b>       | <b>156.858</b>           |

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

|              | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--------------|----------------------|--------------------------|
| Bank Bills   | 188.863              | 154.995                  |
| <b>Total</b> | <b>188.863</b>       | <b>154.995</b>           |

In accordance with the Board of Directors' decision and permits taken from the CMB and BRSA, the Bank has issued a bill with a nominal value of TL 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

|  | <b>June 30,<br/>2016</b> | <b>December 31,<br/>2015</b> |
|--|--------------------------|------------------------------|
| General Provisions   | 215.641                  | 196.224                      |
| I. Provisions for First Group Loans and Receivables                | 169.840                  | 160.744                      |
| o/w - Provision for extended loans                                 | 6.100                    | 1.786                        |
| II. Provisions for Second Group Loans and Receivables              | 39.763                   | 30.159                       |
| o/w - Provision for extended loans                                 | 28.575                   | 23.793                       |
| Provisions for Non-cash Loans and Derivative Financial Instruments | 6.038                    | 5.321                        |
| <b>Total</b>   | <b>215.641</b>           | <b>196.224</b>               |

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TL 17.697 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 June 30, 2016 provision for NPL customers' non-cash loans that are not converted into cash is TL 2.607 (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:

|   | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|---|----------------------|--------------------------|
| Employee termination benefit provision          | 6.954                | 4.983                    |
| Unused vacation provision                       | 6.993                | 5.163                    |
| <b>Total of provision for employee benefits</b> | <b>13.947</b>        | <b>10.146</b>            |

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

e) Information on other provisions:

e.1) Provisions for possible losses: TL 68.000 (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 34.605 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 June 30, 2016, the Bank has corporate income tax provision amounting to TL 45.634, which is netted with prepaid taxes amounting to TL 30.197 and shown in the liabilities amounting to TL 15.437 (December 31, 2015: Tax Asset TL 15).

a.2) Explanations on taxes payable:

|                                  | June 30, 2016 | December 31, 2015 |
|----------------------------------|---------------|-------------------|
| Payroll Tax                      | 3.935         | 3.622             |
| Taxation on Securities           | 21.632        | 23.767            |
| BITT                             | 23.519        | 15.637            |
| Property Tax                     | 464           | 260               |
| Value Added Tax Payable          | 431           | 1.163             |
| Stamp Tax                        | 124           | 106               |
| Corporate Taxes Payable          | 15.437        | -                 |
| Foreign Exchange Transaction Tax | -             | -                 |
| Other                            | 460           | 534               |
| <b>Total</b>                     | <b>66.002</b> | <b>45.089</b>     |

a.3) Information on premiums:

|  | June 30, 2016 | December 31, 2015 |
|--|---------------|-------------------|
| Social Security Premiums-Employer                    | 1.655         | 1.393             |
| Social Security Premiums-Employee                    | 1.460         | 1.233             |
| Unemployment Insurance-Employer                      | 205           | 174               |
| Unemployment Insurance-Employee                      | 103           | 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  | -             | -                 |
| <b>Total</b>   | <b>3.423</b>  | <b>2.887</b>      |

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

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

**12. Information on Subordinated Loans:**

|                     | June 30, 2016 |                | December 31, 2015 |                  |
|---------------------|---------------|----------------|-------------------|------------------|
|                     | TL            | FC             | TL                | FC               |
| From domestic banks | -             | -              | -                 | -                |
| From foreign banks  | -             | 432.812        | -                 | 1.310.209        |
| <b>Total</b>        | <b>-</b>      | <b>432.812</b> | <b>-</b>          | <b>1.310.209</b> |

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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 June 30, 2016 the Bank's paid in capital consists of TL 2.379.680.000 shares which nominal value is TL 1.

| TL              | June 30, 2016    | December 31, 2015 |
|-----------------|------------------|-------------------|
| Common stock(*) | 2.379.680        | 1.496.150         |
| Preferred stock | -                | -                 |
| <b>Total</b>    | <b>2.379.680</b> | <b>1.496.150</b>  |

(\*) 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.

The Bank, on June 27,2016, signed the Subscription Agreement among its shareholder Bank Audi, International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and prominent Middle Eastern investors to increase the paid in capital by TL 1 billion. As part of the TL 1 billion capital increase, the IFC and EBRD are investing the Turkish Lira equivalent of US\$ 110 million and US\$ 90 million respectively and the remaining balance will be covered by prominent Middle Eastern investors and Bank Audi itself. Regulatory approvals including approval by the BRSA and other customary closing conditions for the completion of the transaction is still ongoing.

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.

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

h) Information on marketable securities value increase fund:

|                             | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|-----------------------------|----------------------|--------------------------|
| Valuation Difference        | (1.597)              | (43.071)                 |
| Foreign Exchange Difference | -                    | -                        |
| <b>Total</b>                | <b>(1.597)</b>       | <b>(43.071)</b>          |

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:

|  | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--|----------------------|--------------------------|
| Forward asset purchase and sales commitments | 406.179              | 217.670                  |
| Loan granting commitments                    | 552.304              | 269.068                  |
| Commitments for checks                       | 93.578               | 95.023                   |
| Credit card limit commitments                | 411.058              | 314.447                  |
| Other irrevocable commitments                | 5.084                | 5.242                    |
| <b>Total</b>                                 | <b>1.468.203</b>     | <b>901.450</b>           |

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

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

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

|                                  | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|----------------------------------|----------------------|--------------------------|
| Other guarantees and collaterals | 1.594.033            | 1.748.730                |
| Letters of credit                | 504.805              | 480.011                  |
| Bank acceptance loans            | 73.192               | 68.037                   |
| <b>Total</b>                     | <b>2.172.030</b>     | <b>2.296.778</b>         |

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

|                                | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|--------------------------------|----------------------|--------------------------|
| Definite letter of guarantees  | 962.626              | 1.019.448                |
| Temporary letter of guarantees | 19.201               | 32.949                   |
| Other letter of guarantees     | 612.206              | 696.333                  |
| <b>Total</b>                   | <b>1.594.033</b>     | <b>1.748.730</b>         |

c) Total amount of non-cash loans:

|   | <b>June 30, 2016</b> | <b>December 31, 2015</b> |
|---|----------------------|--------------------------|
| Non-cash loans given to cover cash loans    |                      |                          |
| With maturity of 1 year or less than 1 year | 53.119               | 40.687                   |
| With maturity of more than 1 year           | -                    | -                        |
| Other non-cash loans                        | 2.118.911            | 2.256.091                |
| <b>Total</b>                                | <b>2.172.030</b>     | <b>2.296.778</b>         |

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

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

|                                  | June 30, 2016  |                | June 30, 2015  |                |
|----------------------------------|----------------|----------------|----------------|----------------|
| Interest on loans (*)            | TL             | FC             | TL             | FC             |
| Short term loans                 | 285.964        | 24.159         | 297.743        | 23.835         |
| Medium and long term loans       | 434.096        | 329.667        | 335.783        | 250.568        |
| Interest on non-performing loans | -              | -              | -              | -              |
| <b>Total</b>                     | <b>720.060</b> | <b>353.826</b> | <b>633.526</b> | <b>274.403</b> |

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

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

|   | June 30, 2016 |            | June 30, 2015 |            |
|---|---------------|------------|---------------|------------|
|   | TL            | FC         | TL            | FC         |
| The Central Bank of Republic of Turkey (CBRT) | 19.213        | -          | 3.088         | -          |
| Domestic banks                                | 42.086        | 444        | 39.294        | 482        |
| Foreign banks                                 | -             | 249        | -             | 99         |
| Branches and head office abroad               | -             | -          | -             | -          |
| <b>Total</b>                                  | <b>61.299</b> | <b>693</b> | <b>42.382</b> | <b>581</b> |

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

|  | June 30, 2016 |               | June 30, 2015 |               |
|--|---------------|---------------|---------------|---------------|
|  | TL            | FC            | TL            | FC            |
| Trading securities                                     | 897           | -             | 1.020         | -             |
| Financial assets at fair value through profit and loss | -             | -             | -             | -             |
| Available-for-sale securities                          | 23.708        | 11.565        | 16.755        | 16.980        |
| Held-to-maturity securities                            | -             | 6.296         | -             | 6.230         |
| <b>Total</b>   | <b>24.605</b> | <b>17.861</b> | <b>17.775</b> | <b>23.210</b> |

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

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

|                                 | June 30, 2016 |               | June 30, 2015 |               |
|---------------------------------|---------------|---------------|---------------|---------------|
| Interest on funds borrowed      | TL            | FC            | TL            | FC            |
| Banks                           | 155           | 43.608        | 251           | 29.290        |
| The Central Bank of Turkey      | -             | 11            | -             | -             |
| Domestic banks                  | 155           | 77            | 251           | 165           |
| Foreign banks                   | -             | 43.520        | -             | 29.125        |
| Branches and head office abroad | -             | -             | -             | -             |
| Other financial institutions    | -             | -             | -             | -             |
| <b>Total</b>                    | <b>155</b>    | <b>43.608</b> | <b>251</b>    | <b>29.290</b> |



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

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

**c) Information on interest expense to marketable securities issued:** As of June 30, 2016; The bank has interest expense to marketable securities issued amounting to TL 6.621 (June 30, 2015: TL 9.972).

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

| <b>June 30, 2016</b>      |                        |                      |                       |                       |                     |                         |                              |                |
|---------------------------|------------------------|----------------------|-----------------------|-----------------------|---------------------|-------------------------|------------------------------|----------------|
| <b>Time Deposits</b>      |                        |                      |                       |                       |                     |                         |                              |                |
| <b>Account Name</b>       | <b>Demand Deposits</b> | <b>Up to 1 Month</b> | <b>Up to 3 Months</b> | <b>Up to 6 Months</b> | <b>Up to 1 Year</b> | <b>More than 1 Year</b> | <b>Accumulating Deposits</b> | <b>Total</b>   |
| <b>TL</b>                 |                        |                      |                       |                       |                     |                         |                              |                |
| Bank deposits             | -                      | 283                  | -                     | -                     | -                   | -                       | -                            | 283            |
| Saving deposits           | 129                    | 35.662               | 338.435               | 1.770                 | 1.459               | 719                     | -                            | 378.174        |
| Public sector deposits    | -                      | -                    | 190                   | -                     | -                   | -                       | -                            | 190            |
| Commercial deposits       | 4                      | 14.820               | 127.124               | 760                   | 127                 | 11                      | -                            | 142.846        |
| Other deposits            | 1                      | 458                  | 23.857                | 13                    | -                   | -                       | -                            | 24.329         |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>134</b>             | <b>51.223</b>        | <b>489.606</b>        | <b>2.543</b>          | <b>1.586</b>        | <b>730</b>              | <b>-</b>                     | <b>545.822</b> |
| <b>Foreign Currency</b>   |                        |                      |                       |                       |                     |                         |                              |                |
| Foreign currency deposits | 41                     | 7.902                | 156.395               | 6.737                 | 1.772               | 1.095                   | -                            | 173.942        |
| Bank deposits             | -                      | 12.596               | -                     | -                     | -                   | -                       | -                            | 12.596         |
| 7 days call accounts      | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| Precious metal deposits   | -                      | -                    | -                     | -                     | -                   | -                       | -                            | -              |
| <b>Total</b>              | <b>41</b>              | <b>20.498</b>        | <b>156.395</b>        | <b>6.737</b>          | <b>1.772</b>        | <b>1.095</b>            | <b>-</b>                     | <b>186.538</b> |
| <b>Grand Total</b>        | <b>175</b>             | <b>71.721</b>        | <b>646.001</b>        | <b>9.280</b>          | <b>3.358</b>        | <b>1.825</b>            | <b>-</b>                     | <b>732.360</b> |

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

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

|  | <b>June 30, 2016</b> | <b>June 30, 2015</b> |
|--|----------------------|----------------------|
| <b>Income</b>                              | <b>4.790.098</b>     | <b>3.554.056</b>     |
| Gains on capital market operations         | 181.024              | 4.528                |
| Gains on derivative financial instruments  | 789.756              | 759.398              |
| Foreign exchange gains                     | 3.819.318            | 2.790.130            |
| <b>Losses (-)</b>                          | <b>4.721.926</b>     | <b>3.615.669</b>     |
| Losses on capital market operations        | 14.495               | 5.252                |
| Losses on derivative financial instruments | 795.056              | 636.105              |
| Foreign exchange losses                    | 3.912.375            | 2.974.312            |
| <b>Net Amount</b>                          | <b>68.172</b>        | <b>(61.613)</b>      |

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

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

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

|   | June 30, 2016  | June 30, 2015  |
|---|----------------|----------------|
| Specific provisions for loans and other receivables (*) | 143.992        | 92.291         |
| III. Group Loans and Receivables                        | 15.638         | 19.453         |
| IV. Group Loans and Receivables                         | 63.267         | 35.744         |
| V. Group Loans and Receivables                          | 65.087         | 37.094         |
| General loan loss provision expenses / (income)         | 17.838         | 31.793         |
| Provision expenses for possible losses                  | 68.000         | -              |
| Marketable securities impairment losses                 | -              | -              |
| Financial assets at fair value through profit and loss  | -              | -              |
| Investment securities available for sale                | -              | -              |
| Impairment provision expense on investments             | -              | -              |
| Associates  | -              | -              |
| Subsidiaries  | -              | -              |
| Jointly controlled entities                             | -              | -              |
| Investments held to maturity                            | -              | -              |
| Other   | -              | -              |
| <b>Total</b>  | <b>229.830</b> | <b>124.084</b> |

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

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

|   | June 30, 2016  | June 30, 2015  |
|---|----------------|----------------|
| Personnel expenses  | 152.463        | 120.752        |
| Employee termination benefit provision                                  | 1.971          | 1.024          |
| Taxes and duties  | -              | -              |
| Bank social aid fund deficit provision                                  | -              | -              |
| Impairment expenses of fixed assets                                     | -              | -              |
| Depreciation expenses of fixed assets                                   | 20.833         | 16.907         |
| Impairment expenses of intangible assets                                | -              | -              |
| Impairment expense of goodwill  | -              | -              |
| Amortization expenses of intangible assets                              | 13.904         | 8.178          |
| Impairment for investments accounted for under equity method            | -              | -              |
| Impairment expenses of assets to be disposed                            | -              | -              |
| Depreciation expenses of assets to be disposed                          | 348            | 10             |
| Impairment expenses of assets held for sale and discontinued operations | -              | -              |
| Other operating expenses  | 137.528        | 105.106        |
| Rent expenses   | 30.386         | 26.953         |
| Maintenance expenses  | 1.864          | 1.089          |
| Advertisement expenses  | 14.017         | 18.096         |
| Other expenses (*)  | 91.261         | 58.968         |
| Loss on sales of assets   | -              | -              |
| <b>Total</b>  | <b>327.047</b> | <b>251.977</b> |

(\*) As of June 30, 2016, other operating expenses include taxes and similar disbursements expenses amounting to TL 17.666, IT expenses amounting to TL 14.983, support services amounting to TL 11.306, premiums for saving deposit insurance fund amounting to TL 6.779, communication expenses amounting to TL 5.374, and other expenses.

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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 June 30, 2016, the Bank's profit before tax from continued operations is TL 80.454.

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

As of June 30, 2016, The Bank has deferred tax income amounting to TL 13.402 through temporary difference and The Bank has current tax expense TL 33.541. (June 30, 2015: TL 6.443 deferred tax income)

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

As of June 30, 2016, the Bank's net profit from continued operations is TL 60.315 (June 30, 2015: TL 20.388).

**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 2nd quarter of 2016, Odeabank purchased USD denominated Eurobonds through sale of LBP T-Bills (nominal amount of LBP 305 billion) with the Central Bank of Lebanon that generated capital gains of TL 176.405.

As at June 30,2016 , the Bank constituted TL 68.000 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) June 30, 2016:**

| <b>Risk Group of The Bank</b>  | <b>Subsidiaries, associates and jointly controlled entities</b> |                 | <b>Direct and indirect shareholders of the Bank</b> |                 | <b>Other entities and real persons included in the risk group</b> |                 |
|--------------------------------|---|-----------------|---|-----------------|---|-----------------|
|                                | <b>Cash</b>   | <b>Non-cash</b> | <b>Cash</b>   | <b>Non-cash</b> | <b>Cash</b>   | <b>Non-cash</b> |
| Loans and other receivables    |   |                 |   |                 |   |                 |
| Balance at beginning of period | -   | -               | -   | 16.290          | 64  | 480             |
| Balance at end of period       | -   | -               | -   | 15.390          | 41  | 460             |
| Interest and commission income | -   | -               | -   | -               | -   | -               |

**December 31, 2015:**

| <b>Risk Group of The Bank</b>  | <b>Subsidiaries, associates and jointly controlled entities</b> |                 | <b>Direct and indirect shareholders of the Bank</b> |                 | <b>Other entities and real persons included in the risk group</b> |                 |
|--------------------------------|---|-----------------|---|-----------------|---|-----------------|
|                                | <b>Cash</b>   | <b>Non-cash</b> | <b>Cash</b>   | <b>Non-cash</b> | <b>Cash</b>   | <b>Non-cash</b> |
| Loans and other receivables    |   |                 |   |                 |   |                 |
| Balance at beginning of period | -   | -               | -   | 18.221          | 53  | 787             |
| Balance at end of period       | -   | -               | -   | 16.290          | 64  | 480             |
| Interest and commission income | -   | -               | -   | -               | -   | -               |

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

| <b>Risk Group of The Bank</b>  | <b>Subsidiaries, associates and jointly controlled entities</b> | <b>Direct and indirect shareholders of the Bank(*)</b> | <b>Other entities and real persons included in the risk group</b> |
|--------------------------------|---|--|---|
|                                | <b>June 30, 2016</b>  | <b>June 30, 2016</b>                                   | <b>June 30, 2016</b>  |
| <b>Deposits</b>                |   |  |   |
| Balance at beginning of period | -   | 1.027.212  | 21.159  |
| Balance at end of period       | -   | 1.484.251  | 22.465  |
| Interest on deposits           | -   | 13.456   | 1.046   |

**December 31, 2015:**

| <b>Risk Group of The Bank</b>  | <b>Subsidiaries, associates and jointly controlled entities</b> | <b>Direct and indirect shareholders of the Bank(*)</b> | <b>Other entities and real persons included in the risk group</b> |
|--------------------------------|---|--|---|
|                                | <b>December 31, 2015</b>  | <b>December 31, 2015</b>                               | <b>December 31, 2015</b>  |
| <b>Deposits</b>                |   |  |   |
| Balance at beginning of period | -   | 575.564  | 12.737  |
| Balance at end of period       | -   | 1.027.212  | 21.159  |
| Interest on deposits           | -   | 8.897  | 498   |

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

The Bank has obtained Subordinated Loan amounting to TL 432.735 TIER II and short term loans amounting to TL 288.490 from the risk group and realized interest expense amounting to TL 953.

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**V. Explanations on the Risk Group of the Bank (continued)**

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

| <b>Risk Group of The Bank</b>                                     | <b>Subsidiaries,<br/>associates and jointly<br/>controlled entities</b> | <b>Direct and indirect<br/>shareholders of the Bank</b> | <b>Other entities and real<br/>persons included<br/>in the risk group</b> |
|---|---|---|---|
| <b>Financial assets at fair value through<br/>profit and loss</b> | <b>June 30, 2016</b>  | <b>June 30, 2016</b>                                    | <b>June 30, 2016</b>  |
|   | -   | -   | -   |
| Balance at beginning of period                                    | -   | -   | -   |
| Balance at end of period  | -   | 57.698  | -   |
| Total Loss/ Profit  | -   | 514   | -   |

**December 31, 2015**

| <b>Risk Group of The Bank</b>                                     | <b>Subsidiaries,<br/>associates and jointly<br/>controlled entities</b> | <b>Direct and indirect<br/>shareholders of the Bank</b> | <b>Other entities and real<br/>persons included<br/>in the risk group</b> |
|---|---|---|---|
| <b>Financial assets at fair value through<br/>profit and loss</b> | <b>December 31,<br/>2015</b>  | <b>December 31,<br/>2015</b>                            | <b>December 31,<br/>2015</b>  |
|   | -   | -   | -   |
| 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 June 30, 2016 is TL 20.102 (June 30, 2015: TL 16.601).

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

None.

**ODEA BANK ANONİM ŞİRKETİ**  
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**SECTION SIX**

**AUDITOR'S REVIEW REPORT**

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

The unconsolidated financial statements for the period ended June 30, 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 August 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 Assessments for the Interim Activities**

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

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

**Capital and shareholders' structure:**

As of June 30, 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           | 2.287.317          | 96,119%        | 1.403.787        | 93,827%        |
| Audi Private Bank sal   | 90.698             | 3,811%         | 90.698           | 6,062%         |
| Raymond Audi            | 555                | 0,023%         | 555              | 0,037%         |
| Samir Hanna             | 555                | 0,023%         | 555              | 0,037%         |
| Freddie Baz             | 555                | 0,023%         | 555              | 0,037%         |
|                         | <b>2.379.680</b>   | <b>100,00%</b> | <b>1.496.150</b> | <b>100,00%</b> |

(\*)The Bank, on June 27,2016, signed the Subscription Agreement among its shareholder Bank Audi, International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and prominent Middle Eastern investors to increase the paid in capital by TL 1 billion. As part of the TL 1 billion capital increase, the IFC and EBRD are investing the Turkish Lira equivalent of US\$ 110 million and US\$ 90 million respectively and the remaining balance will be covered by prominent Middle Eastern investors and Bank Audi itself. Regulatory approvals including approval by the BRSA and other customary closing conditions for the completion of the transaction is still ongoing.

**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 June 2016 the Bank has 56 domestic branches and 1.577 personnel.

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

| <b><u>Title</u></b>   | <b><u>Name</u></b>                 | <b><u>Responsibility</u></b>   | <b><u>Education</u></b> |
|---|------------------------------------|--|-------------------------|
| <b>Chairman of the Board of Directors</b>                       | Samir HANNA                        | Chairman   | High School             |
| <b>Vice President of the Executive Board</b>                    | Marwan GHANDOUR                    | Member of the Board of Directors/<br>Member of Audit Committee                               | PHD Degree              |
| <b>Members of the Board of Directors</b>                        | Freddie BAZ                        | Member of the Board of Directors   | PHD Degree              |
|   | Imad ITANI                         | Member of the Board of Directors   | 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<br>Directors/Member of Audit Committee                                | Bachelor's Degree       |
|   | Philippe Elias Farid EL-<br>KHOURY | Member of the Board of Directors   | Master Degree           |
| <b>Member of the Board of Directors<br/>and General Manager</b> | Hüseyin ÖZKAYA                     | Member of the Board of Directors and<br>General Manager                                      | Master Degree           |
| <b>Deputy General Manager</b>                                   | Naim HAKİM                         | Finance  | Master Degree           |
| <b>Assistant General Managers</b>                               | Alpaslan YURDAGÜL                  | Financial Institutions and Investment<br>Banking   | Master Degree           |
|   | Aytaç AYDIN                        | Operations and Support Services  | Master Degree           |
|   | Cem MURATOĞLU                      | Retail Banking   | Master Degree           |
|   | Fevzi Tayfun KÜÇÜK                 | Business Solutions, Direct Banking,<br>Transactional Banking and Information<br>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 second 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-June 2016, Bank Audi Group's total assets of which 48% come from entities outside Lebanon, amounted to USD 41.9 billion, with shareholders' equity of USD 3.3 billion, deposits of USD 35 billion, loans of USD 18.5 billion and profit totaling USD 226 million.

Launched in Turkey in 2012 with a significant investment from Bank Audi Group, Odeabank achieved great national and international success in the second 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, Odeabank has signed a TL 1 billion capital increase agreement with IFC and EBRD, two reputable and prestigious institutions, alongside other reputable investors. We welcome our new partners and look forward to a new phase of growth for Odeabank in the highly promising Turkish banking market.

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 quarter. While the world trade volume has not recovered significantly, in addition to the terror attacks, political and geopolitical uncertainties have been the main challenges for the global economic recovery. This time, we think that political risks have increased not only in emerging market economies, but also in advanced economies. As the UK citizens voted for exiting from European Union membership, other member countries have concerns that this tendency may spread across the Europe. Ahead of the US presidential election, nominees' campaigns and the social unrests are on the top of the agenda. While these uncertainties have been reducing the benefits of recent policy measures taken in order to support the economies, the expectations over introduction of new supporting tools have been strengthening.

In addition to the weak domestic demand and lower productivity growth, high debt burden and gridlock in credit mechanism, the adverse consequences of 2008 Global Financial Crisis, are still important obstacles for the recovery in advanced economies. We think the recent political and geopolitical developments increased the downside risks on the outlook in advanced economies over again. Even though downside risks on the emerging market economies have eased somewhat, we think the outlook in emerging markets might deteriorate in parallel to the advanced economies. On the other hand, as the global financial markets are getting used to the new economic model in China partly, new equilibrium levels have materialized in global commodity prices.

While the recent political and geopolitical developments have threatened the recovery in global economy, the accommodative monetary policy measures might be enhanced further slightly in upcoming periods. Meanwhile, complementary fiscal policies in the countries with buffers should aim to support strengthening growth in the medium-term. However, we also think that the required 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 tough period for Turkish financial assets in the last years.

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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**Message from Mr. Samir Hanna (continued)**

On the contrary, Turkey's growth performance in the first half of 2016 has still exceeded the expectations considering those uncertainties and risks. A solid banking sector and strong public finances, strengthened financial stability and macroeconomic fundamentals coupled with the well thought macro prudential measures had crucial roles in this remarkable performance.

On the other hand, the decline in oil prices 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 realized in the tune of 2015 growth, the current account deficit is likely to stay at manageable levels despite the challenges in tourism sector. Inflation has still been above the desired levels and the risks have been still remaining. Therefore, we forecast that Turkey will reduce the inflation to low single digits permanently in the coming years.

Besides, well-capitalized and experienced Turkish banking sector, which has been the main driver of economic growth, has grown at a slower pace but keeping its profitability for the last couple of years. We think the sector has already prepared for a new episode that is formed by the mutual effects of global and domestic financial conditions. Thus, we do not expect any considerable challenge unless there is a global crunch.

Given the country's longstanding and solid macroeconomic fundamentals, we think the sustainability of relatively high and balanced growth contributed to improvement of 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 financial services provider of choice 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 can create a more prosperous economy 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 that Turkey presents to other financial institutions that have entered or will enter the sector following Odeabank.

With its high future potential, Turkey, the traditional bridge between the west and the east, is one of the world's most important developing markets. 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

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

Dear Stakeholders;

I take pleasure in sharing our Bank's activities in the 2016 Q2 annual report.

I would like to briefly mention economic developments before discussing our activities.

While the monetary and fiscal policy measures against fragilities in the global growth during the aftermath of the 2008 crisis partially started to show their impact, the increasing number of political and geopolitical problems in the world started to pose new risks. This situation has globally led to an increase in uncertainties and volatility in financial markets.

At this point, particularly, the decision to leave the EU following the referendum in the UK appears to be a fact that can lead to global significant consequences. Even if Brexit's direct impact in the global financial remains limited in the short term, in the medium term, it is worried that it may engender slow down in global growth. In the long term, it is viewed as a development that could lead to significant political consequences EU and worldwide.

The expectations that global accommodative monetary policies could last longer than predicted are strengthening as global growth concerns increase. This circumstance keeps bond interest rates at low levels, while risk appetite is following a relatively strong trend.

While the impact of domestic political development and security concerns over Turkish financial assets remained constrained, we have seen that in the medium run a trend parallel to the global trend prevailed. Even if the depreciation of TRY was constrained, interest rates declined in parallel with global trends and improving inflation dynamics relative to first quarter. We can say that in this way we have approached levels in line with our long-term macroeconomic bases to some extent.

Notwithstanding the volatility in financial markets and deterioration in leading sentiment indices the macroeconomic data continued to surprise positively in the second quarter as in first quarter. However, still we see some deceleration in many data such as industrial production relative to first quarter. We think that as the fragilities in external demand continue, the pace of slow down in domestic demand shall set our growth performance again this year.

On the export front the effects of ongoing recovery trend has been observed despite the fragile EU economies. On the import front we continued to be supported by decreasing energy bill. Hence our external imbalances continue to improve. The only element that restricted the positive trend in current account was security concerns and our deteriorating tourism revenues due to high geopolitical risks.

Having approached double-digit levels in the first quarter, inflation started to decline dramatically in March stemming from unprocessed food prices. This trend continued in April as well. In May and June inflation trend reversed slightly with base effects and price adjustments. However due to structural and cyclical factors, the improvement in core inflation remained limited. Core inflation may decline a bit further in the upcoming months. However we think that the direction of overall inflation shall be set again by food prices.

While these developments occur across economic activities and financial markets, it is seen that the growth trend in banking sector is mildly slowing down. According to BRSA weekly data, loan annual growth rate, which was 14.9% at the end of 2016 March, was 12.8% at the end of June. In the same period the growth rate of deposits declined to 10.8% from 13.6%. Hence the rate of conversion of deposit into loan increased from 113.3% to 114.5%. In this period, the ratio of NPL to total loans increased slightly from 3.35% to 3.36%. We can say that the sector's profitability has a better outlook in the second quarter. According to BRSA monthly data, in May, the banking sector's net profit for the period increased by 29% from the same period last year with 14.1 Billion TRY. We think that as the recovery in financial markets start to reflect onto the real economy, the growth and profitability performance of the banking sector shall improve further in the coming days.

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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**Message from the CEO (continued)**

In the current period while low oil prices keep current account deficit, which is regarded as Turkey's chronic weakness, at sustainable levels, the global low inflation and low rates environment is pointing out to a valuable maneuver opportunity to increase potential growth through structural reforms. In the short term it is seen that even if volatility in financial market markets has declined, global uncertainties remain at high levels. We think that since the midst of 2013 the main issue in the Turkish economy is the lack of improvement of investor perception for good and observe that high risk premiums which are a result thereof are setting back global favorable price movements from being reflected onto domestic inflation and hence rates. In this regard, we guess that for Turkey to create a new story, if the structural reforms are implemented, capital flows into our country shall pick up for good and prices of our financial assets shall get to levels aligned with our economic fundamentals.

In these circumstances, we as Odeabank continued to improve our service quality every day by promoting our client-focus service understanding.

In the second quarter of 2016, we continued to grow under our Corporate and Commercial Banking business branch in line with our plans and played an important role in the realization of many projects through financing support we provided to different sectors in a wide range.

As Corporate and Commercial Banking we continue to strengthen our long-term relations while we take care to display a fast and client driven approach and design the required financing solution. As a result of these studies, while our loan volume continues to grow in stable manner in 2016 as well, our value adding services offered to our clients continue to be diversified.

We continue to monitor the changing market conditions closer than usual to assess in the best way the client needs that shall arise from them. Our studies shall continue to turn Odeabank Corporate and Commercial Banking services into the leading and one of the most preferred services by achieving sustainable success and high quality brand image and value.

As Odeabank, organizational changes have been implemented to be able to offer a more extensive service to SME's, which we have set as priority segment, in line with our Bank's "Tailored Banking" understanding and in the second quarter of 2016 SME Banking business branch has been established. In this period where SME Banking business branch is also being structured, our SME loans have grown by 3%. Along with our new structuring we continue to gain new clients at every point that we can service in this segment but enhancing our SME focus to a great extent.

Our vision in SME Banking is to turn Odeabank into SME clients' main bank with its swift special solutions, technology and client experience. We shall continue to proactively structure our studies in SME Banking and take actions at a fast pace in 2016 as well that shall double our market share with loans in this area.

We have transitioned into an effective segment management with our retail loan brand "Cash Available" specific to use of cash and special loan proposals offered to growing retail client base. We have added a new service to the services we offer our retail clients via non-branch channels by developing an infrastructure, where our existing clients can use instant loan via Call Center and Internet Banking channels.

We continue to grow in Retail Banking by increasing the sectorial diversity of firms we cooperate in Consumer Finance. In the rest of 2016 we aim to diversify the sectors we operate in and increase consumer financing member sales points. We shall continue to be by our clients by offering them attainable financing solutions in case of need.

2016 has been a year of focus on effective product sale and proposals tailored to client needs and over 320 thousand number of cards has been reached.

Odeabank Private Card targeting upper segment client needs and equipped with specifications separating it from the other credit cards in the sector has been launched in June 2016. Work on new credit cards project is in progress to increase the diversity of our credit cards. We continue to deepen with our clients and strengthen our ties through campaigns we arrange for Bank'O Card and Bank'O Card Access clients.

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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**Message from the CEO (continued)**

Besides these, another product of Odeabank bank and credit cards, Bank'O Bank Cards are continuing to develop with "first comes client" understanding as a product enabling clients to withdraw and deposit cash from/to their current accounts and use as cash for shopping and at the same time access their overdraft accounts.

While investing our retail clients' daily savings at high rates, we continued to offer return at +2 points above market average for savings up to 50,000 TRY with Oksijen Account product in the second quarter of the year and offer free cinema tickets and banking services to active users every month. We conducted communication via different media in June for Oksijen Account which increased That's current account TRY volume to a large extent and helped us to make a very important progress in client number and loyalty. In this regard in addition to our regular marketing activity conducted in the digital area we achieved to make a significant contribution to our Bank and brand's recognition via radio and newspapers. We also take pleasure in sharing our communication plan, which doubled in volume relative to the previous months. In the upcoming periods, we plan to continue our communication operations with full swing and increase volume and profitability of our portfolio.

As Odeabank we don't restrict saving owners to only deposits. We diversified and designed more attractive saving alternatives for our clients under Odeabank Wealth Management with new alternatives aligned with the conditions of the new term such as, Private Pension, Fund Deposit Linked to Fund Distribution Channel, Annual Term Deposits Withdrawable before end of Term. We launched gold trading from our branches in the second quarter of 2016.

We pioneered a new development in investment banking by cooperating with the leading asset management companies in Turkey. We created the opportunity to offer many different kinds of fund types through TEFAS and non -TEFAS active marketing and distribution agreements with 12 Asset Management companies. We provided further details on 2016 economic expectations and mutual funds by arranging trainings and seminars where our contractual Asset Management companies and branches gathered. In 2016 second quarter, we continue to create difference with overall investment recommendations prepared in line with market conditions, and competitive model returns offered based on risk groups. We offer up-to-date information to our clients through daily and weekly information reports on their investments.

Under the framework on new CMB legislation rules, we plan to take an increasing market share by offering equity market order routing brokerage activities with our solution partner institutions. As of second quarter pilot application has been initiated for equity trading transactions for which we built the infrastructure in first quarter of 2016. While the diversity of our investment activities is increasing, in the future besides a rich product range we shall offer valuation, consultancy and investment products trading opportunity to our clients, via mobile projects that we plan to launch.

Besides developing its existing services according to client needs, our Transactional Banking Department increased its investments especially in commercial cards and POS products with an innovative perspective. Thus it has continued to facilitate deepening both with existing corporate and commercial clients and has spread to new clients and business areas.

As Odeabank we continue to provide funds from financial institutions at different structures and tenors and at competitive terms. Our operations to finance external trade with the available competitive sources continued at increasing rate.

We have signed a 100 Million EUR loan facility agreement with EIB to be used towards financing of investment projects and operating capital of SME's resident in Turkey

Furthermore, at the end of June World Bank Group member IFC, IFC FIG Fund, EBRD and our shareholder, Bank Audi decided to invest 1 Billion TRY capital into our bank as a result of their trust in Odeabank and Turkish economy.

Our Bank continued domestic TRY bond issuance in 2016-second quarter as well. Our Foreign Trade Departments continue to provide product support to corporate and commercial branches on sales and marketing to ensure coordination in foreign trade transactions, and focus on gaining new clients by enhancing deeper relations with clients operating in corporate, commercial and SME segments.



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**Message from the CEO (continued)**

In the first half of 2016 330.000 clients received service through Direct Banking channels such as Internet Branch, Mobile Branch, ATM, 444 8 444, Communication Center, where we offer same user experience, menu structure, front end, design and transaction flow, and 4 Billion TRY volume and 6.8 Million transactions was/were executed. The number of our ATM's reached 65. Our mobile application was downloaded more than 175,000 times. Our Communication Center received over 1 Million calls.

We take pleasure in supporting sports and art in our country with the mission of a bank attaching great importance to creating value added not only in banking but also in every area of life.

In the context of the support we provide to the "Top Three" basketball teams as "Basketball's Bank", we were very much proud of Galatasaray Odeabank's ULEB Eurocup championship and that Fenerbahce was the first Turkish basketball team playing final in Europe's most important league, Euroleague.

On the other hand, we take pleasure in supporting modern art and artists through our exhibitions at our art platform O'Art; in the near future we shall offer exhibitions for your view that we believe shall resound.

We continued to receive rewards at national and international organizations, in 2016-second quarter like in the past years, as the young and innovative player of banking sector, with our tailored private banking services, technological investments and qualified human resources reaching 1577 in number. At Communicator Awards, we were awarded "High level of Achievement" reward in 2016 with our corporate website under Corporate Communication category and with Odeabank mobile application under Finance category. We were awarded "Turkey's Best Mobile Banking Application" and "Turkey's Best Client Loyalty Program" reward at Global Business Outlook Awards 2016. In Loyalty Magazine Awards 2016 Financial Services category we received "The Best Loyalty Program" award. International publisher EMEA Finance has awarded Odeabank with CEE&CIS Region's "The Most Innovative Bank", Turkey's "Best Foreign Bank" and "The Year's CEO" rewards.

If we review our financial figures; as a result of our performance in the second quarter of the year, our loans reached 21.9 Billion TRY, deposits 24.3 Billion TRY, total assets 31 Billion TRY and we closed 2016 first half with 60.3 Million TRY net profit. As a bank established from scratch, we take pride in our success story achieved in such a short time despite the large investment spending in place. We shall continue to work to sustain this story.

As Odeabank, in focusing on improving our service quality every day, we aim to continue our client focused understanding by promoting it. Our targets, which we will implement without any compromise of our principles and shall be exhibited in main performance indicators that shall constitute the fundamentals of corporate success leading on from individual success, shall bring along further successes. Our target is to be in "the top players league" and to provide more resource for the economy as we voice everywhere. I express my gratitude to all our stakeholders who support us in achieving this target.

Sincerely Yours,

**Hüseyin Özkaya**

**Odea Bank A.Ş.**  
**General Manager and Board Member**

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**Brief financial information of the Bank**

**ASSETS:**

|   | Reviewed<br>Current Period<br>30.06.2016 |                   |                   | Audited<br>Prior Period<br>31.12.2015 |                   |                   |
|---|--|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
|   | TL                                       | FC                | Total             | TL                                    | FC                | Total             |
| CASH AND BALANCES WITH THE CENTRAL BANK                         | 692.045                                  | 2.952.467         | 3.644.512         | 529.585                               | 3.544.999         | 4.074.584         |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH<br>PROFIT AND LOSS (Net) | 139.362                                  | 71.493            | 210.855           | 101.001                               | 24.724            | 125.725           |
| BANKS   | 96                                       | 120.019           | 120.115           | 114                                   | 35.872            | 35.986            |
| MONEY MARKET PLACEMENTS   | 3.100.764                                | -                 | 3.100.764         | 4.061.196                             | -                 | 4.061.196         |
| FINANCIAL ASSETS AVAILABLE FOR SALE (Net)                       | 492.965                                  | 651.795           | 1.144.760         | 471.861                               | 625.317           | 1.097.178         |
| HELD TO MATURITY INVESTMENTS (Net)                              | -  | 355.951           | 355.951           | -                                     | 364.449           | 364.449           |
| LOANS AND RECEIVABLES   | 10.641.070                               | 11.225.320        | 21.866.390        | 10.726.013                            | 11.080.858        | 21.806.871        |
| TANGIBLE ASSETS (Net)   | 130.681                                  | -                 | 130.681           | 142.902                               | -                 | 142.902           |
| INTANGIBLE ASSETS (Net)   | 88.934                                   | -                 | 88.934            | 99.028                                | -                 | 99.028            |
| TAX ASSET   | 43.900                                   | -                 | 43.900            | 40.881                                | -                 | 40.881            |
| ASSETS HELD FOR SALE AND DISCONTINUED<br>OPERATIONS (Net)       | 40.904                                   | -                 | 40.904            | 29.879                                | -                 | 29.879            |
| OTHER ASSETS  | 152.039                                  | 114.320           | 266.359           | 137.978                               | 66.051            | 204.029           |
| <b>TOTAL ASSETS</b>   | <b>15.522.760</b>                        | <b>15.491.365</b> | <b>31.014.125</b> | <b>16.340.438</b>                     | <b>15.742.270</b> | <b>32.082.708</b> |

**LIABILITIES:**

|   | Reviewed<br>Current Period<br>30.06.2016 |                   |                   | Audited<br>Prior Period<br>31.12.2015 |                   |                   |
|---|--|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
|   | TL                                       | FC                | Total             | TL                                    | FC                | Total             |
| DEPOSITS  | 8.428.523                                | 15.838.638        | 24.267.161        | 9.568.571                             | 15.764.925        | 25.333.496        |
| DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | 197.254                                  | 70.094            | 267.348           | 124.230                               | 18.489            | 142.719           |
| FUNDS BORROWED                                    | 4.988                                    | 2.545.254         | 2.550.242         | 5.130                                 | 3.128.339         | 3.133.469         |
| MONEY MARKET BALANCES                             | 316.315                                  | 3.482             | 319.797           | 156.858                               | -                 | 156.858           |
| MARKETABLE SECURITIES ISSUED (Net)                | 188.863                                  | -                 | 188.863           | 154.995                               | -                 | 154.995           |
| MISCELLANEOUS PAYABLES                            | 17.787                                   | 604               | 18.391            | 4.579                                 | 191               | 4.770             |
| OTHER LIABILITIES                                 | 204.751                                  | 27.308            | 232.059           | 180.985                               | 15.037            | 196.022           |
| PROVISIONS  | 230.228                                  | 105.341           | 335.569           | 159.030                               | 96.025            | 255.055           |
| TAX LIABILITY                                     | 69.425                                   | -                 | 69.425            | 47.976                                | -                 | 47.976            |
| SUBORDINATED LOANS                                | -  | 432.812           | 432.812           | -                                     | 1.310.209         | 1.310.209         |
| SHAREHOLDERS' EQUITY                              | 2.334.678                                | (2.220)           | 2.332.458         | 1.375.266                             | (28.127)          | 1.347.139         |
| <b>TOTAL LIABILITIES AND EQUITY</b>               | <b>11.992.812</b>                        | <b>19.021.313</b> | <b>31.014.125</b> | <b>11.777.620</b>                     | <b>20.305.088</b> | <b>32.082.708</b> |

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**Statement of Income:**

|  | Reviewed<br>Current Period<br>01.01-30.06.2016 | Reviewed<br>Prior Period<br>01.01-30.06.2015 |
|--|--|--|
| I. INTEREST INCOME   | 1.294.685                                      | 1.068.270                                    |
| II. INTEREST EXPENSE   | 796.240  | 634.566                                      |
| III. NET INTEREST INCOME (I - II)  | 498.445  | 433.704                                      |
| IV. NET FEES AND COMMISSIONS INCOME  | 60.600   | 33.870                                       |
| V. DIVIDEND INCOME   | -  | -  |
| VI. NET TRADING INCOME   | 68.172   | (61.613)                                     |
| VII. OTHER OPERATING INCOME  | 10.114   | 2.360  |
| VIII. NET OPERATING INCOME (III+IV+V+VI+VII)                               | 637.331  | 408.321                                      |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)                    | 229.830  | 124.084                                      |
| X. OTHER OPERATING EXPENSES (-)  | 327.047  | 251.977                                      |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)                                | 80.454   | 32.260                                       |
| 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)      | 80.454   | 32.260                                       |
| XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)                            | (20.139)                                       | (11.872)                                     |
| XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)                 | 60.315   | 20.388                                       |
| 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)   | 60.315   | 20.388                                       |