

FİBABANKA A.Ş.

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and auditor's report originally issued in Turkish)

Convenience Translation of the Review Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

Interim Review Report on Unconsolidated Interim Financial Information

To the Board of Directors of Fibabanka Anonim Şirketi

Introduction

We have reviewed the unconsolidated statement of financial position of Fibabanka A.Ş. ("the Bank") at September 30, 2018 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and 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 November 1, 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 and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting 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 for Qualified Conclusion

As explained in detail in Note II-8 of Section 5, the accompanying unconsolidated financial statements as at September 30, 2018 include a general reserve which does not meet the relevant criterias in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" for possible risks provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions amounting to TL 147,000 thousands out of which TL 55,500 thousands and TL 91,500 thousands were provided during previous years and within the current period respectively with a current year deferred tax amounting to TL 29,400 thousands. As a result of accounting of aforementioned provision in financial statements, "Extraordinary Reserves" and "Current Period net Profit or Loss" are presented as TL 388,400 thousands and TL 179,235 thousands as of September 30, 2018, respectively.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis for qualified conclusion paragraph on the prior and current period 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 Fibabanka A.Ş. at September 30, 2018 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

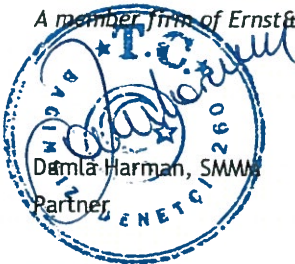
Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting 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



October 30, 2018
Istanbul, Turkey



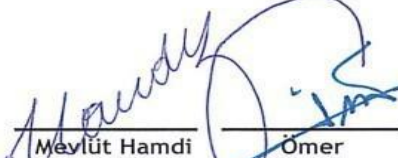



THE UNCONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018

Address: : Esentepe Mah. Büyükdere Caddesi
No: 129 Şişli 34394 İstanbul
Telephone : (212) 381 82 82
Fax : (212) 258 37 78
Web Site : www.fibabanka.com.tr
Contact E-Mail : senem.sarohan@fibabanka.com.tr

The unconsolidated financial report for the nine months period prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements for the nine months period and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

					
Hüsnü Mustafa Özyeğin	Fevzi Bozer	Mevlüt Hamdi Aydın	Ömer Mert	Elif Alsev Utku Özbey	Ayşe Akdaş
Chairman of the Board of Directors	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	Member of the Audit Committee	General Manager and Member of the Board of Directors	Deputy General Manager	Director Financial Control and Reporting

Information related to personnel to whom questions related to this financial report may be directed.

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Director
Telephone Number : (212) 381 84 88
Fax Number : (212) 257 37 78

	PAGE
SECTION ONE	
General Information	
I. History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status	1
II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group	2
III. Explanations Regarding the Shares of the Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents	2
IV. Individuals and Institutions That Have Qualified Shares in the Bank	3
V. Summary Information on the Bank's Services and Activity Areas	3
VI. Other Information	3
VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Parent Bank and Its Subsidiaries	3
SECTION TWO	
Unconsolidated Financial Statements	
I. Unconsolidated Balance Sheet	4
II. Unconsolidated Statement of Off-Balance Sheet and Commitments	8
III. Unconsolidated Statement of Income	10
IV. Unconsolidated Statement of Income and Expense Items Recognized Under Shareholders' Equity	12
V. Unconsolidated Statement of Changes in Shareholders' Equity	14
VI. Unconsolidated Statement of Cash Flows	16
SECTION THREE	
Accounting Principles	
I. Explanations on the Basis of Presentation	18
II. Explanations on the Usage Strategy of Financial Instruments and on Foreign Currency Transactions	18
III. Explanations on Equity Investments	19
IV. Explanations on Forward Transactions, Option and Derivative Instruments	19
V. Explanations on Interest Income and Expenses	20
VI. Explanations on Fee and Commission Income and Expenses	20
VII. Explanations on Financial Assets	20
VIII. Explanations on Expected Credit Losses	22
IX. Explanations on Offsetting Financial Instruments	22
X. Explanations on Sale and Repurchase Agreements and Securities Lending Transactions	22
XI. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities	23
XII. Explanations on Goodwill and Other Intangible Assets	23
XIII. Explanations on Tangible Assets	23
XIV. Explanations on Leasing Transactions	24
XV. Explanations on Provisions and Contingent Liabilities	24
XVI. Explanations on Contingent Assets	24
XVII. Explanations on Liabilities for Employee Benefits	24
XVIII. Explanations on Taxation	25
XIX. Additional Explanations on Borrowings	26
XX. Explanations on Share Certificates Issued	26
XXI. Explanations on Bank Acceptances and Bills of Guarantee	26
XXII. Explanations on Government Incentives	26
XXIII. Explanations on Segment Reporting	26
XXIV. Explanations on TFRS 9 financial instruments standard	27
XXV. Explanations on Prior Period Accounting Policies Not Valid For The Current Period	29
XXVI. Other Matters	30
SECTION FOUR	
Information on Financial Position and Risk Management	
I. Information Related to the Components of Shareholders' Equity	31
II. Explanations on Risk Management	44
III. Explanations on Currency Risk	45
IV. Explanations on Interest Rate Risk	47
V. Explanations on Position Risk of Equity securities from banking book	50
VI. Explanations on Liquidity Risk and Liquidity Coverage Ratio	50
VII. Explanations on Segment Reporting	56
SECTION FIVE	
Explanations and Notes on the Unconsolidated Financial Statements	
I. Explanations and Disclosures Related to the Assets	57
II. Explanations and Disclosures Related to the Liabilities	75
III. Explanations and Disclosures Related to Off-Balance Sheet Contingencies and Commitments	85
IV. Explanations and Disclosures Related to the Income Statement	87
V. Explanations and Disclosures on the Risk Group of the Bank	94
VI. Explanations on the Bank's Domestic, Foreign, Off-shore Branches or Investments in Associates and Foreign Representative Offices	96
VII. Events after Balance Sheet Date	96
VIII. Other disclosures on activities of the Bank	96
SECTION SIX	
Explanations On Auditors' Report	
I. Explanations on Auditor's Limited Review Report	97
II. Other Footnotes and Explanations Prepared by the Independent Auditors	97
SECTION SEVEN	
Interim Period Activity Report	
I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager	98

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2018**

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

SECTION ONE

GENERAL INFORMATION

I. History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency ("BRSA") No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş.

On 27 December 2010, acquisition of the Bank by Credit Europe Bank N.V., which is an affiliate of Fiba Holding A.Ş., was realized.

In the extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. was amended as Fibabanka A.Ş. ("the Bank").

II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank's shares to Credit Europe Bank N.V. and the legal approval process was completed as of 27 December 2010.

Credit Europe Bank N.V.'s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of September 30, 2018 the total shares held by the Bank's Management represent 0.56% of the Bank's Capital.

The Bank applied to the BRSA on 14 January 2015 for permission of the subordinated loan provided from Fiba Holding A.Ş. in the amount of USD 50 million to be converted to share capital. Following the authorization of the BRSA on 4 March 2015, the Board of Directors decision was taken on 5 March 2015 regarding share capital increase from TL 550,000 to TL 678,860. TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

The Bank's paid-in capital amounting to TL 678,860 was increased to TL 847,515 on 23 December 2015 with equal contributions from International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD") amounting TL 168,655 in total. In addition, share issuance premium of TL 73,379 was recognised in the shareholders' equity.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2018

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

II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group (Continued)

The Bank's paid-in capital amounting to TL 847,515 was increased to TL 941,161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93,646. In addition, TL 55,299 was recorded to the equity as share premium.

As of 30 September 2018, paid-in capital of the Bank is TL 941,161 and all paid in.

III. Explanations Regarding the Shares of the Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
<i>Board of Directors</i>		
Hüsnü Mustafa Özyeğin	Chairman	27-Dec-10
Fevzi Bozer	Deputy Chairman	27-Dec-10
Mehmet Güleşçi	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Selçuk Yorgancıoğlu	Member	22-Sep-16
Hülya Kefeli	Member	15-May-17
Ömer Mert	General Manager - Member	18-Jan-17
<i>Audit Committee</i>		
Fevzi Bozer	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
<i>Assistant General Managers</i>		
Elif Alsev Utku Özbey	Deputy GM - Financial Control & Reporting	07-Jan-11
Adem Aykın	AGM - Information Technologies	01-Jul-11
Sezin Erken	AGM - Consumer Banking & Funding Resource Management	10-Aug-17
Kerim Lokman Kuriş	AGM - Corporate & Commercial Banking	01-Dec-15
Turgay Hasdiker	AGM - Credits	01-Dec-15
Ahu Dolu	AGM - Financial Institutions and Project Finance	01-Dec-15
Orhan Hatipoğlu	AGM - Banking Operations & Supporting Services	02-Jan-17
Ömer Rifat Gencal	AGM -Treasury	01-May-17
Gerçek Önal	AGM - Chief Legal Officer	01-Feb-16

The Bank's equity shares owned by the individuals listed above are not material.

FİBABANKA A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2018

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

IV. Individuals and Institutions That Have Qualified Shares in the Bank

Name Surname/ Commercial Title	Share Amount (Nominal)	Share Ratios	Paid in Capital (Nominal)	Unpaid Shares
Fiba Holding A.Ş.	673,573	71.57%	673,573	--
Hüsnü Mustafa Özyeğin	666,856	70.85%	666,856	--

V. Summary Information on the Bank's Services and Activity Areas

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 30 September 2018, the Bank serves with 80 domestic branches and 1,627 employees.

VI. Other Information

The Bank's Commercial Title	:	Fibabanka Anonim Şirketi
The Bank's General Directorate Address	:	Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers	:	Telephone : (0212) 381 82 82 Fax : (0212) 258 37 78
The Bank's Web Site Address	:	www.fibabanka.com.tr
The Bank's E-Mail Address	:	malikontrol@fibabanka.com.tr
Reporting Period	:	1 January 2018 - 30 September 2018

The financial statements, related disclosures and notes in this report are presented, unless otherwise indicated, in thousands of Turkish Lira (TL).

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2018**

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

ASSETS	Footnotes	CURRENT PERIOD (30/09/2018)		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		3,982,495	3,887,424	7,869,919
1.1 Cash and cash equivalents	(5.1.1)	894,809	2,945,205	3,840,014
1.1.1 Cash and balances at central bank		262,495	2,662,761	2,925,256
1.1.2 Banks	(5.1.3)	413,270	282,444	695,714
1.1.3 Receivables from Money Market		219,044	-	219,044
1.2 Financial assets valued at fair value through profit or loss	(5.1.2)	62,937	7,691	70,628
1.2.1 Public debt securities		20,110	4,872	24,982
1.2.2 Equity securities		-	-	-
1.2.3 Other financial assets		42,827	2,819	45,646
1.3 Financial assets valued at fair value through other comprehensive income	(5.1.4)	9,813	928,903	938,716
1.3.1 Public debt securities		9,813	18,028	27,841
1.3.2 Equity securities		-	3,465	3,465
1.3.3 Other financial assets		-	907,410	907,410
1.4 Financial assets measured at amortised cost	(5.1.6)	184,925	-	184,925
1.4.1 Public debt securities		184,925	-	184,925
1.4.2 Other financial assets		-	-	-
1.5 Derivative financial assets		2,834,452	5,625	2,840,077
1.5.1 Derivative financial assets valued at fair value through profit and loss		2,834,452	5,625	2,840,077
1.5.2 Derivative financial assets valued at fair value through other		-	-	-
1.6 Non-performing financial assets		-	-	-
1.7 Provisions for expected losses (-)		4,441	-	4,441
II. LOANS (Net)		9,088,236	6,266,323	15,354,559
2.1 Loans	(5.1.5)	8,959,146	6,266,323	15,225,469
2.1.1 Loans measured at amortised cost		8,732,110	6,266,323	14,998,433
2.1.2 Loans at fair value through profit or loss		227,036	-	227,036
2.1.3 Loans at fair value through other comprehensive income		-	-	-
2.2 Receivables form leasing transaction	(5.1.10)	-	-	-
2.2.1 Finance lease receivables		-	-	-
2.2.2 Operating lease receivables		-	-	-
2.2.3 Unearned income (-)		-	-	-
2.3 Factoring receivables	(5.1.5)	23,519	-	23,519
2.3.1 Factoring receivables measured at amortised cost		23,519	-	23,519
2.3.2 Factoring receivables measured at fair value through profit or loss		-	-	-
2.3.3 Factoring receivables measured at fair value through other comprehensive income		-	-	-
2.4 Non-performing loans		669,948	-	669,948
2.5 Provisions for expected credit losses (-)		564,377	-	564,377
2.5.1 12- month expected credit losses (Stage 1)		122,105	-	122,105
2.5.2 Significant increase in credit risk (Stage 2)		128,665	-	128,665
2.5.3 Credit-Impaired (Stage 3)		313,607	-	313,607
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	40,596	-	40,596
3.1 Held for sale		40,596	-	40,596
3.2 Discontinued operations		-	-	-
IV. INVESTMENT IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES		15,342	-	15,342
4.1 Investments in associates (net)	(5.1.7)	9,897	-	9,897
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Unconsolidated associates		9,897	-	9,897
4.2 Investments in subsidiaries (net)	(5.1.8)	5,445	-	5,445
4.2.1 Unconsolidated financial subsidiaries		5,445	-	5,445
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-
4.3 Jointly controlled entities (net)	(5.1.9)	-	-	-
4.3.1 Joint Controlled partnership accounted by using equity method		-	-	-
4.3.2 Unconsolidated jointly controlled partnership		-	-	-
V. TANGIBLE ASSETS (Net)	(5.1.12)	198,811	-	198,811
VI. INTANGIBLE ASSETS (Net)	(5.1.13)	23,203	-	23,203
6.1 Goodwill		-	-	-
6.2 Other		23,203	-	23,203
VII. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-
VIII. CURRENT TAX ASSET		14	-	14
IX. DEFERRED TAX ASSET	(5.1.15)	93,471	-	93,471
X. OTHER ASSETS	(5.1.17)	86,780	24,454	111,234
TOTAL ASSETS		13,528,948	10,178,201	23,707,149

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

FİBABANKA A.Ş.
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017**

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

ASSETS	Footnotes	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	275,601	2,211,655	2,487,256
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,332,566	11,467	1,344,033
2.1 Financial Assets Held for Trading		732,410	11,467	743,877
2.1.1 Public Sector Debt Securities		18,450	4,174	22,624
2.1.2 Share Certificates		-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		682,024	6,477	688,501
2.1.4 Other Securities		31,936	816	32,752
2.2 Financial Assets Designated at Fair Value		600,156	-	600,156
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		600,156	-	600,156
2.2.4 Other Securities		-	-	-
III. BANKS	(5.1.3)	47,814	271,881	319,695
IV. DUE FROM MONEY MARKETS		-	376,334	376,334
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		-	376,334	376,334
4.3 Reverse Repurchase Agreements		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.4)	184,756	581,407	766,163
5.1 Share Certificates		-	1,727	1,727
5.2 Public Sector Debt Securities		167,708	12,147	179,855
5.3 Other Securities		17,048	567,533	584,581
VI. LOANS AND RECEIVABLES	(5.1.5)	9,627,446	4,860,555	14,488,001
6.1 Loans and Receivables		9,329,948	4,860,555	14,190,503
6.1.1 Loans Utilized to the Bank's Risk Group		4,714	72	4,786
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Others		9,325,234	4,860,483	14,185,717
6.2 Loans under Follow-Up		468,493	-	468,493
6.3 Specific Provisions (-)		170,995	-	170,995
VII. FACTORING RECEIVABLES		-	-	-
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.6)	-	-	-
8.1 Public Sector Debt Securities		-	-	-
8.2 Other Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	4,897	-	4,897
9.1 Associates accounted for Under Equity Method		-	-	-
9.2 Unconsolidated Associates		4,897	-	4,897
9.2.1 Financial Associates		4,897	-	4,897
9.2.2 Non-Financial Associates		-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	5,445	-	5,445
10.1 Unconsolidated Financial Subsidiaries		5,445	-	5,445
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.9)	-	-	-
11.1 Joint Ventures accounted for Under Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operational Lease Receivables		-	-	-
12.3 Others		-	-	-
12.4 Unearned Income (-)		-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.11)	17,902	-	17,902
13.1 Fair Value Hedge		17,902	-	17,902
13.2 Cash Flow Hedge		-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	191,953	-	191,953
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	5,948	-	5,948
15.1 Goodwill		-	-	-
15.2 Others		5,948	-	5,948
XVI. INVESTMENT PROPERTIES (Net)	(5.1.14)	-	-	-
XVII. TAX ASSET		9,475	-	9,475
17.1 Current Tax Assets		3	-	3
17.2 Deferred Tax Assets	(5.1.15)	9,472	-	9,472
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	23,795	-	23,795
18.1 Held for Sale		23,795	-	23,795
18.2 Discontinued Operations		-	-	-
XIX. OTHER ASSETS	(5.1.17)	54,033	21,276	75,309
TOTAL ASSETS		11,781,631	8,334,575	20,116,206

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

FİBABANKA A.Ş.**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2018**

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

LIABILITIES	Footnotes	CURRENT PERIOD (30/09/2018)		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	6,040,651	4,801,388	10,842,039
II. LOAN RECEIVED	(5.II.3)	14,507	2,553,635	2,568,142
III. MONEY MARKET FUNDS		149,217	417,636	566,853
IV. MARKETABLE SECURITIES (Net)	(5.II.4)	1,214,951	1,765,262	2,980,213
4.1 Bills		1,192,748	-	1,192,748
4.2 Asset backed securities		22,203	-	22,203
4.3 Bonds		-	1,765,262	1,765,262
V. FUNDS		-	-	-
5.1 Borrower funds		-	-	-
5.2 Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	2,315,073	8,492	2,323,565
7.1 Derivative financial liabilities at fair value through profit or loss		2,315,073	8,492	2,323,565
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE LIABILITIES	(5.II.6)	-	580	580
9.1 Financial lease payables		-	641	641
9.2 Operating lease payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred financial lease expenses (-)		-	61	61
VIII. PROVISIONS	(5.II.8)	197,905	-	197,905
10.1 Provisions for restructuring		-	-	-
10.2 Reserve for employee benefits		23,044	-	23,044
10.3 Insurance technical reserves (Net)		-	-	-
10.4 Other provisions		174,861	-	174,861
XI. CURRENT TAX LIABILITIES	(5.II.9)	49,811	-	49,811
XII. DEFERRED TAX LIABILITIES		-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-
13.1 Held for sale		-	-	-
13.2 Related to discontinued operations		-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1,799,696	1,799,696
14.1 Loans		-	-	-
14.2 Other debt instruments		-	1,799,696	1,799,696
XV. OTHER LIABILITIES	(5.II.5)	210,087	887,925	1,098,012
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,331,154	(50,821)	1,280,333
16.1 Paid-in capital		941,161	-	941,161
16.2 Capital reserves		128,678	-	128,678
16.2.1 Equity share premium		128,678	-	128,678
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(5,609)	(50,821)	(56,430)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5 Profit reserves		410,286	-	410,286
16.5.1 Legal reserves		21,886	-	21,886
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		388,400	-	388,400
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		(143,362)	-	(143,362)
16.6.1 Prior years' profits or losses		(322,597)	-	(322,597)
16.6.2 Current period net profit or loss		179,235	-	179,235
16.7 Earnings / Losses per Share (Per thousand share)	(5.II.13)	-	-	-
TOTAL EQUITY AND LIABILITIES		11,523,356	12,183,793	23,707,149

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

FİBABANKA A.Ş.
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017**

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

LIABILITIES AND EQUITY		Footnotes	PRIOR PERIOD (31/12/2017)		
			TL	FC	Total
I. DEPOSITS	(5.II.1)		6,376,558	5,896,185	12,272,743
1.1 Deposits of the Bank's Group			465,699	248,535	714,234
1.2 Others			5,910,859	5,647,650	11,558,509
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.2)		742,447	7,143	749,590
III. FUNDS BORROWED	(5.II.3)		21,789	2,063,062	2,084,851
IV. DUE TO MONEY MARKETS			3,503	476,377	479,880
4.1 Interbank Money Market			-	-	-
4.2 Istanbul Stock Exchange			3,503	-	3,503
4.3 Repurchase Agreements			-	476,377	476,377
V. SECURITIES ISSUED (Net)	(5.II.4)		1,255,066	-	1,255,066
5.1 Bills			1,255,066	-	1,255,066
5.2 Asset Backed Securities			-	-	-
5.3 Bonds			-	-	-
VI. FUNDS			-	-	-
6.1 Borrowers Funds			-	-	-
6.2 Others			-	-	-
VII. SUNDRY CREDITORS	(5.II.5)		218,999	93,520	312,519
VIII. OTHER EXTERNAL RESOURCES	(5.II.5)		74,406	28,763	103,169
IX. FACTORING PAYABLES			-	-	-
X. LEASE PAYABLES (Net)	(5.II.6)		-	469	469
10.1 Financial Lease Payables			-	526	526
10.2 Operational Lease Payables			-	-	-
10.3 Others			-	-	-
10.4 Deferred Financial Leasing Expenses (-)			-	57	57
XI. HEDGING PURPOSE DERIVATIVES	(5.II.7)		3,664	-	3,664
11.1 Fair Value Hedge			3,664	-	3,664
11.2 Cash Flow Hedge			-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-
XII. PROVISIONS	(5.II.8)		152,918	-	152,918
12.1 General Provisions			70,580	-	70,580
12.2 Restructring Provisions			-	-	-
12.3 Reserve for Employee Benefits			21,231	-	21,231
12.4 Insurance Technical Provisions (Net)			-	-	-
12.5 Other Provisions			61,107	-	61,107
XIII. TAX LIABILITIES	(5.II.9)		42,186	-	42,186
13.1 Current Tax Liability			42,186	-	42,186
13.2 Deferred Tax Liability			-	-	-
XIV. SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)		-	-	-
14.1 Held for Sale			-	-	-
14.2 Discontinued Operations			-	-	-
XV. SUBORDINATED LOANS	(5.II.11)		-	1,194,561	1,194,561
XVI. SHAREHOLDERS' EQUITY	(5.II.12)		1,462,376	2,214	1,464,590
16.1 Paid-In Capital			941,161	-	941,161
16.2 Supplementary Capital			110,929	2,214	113,143
16.2.1 Share Premium			128,678	-	128,678
16.2.2 Share Cancellation Profits			-	-	-
16.2.3 Securities Revaluation Reserve			(13,113)	2,214	(10,899)
16.2.4 Revaluation Fund on Tangible Assets			-	-	-
16.2.5 Revaluation Fund on Intangible Assets			-	-	-
16.2.6 Revaluation Fund on Investment Properties			-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures			-	-	-
16.2.8 Hedging Funds (Effective Portion)			-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations			-	-	-
16.2.10 Other Supplementary Capital			(4,636)	-	(4,636)
16.3 Profit Reserves			243,284	-	243,284
16.3.1 Legal Reserves			13,535	-	13,535
16.3.2 Status Reserves			-	-	-
16.3.3 Extraordinary Reserves			229,749	-	229,749
16.3.4 Other Profit Reserves			-	-	-
16.4 Profit or Loss			167,002	-	167,002
16.4.1 Prior Periods' Profits / Losses			-	-	-
16.4.2 Current Period Profit / Loss			167,002	-	167,002
16.5 Minority Shares	(5.II.13)		-	-	-
TOTAL LIABILITIES AND EQUITY			10,353,912	9,762,294	20,116,206

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

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2018

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

	Footnotes	CURRENT PERIOD (30/09/2018)		
		TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		13,288,955	33,224,272	46,513,227
I. GUARANTEES AND WARRANTIES	(5.III.1)	499,832	796,229	1,296,061
1.1. Letters of Guarantee		499,403	353,291	852,694
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		499,403	353,291	852,694
1.2. Bank Acceptances		429	202,868	203,297
1.2.1. Import Letter of Acceptance		-	-	-
1.2.2. Other Bank Acceptances		429	202,868	203,297
1.3. Letters of Credit		-	240,070	240,070
1.3.1. Documentary Letters of Credit		-	-	-
1.3.2. Other Letters of Credit		-	240,070	240,070
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. Purchase Guarantees for Securities Issued		-	-	-
1.7. Factoring Guarantees		-	-	-
1.8. Other Guarantees		-	-	-
1.9. Other Collaterals		-	-	-
II. COMMITMENTS		1,427,177	2,168,967	3,596,144
2.1. Irrevocable Commitments	(5.III.1)	1,427,177	2,168,967	3,596,144
2.1.1. Asset Purchase Commitments		553,120	2,168,967	2,722,087
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4. Loan Granting Commitments		530,951	-	530,951
2.1.5. Securities Issue Brokerage Commitments		-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-
2.1.7. Commitments for Cheque Payments		228,197	-	228,197
2.1.8. Tax and Fund Liabilities from Export Commitments		8,257	-	8,257
2.1.9. Commitments for Credit Card Limits		93,505	-	93,505
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1
2.1.11. Receivables from Short Sale Commitments of Marketable		-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13. Other Irrevocable Commitments		13,146	-	13,146
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	11,361,946	30,259,076	41,621,022
3.1. Hedging Derivative Financial Instruments		-	-	-
3.1.1. Fair Value Hedges		-	-	-
3.1.2. Cash Flow Hedges		-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-
3.2. Trading Derivative Financial Instruments		11,361,946	30,259,076	41,621,022
3.2.1. Forward Foreign Currency Buy/Sell Transactions		2,665,209	5,364,848	8,030,057
3.2.1.1. Forward Foreign Currency Transactions-Buy		1,073,329	2,924,662	3,997,991
3.2.1.2. Forward Foreign Currency Transactions-Sell		1,591,880	2,440,186	4,032,066
3.2.2. Swap Transactions Related to Foreign Currency and Interest		5,332,141	19,896,236	25,228,377
3.2.2.1. Foreign Currency Swap-Buy		2,316,528	10,216,806	12,533,334
3.2.2.2. Foreign Currency Swap-Sell		2,965,613	9,080,410	12,046,023
3.2.2.3. Interest Rate Swap-Buy		25,000	299,510	324,510
3.2.2.4. Interest Rate Swap-Sell		25,000	299,510	324,510
3.2.3. Foreign Currency, Interest Rate and Securities Options		3,182,682	4,165,383	7,348,065
3.2.3.1. Foreign Currency Options-Buy		1,549,326	2,121,927	3,671,253
3.2.3.2. Foreign Currency Options-Sell		1,633,356	2,043,456	3,676,812
3.2.3.3. Interest Rate Options-Buy		-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-
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		181,914	832,609	1,014,523
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		114,176,799	65,421,169	179,597,968
IV. ITEMS HELD IN CUSTODY		1,695,624	394,719	2,090,343
4.1. Customer Fund and Portfolio Balances		184,314	-	184,314
4.2. Investment Securities Held in Custody		562,363	176,889	739,252
4.3. Cheques Received for Collection		513,574	165,317	678,891
4.4. Commercial Notes Received for Collection		112,944	52,513	165,457
4.5. Other Assets Received for Collection		-	-	-
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		322,429	-	322,429
4.8. Custodians		-	-	-
V. PLEDGES RECEIVED		112,481,175	65,026,450	177,507,625
5.1. Marketable Securities		253,315	55,097	308,412
5.2. Guarantee Notes		161,708	247,085	408,793
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovables		9,458,930	9,932,360	19,391,290
5.6. Other Pledged Items		102,607,222	54,791,908	157,399,130
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		127,465,754	98,645,441	226,111,195

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

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017

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

	Footnotes	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15,098,165	26,819,511	41,917,676
I. GUARANTEES AND WARRANTIES		759,810	1,271,184	2,030,994
1.1. Letters of Guarantee	(5. III. 1)	759,390	294,942	1,054,332
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		759,390	294,942	1,054,332
1.2. Bank Acceptances		420	421,119	421,539
1.2.1. Import Letter of Acceptance		-	-	-
1.2.2. Other Bank Acceptances		420	421,119	421,539
1.3. Letters of Credit		-	555,123	555,123
1.3.1. Documentary Letters of Credit		-	-	-
1.3.2. Other Letters of Credit		-	555,123	555,123
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. Purchase Guarantees for Securities Issued		-	-	-
1.7. Factoring Guarantees		-	-	-
1.8. Other Guarantees		-	-	-
1.9. Other Collaterals		-	-	-
II. COMMITMENTS		1,403,774	899,493	2,303,267
2.1. Irrevocable Commitments	(5. III. 1)	1,403,774	899,493	2,303,267
2.1.1. Asset Purchase Commitments		737,529	899,493	1,637,022
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4. Loan Granting Commitments		323,365	-	323,365
2.1.5. Securities Issue Brokerage Commitments		-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-
2.1.7. Commitments for Cheque Payments		211,200	-	211,200
2.1.8. Tax and Fund Liabilities from Export Commitments		5,070	-	5,070
2.1.9. Commitments for Credit Card Limits		123,381	-	123,381
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13. Other Irrevocable Commitments		3,229	-	3,229
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5. III. 5)	12,934,581	24,648,834	37,583,415
3.1. Hedging Derivative Financial Instruments		482,049	509,207	991,256
3.1.1. Fair Value Hedges		482,049	509,207	991,256
3.1.2. Cash Flow Hedges		-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-
3.2. Trading Derivative Financial Instruments		12,452,532	24,139,627	36,592,159
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1,929,765	3,365,420	5,295,185
3.2.1.1. Forward Foreign Currency Transactions-Buy		918,657	1,731,510	2,650,167
3.2.1.2. Forward Foreign Currency Transactions-Sell		1,011,108	1,633,910	2,645,018
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		5,133,914	12,824,125	17,958,039
3.2.2.1. Foreign Currency Swap-Buy		2,340,868	6,587,892	8,928,760
3.2.2.2. Foreign Currency Swap-Sell		2,743,046	6,236,233	8,979,279
3.2.2.3. Interest Rate Swap-Buy		25,000	-	25,000
3.2.2.4. Interest Rate Swap-Sell		25,000	-	25,000
3.2.3. Foreign Currency, Interest Rate and Securities Options		5,310,753	7,874,718	13,185,471
3.2.3.1. Foreign Currency Options-Buy		2,654,127	3,936,025	6,590,152
3.2.3.2. Foreign Currency Options-Sell		2,656,626	3,938,693	6,595,319
3.2.3.3. Interest Rate Options-Buy		-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-
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		78,100	75,364	153,464
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		99,748,531	41,498,940	141,247,471
IV. ITEMS HELD IN CUSTODY		1,464,887	288,177	1,753,064
4.1. Customer Fund and Portfolio Balances		128,611	-	128,611
4.2. Investment Securities Held in Custody		150,635	116,692	267,327
4.3. Cheques Received for Collection		737,227	91,680	828,907
4.4. Commercial Notes Received for Collection		170,178	79,805	249,983
4.5. Other Assets Received for Collection		-	-	-
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		278,236	-	278,236
4.8. Custodians		-	-	-
V. PLEDGES RECEIVED		98,283,644	41,210,763	139,494,407
5.1. Marketable Securities		86,637	150,865	237,502
5.2. Guarantee Notes		167,345	198,887	366,232
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovables		9,477,490	5,736,845	15,214,335
5.6. Other Pledged Items		88,552,172	35,124,166	123,676,338
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTS		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		114,846,696	68,318,451	183,165,147

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

UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD (01/01/2018 - 30/09/2018)	CURRENT PERIOD (01/07/2018 - 30/09/2018)
I.	INTEREST INCOME	(5.IV.1)	1,835,442	702,307
1.1	Interest from Loans		1,657,919	628,187
1.2	Interest from Reserve Deposits		23,221	8,374
1.3	Interest from Banks		105,658	44,530
1.4	Interest from Money Market Transactions		4,044	2,119
	Interest from Marketable Securities Portfolio		44,147	18,891
1.5.1	Financial Assets at Fair Value Through Profit or Loss		2,156	859
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		30,379	14,039
1.5.3	Financial Assets Measured at Amortized Cost		11,612	3,993
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		453	206
II.	INTEREST EXPENSE		1,250,206	496,967
2.1	Interest on Deposits	(5.IV.2)	856,359	329,564
2.2	Interest on Funds Borrowed	(5.IV.2)	172,053	78,585
2.3	Interest Expense on Money Market Transactions		208	91
2.4	Interest on Securities Issued	(5.IV.2)	209,375	83,098
2.5	Other Interest Expenses		12,211	5,629
III.	NET INTEREST INCOME (I - II)		585,236	205,340
IV.	NET FEES AND COMMISSIONS INCOME		52,408	17,420
4.1	Fees and Commissions Received		84,810	27,246
4.1.1	Non-cash Loans		10,808	3,815
4.1.2	Other	(5.IV.12)	74,002	23,431
4.2	Fees and Commissions Paid		32,402	9,826
4.2.1	Non-cash Loans		85	29
4.2.2	Other	(5.IV.12)	32,317	9,797
V.	PERSONNEL EXPENSES (-)		172,278	54,228
VI.	DIVIDEND INCOME	(5.IV.3)	-	-
VII.	TRADING INCOME / LOSS (Net)	(5.IV.4)	157,070	145,429
7.1	Profit / Loss on Securities Trading		10,072	7,656
7.2	Profit / Loss on Derivative Financial Transactions		145,337	145,730
7.3	Foreign Exchange Gains / Losses		1,031	(7,957)
VIII.	OTHER OPERATING INCOME	(5.IV.5)	193,810	25,232
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		816,246	339,193
X.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5.IV.6)	441,049	184,219
XI.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	162,621	57,636
XII.	NET OPERATING PROFIT / LOSS (VII-IX-X)		212,576	97,338
XIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIV.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-	-
XV.	GAIN / LOSS ON NET MONETARY POSITION		-	-
XVI.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.8)	212,576	97,338
XVII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(33,341)	2,607
17.1	Current Tax Provision		(3)	-
17.2	Expense Effect of Deferred Tax		(33,338)	2,607
17.3	Income Effect of Deferred Tax		-	-
XVIII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.10)	179,235	99,945
XIX.	PROFIT FROM DISCONTINUED OPERATIONS		-	-
19.1	Income from Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other		-	-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
20.1	Expenses on Assets Held for Sale		-	-
20.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other		-	-
XXI.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1	Current Tax Provision		-	-
22.2	Expenses Effect of Deferred Tax		-	-
22.3	Other		-	-
XXIII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIV.	NET PROFIT / LOSS (XVII+XXII)	(5.IV.11)	179,235	99,945
24.1	Group Profit/Loss		179,235	99,945
24.2	Minority Shares		-	-
	Profit / Losses per Share(Per thousand share)		0,00190	0,00106

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

FİBABANKA A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

INCOME AND EXPENSE ITEMS		Footnotes	PRIOR PERIOD (01/01/2017 - 30/09/2017)	PRIOR PERIOD (01/07/2017 - 30/09/2017)
I.	INTEREST INCOME	(5.IV.1)	1,317,720	505,466
1.1	Interest from Loans		1,207,274	465,978
1.2	Interest from Reserve Deposits		13,331	5,631
1.3	Interest from Banks		55,810	19,633
1.4	Interest from Money Market Transactions		3,248	1,580
1.5	Interest from Marketable Securities Portfolio		37,825	12,572
1.5.1	Financial Assets at Fair Value Through Profit or Loss		1,355	453
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		-	-
1.5.3	Financial Assets Measured at Amortized Cost		36,470	12,119
1.5.4	Held to Maturity Securities		-	-
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		232	72
II.	INTEREST EXPENSE		851,837	327,325
2.1	Interest on Deposits	(5.IV.2)	658,985	250,677
2.2	Interest on Funds Borrowed	(5.IV.2)	81,869	34,276
2.3	Interest Expense on Money Market Transactions		223	122
2.4	Interest on Securities Issued	(5.IV.2)	100,707	39,431
2.5	Other Interest Expenses		10,053	2,819
III.	NET INTEREST INCOME (I - II)		465,883	178,141
IV.	NET FEES AND COMMISSIONS INCOME		31,836	12,518
4.1	Fees and Commissions Received		54,426	21,544
4.1.1	Non-cash Loans		7,572	2,874
4.1.2	Other	(5.IV.12)	46,854	18,670
4.2	Fees and Commissions Paid		22,590	9,026
4.2.1	Non-cash Loans		137	44
4.2.2	Other	(5.IV.12)	22,453	8,982
V.	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING INCOME / LOSS (Net)	(5.IV.4)	(4,461)	(14,247)
6.1	Profit / Loss on Securities Trading		4,138	581
6.2	Profit / Loss on Derivative Financial Transactions		(3,057)	(6,486)
6.3	Foreign Exchange Gains / Losses		(5,542)	(8,342)
VII.	OTHER OPERATING INCOME	(5.IV.5)	32,999	10,052
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		526,257	186,464
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5.IV.6)	124,702	46,083
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	263,751	93,311
XI.	NET OPERATING PROFIT / LOSS (VII-IX-X)		137,804	47,070
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-	-
XIV.	GAIN / LOSS ON NET MONETARY POSITION		-	-
XV.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.8)	137,804	47,070
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(27,713)	(9,584)
16.1	Current Tax		(40,261)	(4,472)
16.2	Deferred Tax		12,548	(5,112)
XVII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.10)	110,091	37,486
XVIII.	PROFIT FROM DISCONTINUED OPERATIONS		-	-
18.1	Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other		-	-
XX.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax		-	-
21.2	Deferred Tax		-	-
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT / LOSS (XVII+XXII)	(5.IV.11)	110,091	37,486
23.1	Group Profit/Loss		110,091	37,486
23.2	Minority Shares		-	-
	Profit / Losses per Share(Per thousand share)		0,00117	0,00040

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

UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

	CURRENT PERIOD (01/01/2018 - 30/09/2018)
I. CURRENT PERIOD INCOME/LOSS	179,235
II. OTHER COMPREHENSIVE INCOME	(40,895)
2.1 Other comprehensive income that will not be reclassified to profit or loss	(40,895)
2.1.1 Gains (Losses) on Revaluation of Property and Equipment	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(51,499)
2.1.5 Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	10,604
2.2 Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss From Financial Assets at Fair Value Through Other Comprehensive Income	-
2.2.3 Income (Loss) Related with Cash Flow Hedges	-
2.2.4 Income (Loss) Related with Hedges of Net Investment Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	-
2.2.6 Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	138,340

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

FİBABANKA A.Ş.**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY	PRIOR PERIOD (01/01/2017 - 30/09/2017)
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	13,887
II. TANGIBLE ASSETS REVALUATION RESERVES	-
III. INTANGIBLE ASSETS REVALUATION RESERVES	-
IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-
V. PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS(Effective Portion of the Changes in the Fair Value)	-
VI. PROFIT/LOSS ON NET FOREIGN HEDGE DERIVATIVE FINANCIAL ASSETS(Effective Portion)	-
VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN ACCOUNTING POLICY	-
VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	-
IX. DEFERRED TAX EFFECT OF REVALUATION	(2,597)
X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	11,290
XI. PROFIT/LOSS FOR THE PERIOD	109,187
11.1 Net Change in Fair Value of Marketable Securities(Transfer yo Profit/Loss)	(904)
11.2 The Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.3 The Portion of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	110,091
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X+XI)	120,477

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

FİBABANKA A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2018

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

					Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
CURRENT PERIOD (01.01-30.09.2018)																
I. Balances at beginning of the period	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	-	167,002	1,464,590	-	1,464,590
II. Correction made as per TAS 8 (*)	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
III. Adjusted balances at beginning of the period (I+II)	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	(322,597)	167,002	1,141,993	-	1,141,993
IV. Total Comprehensive Income	-	-	-	-	-	-	(40,895)	-	-	-	-	-	179,235	138,340	-	138,340
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	167,002	-	(167,002)	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	167,002	-	(167,002)	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)	941,161	128,678	-	-	-	(4,636)	(51,794)	-	-	-	410,286	(322,597)	179,235	1,280,333	-	1,280,333

1. Tangible and Intangible Asset Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurment of Defined Benefit Plans

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified To Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated Gains(Losses) due to revolution and/or reclassification of financial assests measured at fair value through other comprehensive income

6. Other (Accumulated gains or losses on Cash flow hedge , other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2017

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

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Paid-in Capital Inflation Adjustments	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserves	Tangible and Intangible Assets Revaluation Reserves	Bonus Shares from Equity Participations	Hedging Funds	Accumulated Rev. Reserve on Assets Held for Sale	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
PRIOR PERIOD (01.01-30.09.2017)																			
I. Prior Period Ending Balance		941,161	-	128,678	-	7,790	-	120,579	(3,003)	114,915	-	(20,254)	-	-	-	-	1,289,866	-	1,289,866
Changes during the period																			
II. Increase/Decrease due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	10,386	-	-	-	-	10,386	-	10,386
IV. Hedge Funds(Effective Portios)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares From Investments in Associates, Subsidiaries and Joint-Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The Effect of Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change In Equities Of Subsidiaries On The Euity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in Capital Inflation Adjusments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	110,091	-	-	-	-	-	-	110,091	-	110,091
XVIII. Profit Distribution		-	-	-	-	5,745	-	109,170	-	(114,915)	-	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	5,745	-	109,170	-	-	(114,915)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(114,915)	114,915	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+....+XVI+XVII+XVIII)		941,161	-	128,678	-	13,535	-	229,749	(3,003)	110,091	-	(9,868)	-	-	-	-	1,410,343	-	1,410,343

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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2018**

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

	Footnotes	CURRENT PERIOD (01/01/2018 - 30/09/2018)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		(1,066,884)
1.1.1 Interest received (+)		1,880,315
1.1.2 Interest paid (-)		1,215,310
1.1.3 Dividend received (+)		-
1.1.4 Fees and commissions received (+)		81,377
1.1.5 Other income (+)		2,863
1.1.6 Collections from previously written off loans and other receivables (+)		3,234
1.1.7 Cash payments to personnel and service suppliers (-)		333,849
1.1.8 Taxes paid (-)		93,189
1.1.9 Other (+/-)		(1,392,325)
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations		360,497
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		602,101
1.2.2 Net (increase) / decrease in due from banks (+/-)		756,174
1.2.3 Net (increase) / decrease in loans (+/-)		(947,955)
1.2.4 Net (increase) / decrease in other assets (+/-)		(208,909)
1.2.5 Net increase / (decrease) in bank deposits (+/-)		(209,369)
1.2.6 Net increase / (decrease) in other deposits (+/-)		(1,254,028)
1.2.7 Net increase / (decrease) in financial liabilities at fair value through profit or loss (+/-)		(3,664)
1.2.8 Net increase / (decrease) in funds borrowed (+/-)		481,088
1.2.9 Net increase / decrease in matured payables (+/-)		-
1.2.10 Net increase / (decrease) in other liabilities (+/-)		1,145,059
I. Net cash provided from banking operations (+/-)		(706,387)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities (+/-)		(286,820)
2.1 Cash paid for the purchase of associates, subsidiaries, entities and joint ventures		5,000
2.2 Cash obtained from the sale of associates, subsidiaries, entities and joint ventures		-
2.3 Cash paid for the purchase of tangible and intangible asset (-)		20,911
2.4 Cash obtained from the sale of tangible and intangible asset (+)		-
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		219,440
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		-
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		20,207
2.8 Cash obtained from sale of financial assets at amortised cost (+)		-
2.9 Other (+/-)		(21,262)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities (+/-)		1,725,147
3.1 Cash obtained from funds borrowed and securities issued (+)		1,872,386
3.2 Cash outflow from funds borrowed and securities issued (-)		147,239
3.3 Equity instruments issued (+)		-
3.4 Dividends paid (-)		-
3.5 Payments for financial leases liabilities (-)		-
3.6 Other (+/-)		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		678,972
V. Net increase/(decrease) in cash and cash equivalents(I+II+III+IV)		1,410,912
VI. Cash and cash equivalents at beginning of period (+)		1,295,951
VII. Cash and cash equivalents at end of period (V+VI)		2,706,863

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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2017**

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

	Footnotes	PRIOR PERIOD (01/01/2017 - 30/09/2017)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		339,865
1.1.1 Interest received (+)		1,252,674
1.1.2 Interest paid (-)		772,828
1.1.3 Dividend received (+)		-
1.1.4 Fees and commissions received (+)		54,720
1.1.5 Other income (+)		122,082
1.1.6 Collections from previously written off loans and other receivables (+)		1,943
1.1.7 Payments to personnel and service suppliers (-)		246,250
1.1.8 Taxes paid (-)		57,328
1.1.9 Other (+/-)		(15,148)
1.2 Changes in Operating Assets and Liabilities		(1,096,370)
1.2.1 Net (increase) / decrease in trading securities (+/-)		19,988
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets (+/-)		-
1.2.3 Net (increase) / decrease in due from banks and other financial institutions (+/-)		(237,482)
1.2.4 Net (increase) / decrease in loans (+/-)		(2,917,138)
1.2.5 Net (increase) / decrease in other assets (+/-)		24,601
1.2.6 Net increase / (decrease) in bank deposits (+/-)		212,076
1.2.7 Net increase / (decrease) in other deposits (+/-)		1,799,056
1.2.8 Net increase / (decrease) in funds borrowed (+/-)		252,241
1.2.9 Net increase / (decrease) in due payables (+/-)		-
1.2.10 Net increase / (decrease) in other liabilities (+/-)		(249,712)
I. Net cash provided from banking operations		(756,505)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities (+/-)		51,952
2.1 Cash paid for acquisition of investments, associates and subsidiaries		4,897
2.2 Cash obtained for acquisition of investments, associates and subsidiaries		-
2.3 Purchases of property and equipment (-)		6,570
2.4 Disposals of property and equipment (+)		1,481
2.5 Cash paid for purchase of financial assets available- for sale (-)		95,065
2.6 Cash obtained from sale of financial assets available- for sale (+)		159,017
2.7 Cash paid for purchase of investment securities (-)		-
2.8 Cash obtained from sale of investment securities (+)		-
2.9 Other (+)		(2,014)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities (+/-)		919,652
3.1 Cash obtained from funds borrowed and securities issued (+)		2,301,960
3.2 Cash used for repayment of funds borrowed and securities issued (-)		2,088,315
3.3 Issued equity instruments (+)		706,007
3.4 Dividends paid (-)		-
3.5 Payments for financial leases (-)		-
3.6 Other (+/-)		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		1,949
V. Net increase in cash and cash equivalents(I+II+III+IV)		217,048
VI. Cash and cash equivalents at beginning of period		704,378
VII. Cash and cash equivalents at end of period		921,426

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on the basis of presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communique on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communique on Disclosures About Risk Management to be Announced to Public by Banks” and amendments to this communique. The Bank keeps its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation. The financial statements are prepared in thousands of TL based on the historical cost convention, except for the financial assets and liabilities carried at fair value.

1.1 Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

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.

2. Accounting policies and valuation principles applied in preparation of financial statements

The accounting policies and valuation principles used in the preparation of the financial statements are selected and applied in accordance with the requirements set out in regulations, communiqués, statements and guidance published by the BRSA and if there is no special regulation by the BRSA, in accordance with the principles within TAS / TFRS. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXVI below.

In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the years 2018 and 2017 are presented separately in the notes.

II. Explanations on the usage strategy of financial instruments and on foreign currency transactions

1. Usage strategy of the financial instruments

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of asset and liability side.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Value at risk models are used for this purpose.

Purchase-sale transactions of short and long-term financial instruments are realized within predetermined risk limits that are allowed for the purpose of increasing risk-free return on capital.

The foreign currency position is carried based on a currency basket to minimize the foreign exchange risk.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

2. Foreign currency transactions**2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements**

The Bank recognizes the foreign currency transactions in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency conversion differences are recognized as foreign exchange gains and losses.

As at the end of the related periods, the Bank's foreign currency exchange rates are as follows:

	30 September 2018	31 December 2017
US Dollar	5.9902	3.7719
Euro	6.9505	4.5155

2.2 Foreign exchange gains and losses included in the income statement

As of 30 September 2018, net foreign exchange profit included in the income statement is TL 1,031 (1 January - 30 September 2017: TL 5,542 loss).

III. Explanations on Equity Investments

In the unconsolidated financial statements; subsidiaries and affiliates are accounted for in accordance with "TAS 27 - Consolidated and Separate Financial Statements".

IV. Explanations on forward transactions, options and derivative instruments

The Bank's derivative transactions mainly consist of currency swaps, interest rate swaps, currency options and currency forward purchase/sale contracts. The Bank does not have any embedded derivatives separated from the host contract.

The Bank's derivative instruments held for trading are classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with "TFRS 9" and derivative instruments for hedging purpose are classified, measured and accounted in accordance with TAS 39 "Financial Instruments: Recognition and Measurement", respectively.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values.

Derivative transactions are measured at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line as profit/loss from derivative financial transactions.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

IV. Explanations on forward transactions, options and derivative instruments (continued)

Explanations on derivative financial instruments held for hedging

The Bank entered into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement.

If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Liabilities at Fair Value Through Profit or Loss”, respectively depending on the fair values being positive or negative. Fair value changes are recorded under income statement.

The Bank performs effectiveness test at the beginning of the hedge accounting period and at each reporting period.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized to income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

V. Explanations on interest income and expenses

Interest income and expenses calculated using internal rate of return are recognized on accrual basis.

VI. Explanations on fee and commission income and expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with “TFRS 15 Revenue from Contracts with Customers”. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted on accrual basis throughout the service period.

VII. Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into three groups as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost.

1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Loans measured at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts.

The Bank has classified a portion of its extended loans as financial assets at fair value through profit or loss, as per TFRS 9 standard. The aforementioned loans have been demonstrated on credits line under “Financial assets at fair value through profit or loss” on the balance sheet.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

2. Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction costs to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are recognized in the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

3. Financial assets measured at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

The Bank has classified financial assets at fair value through other comprehensive income amounting to TL 153,266 which were classified as available-for-sale financial assets to designated at "Financial assets measured at amortized cost" as of January 2018.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

VIII. Explanations on expected credit loss

The Bank recognizes expected credit loss allowance on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

Stage 2

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument’s lifetime expected credit losses.

Stage 3

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sale and repurchase agreements and securities lending transactions

Securities subject to repo (repurchase agreements) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets measured at amortized cost” according to their purposes to be held in the Bank’s portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Funds from repo transactions” account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Securities purchased under agreements to resell (“Reverse repo”) transactions are accounted under the “Money market placements” in the balance sheet.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

XI. Explanations on noncurrent assets held for sale and discontinued operations and the related liabilities

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is part of the Bank's business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Bank does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

As at the balance sheet date, there is no goodwill in the accompanying financial statements. The intangible assets of the Bank consist of software, intangible rights and other intangible assets.

The costs of the intangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and intangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated amortization and impairment, if any.

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33.3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

XIII. Explanations on tangible assets

Tangible assets are measured at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) “Tangible Assets”.

The costs of the tangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and tangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated depreciation and impairment, if any.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

Gains/losses from the sale of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

XIII. Explanations on tangible assets (continued)

Tangible Assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Safe boxes	50	2
Vehicles	5	20
Real estate	50	2
Other tangible assets	4-20	5-25

XIV. Explanations on leasing transactions

Duration of financial leasing contracts is maximum 4 years. Tangible assets obtained via financial leasing are classified as the Bank's assets or liabilities resulting from financial leasing according to its nature. Assets obtained via financial leasing are depreciated in accordance with the principals for tangible assets. Rent payments for operating leases are recorded at equal amounts as expense during the payment period.

XV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". In the financial statements, a provision is made if there is a present obligation that arises from past events as of the balance sheet date, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

Provisions recognized during the period are recognized within "other operating expenses"; reversals of provisions recognized in the prior periods are recognized within "other operating income".

XVI. Explanations on contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVII. Explanations on liabilities for employee benefits

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees' retirements and represented in financial statements. All actuarial losses and gains are accounted for as other comprehensive income.

The major assumptions used in the actuarial calculation are as follows:

- Calculation is based on discount rate of 11.90%, inflation rate of 8.90% and real rate of rise in salary of 0.00%.
- Effective as of 31 December 2017, ceiling salary amount is considered as TL 4,732.48 (full TL).
- Individuals' earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

XVIII. Explanations on taxation**1. Current Tax**

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%, on the other hand as per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal periods (accounting periods starting within the related period for companies which are assigned special accounting period) has changed as 22%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

If there is no dividend distribution planned, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

2. Deferred Tax

The Bank calculates and recognizes deferred tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes".

In accordance with the provisional article, added to Corporate Tax Law, corporate tax, which is 20% for the year 2017, shall be applied as 22% for the profit of company belonging to 2018, 2019 and 2020 fiscal periods. In accordance with this provisional article, 22% tax rate has been calculated for periods, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated with 20% for 2021 and following periods.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset was not computed over general loan loss and free provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax rate calculation has started to be applied over temporary expected credit losses as per TFRS 9 articles from 1 January 2018. Deferred tax is calculated for the possible risk provisions, as well.

As of 30 September 2018, the deferred tax asset is TL 93,471 (31 December 2017: TL 9,472 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

2. Deferred Tax (continued)

Deferred tax income/(expense) is recognized within “Deferred Tax expense effect” in the income statement; deferred tax expense for the current period is TL 33,338 (1 January - 30 September 2017: TL 12,548 income). Deferred tax effects of the transactions and events recognized directly in the shareholders’ equity are also recognized directly in the shareholders’ equity which is TL 10,604 income (1 January -30 September 2017: TL 2,597 expense).

3. Transfer pricing

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices. Related forms are submitted to tax offices on time.

XIX. Additional explanations on borrowings

The Bank provides resources from domestic and foreign individuals and institutions both by borrowing funds and issuing bills and bonds.

Borrowing instruments are initially measured at acquisition cost and subsequently measured at amortized cost with the effective interest method. In the accompanying financial statements, foreign currency denominated borrowing funds are converted to Turkish Lira with the Bank’s spot foreign exchange buy rates and interest expenses incurred during the period relating to the borrowing funds are recognized in income statement.

XX. Explanations on share certificates issued

None.

XXI. Explanations on bank acceptances and bills of guarantee

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset.

XXII. Explanation on government incentives

As of the balance sheet date, the Bank does not have any government incentives.

XXIII. Explanations on segment reporting

Segment reporting is presented in Note VII of Section Four.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

XXIV. Explanations on TFRS 9 financial instruments standard

Explanations of the effect of the Bank's application of TFRS 9 is shown below.

a. Classification and measurement of financial assets

	Before TFRS 9		In scope of TFRS 9	
	Measurement base	Book value	Measurement base	Book value
Financial assets	31 December 2017		1 January 2018	
Cash and Balances with the Central Bank	Amortized cost	2,487,256	Amortized cost	2,487,256
Banks and Money Markets	Amortized cost	696,029	Amortized cost	696,029
Securities	Fair value through profit or loss	55,376	Fair value through profit or loss	55,376
Securities	Fair value through other comprehensive income	766,163	Fair value through other comprehensive income	612,897
Securities	Amortized cost	--	Amortized cost	169,084
Derivative Financial Assets	Fair value through profit or loss	688,501	Fair value through profit or loss	688,501
Loans (Gross)	Amortized cost	15,259,252	Amortized cost	15,259,252

b. Reconciliation of statement of financial position balances from TAS 39 to TFRS 9

Financial assets	Book value before TFRS 9 December 31, 2017	Reclassifications	Remeasurements	Book value after TFRS 9 January 1, 2018
Fair value through other comprehensive income				
Balance before reclassification (available for sale)	766,163	--	--	--
Valuation difference on available for sale fin. asset				
Reclassified as financial asset measured at amortized cost	--	(153,266)	--	--
Balance after reclassification	--	--	--	612,897
Measured at amortized cost				
Balance before classification (held-to-maturity)	--	--	--	--
Reclassified to fair value through other comprehensive income	--	153,266	15,818	--
Balance after reclassification	--	--	--	169,084

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

XXIV. Explanations on TFRS 9 financial instruments standard (continued)

c. Reconciliation of the opening balances of expected credit losses as per TFRS 9

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

	Book Value Before TFRS 9 December 31, 2017	Remeasurements	Book Value After TFRS 9 January 1, 2018
Loans	231,288	419,865	651,153
Stage 1	51,700	58,030	109,730
Stage 2	8,593	184,135	192,728
Stage 3	170,995	177,700	348,695
Financial Assests (*)	3,412	261	3,673
Non-Cash Loans (**)	11,337	9,203	20,540
Stage 1 and 2	6,875	8,370	15,245
Stage 3	4,462	833	5,295
Total	246,037	429,329	675,366

(*) Within the scope of TFRS 9, provisions for securities, banks and money market receivables, measured at amortised cost and fair value through other comprehensive income.

(**) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified under "12.1 General Provision" and expected credit loss for stage 3 non-cash loans is classified under "12.5. Other Provisions". In accordance with TFRS 9, the expected loss provisions for stage 1,2,3 non-cash loans are reported under "10.4 Other Provisions".

d. TFRS 9 transition effects on equity

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period financials in accordance with TFRS 9 and if the previous period financials is not restated, the difference between the book value of 1 January 2018 at the date of application should be reflected into the opening balance of equity. The explanations about the transition effects to TFRS 9 presented under "Prior Periods' Income or (Loss)" in the equity under the scope of this article are given below.

Negative difference of TL 429,329 between the provision for impairment of the previous period of Bank and the expected credit loss that is calculated in accordance with TFRS 9 as of 1 January 2018 is classified as "Prior Periods' Income or (Loss)" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected credit loss provisions for Stage 1 and Stage 2), recognition of deferred tax assets has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 67,455 have been reflected into the opening financials of 1 January 2018 and the related amount has been classified under "Prior Periods' Income or (Loss)" in shareholders' equity. For the specific provisions (TFRS 9 expected credit loss provisions for Stage 3), which have been recognized due to TFRS 9 transition, deferred tax income amounting to TL 39,277 is also classified under "Prior Periods' Income or (Loss)" in equity as of 1 January 2018.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

XXV. Explanations on prior period accounting policies not valid for the current period

TFRS 9 standard came into effect instead of TAS 39 standard as of 1 January 2018. Accounting policies that have lost their validity with the transition of TFRS 9 are given below:

Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into four groups as financial assets at fair value through profit or loss, available-for-sale financial assets, held to maturity investments and loans and receivables.

1. Financial assets at fair value through profit or loss

1.1 *Financial assets held for trading*

Financial assets held for trading are recognized at their fair values and any gain or losses resulting from such valuation are recorded in the profit and loss accounts. Interests received during the holding period of such financial assets and the difference between the amortized cost (calculated using internal rate of return) and the acquisition cost are recognized as interest income in the income statement. Gains and losses on sale of held for trading financial assets before their maturity and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in gains and losses on securities trading under income statement.

1.2 *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts.

The Bank has determined a portion of its extended credits as financial assets fair value through profit or loss, mentioned in TAS 39 standard. The aforementioned loans have been demonstrated on credits line under “Financial assets at Fair value through profit or loss (net)”.

2. Financial assets Available for Sale

Financial assets available-for-sale, are financial assets other than assets held for trading purposes, investments held-to-maturity and originated loans and receivables. Financial assets available-for-sale are measured at their fair values subsequently.

Interest income of the investments securities available-for-sale; based on the internal rate of return; are included in the income statement. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Marketable Securities Revaluation Reserve” under the shareholders’ equity. In case of disposal, gains/losses recognized under equity are realized and recognized directly in the income statement.

Purchase and sale transactions of securities are accounted for on a settlement date basis.

3. Held to maturity investments

The Bank does not have any held to maturity investments as of 31 December 2017.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

4. Loans and receivables

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor.

Loans and receivables are financial assets with fixed or determinable repayment schedules and they are not traded in an active market.

Loans are initially measured at their acquisition cost and subsequently measured at amortized cost calculated using effective interest rate method in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". Duty charges, transaction fees and other expenses paid for the collaterals of the loans are considered as part of the transaction costs and charged to the customers.

The Bank classifies its loans and receivables to related groups 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 and other regulations and makes special or general provisions according to group, in which the loans and receivables are tracked. On the other hand, deferred tax asset is not allocated over the amount of general loan loss provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

XXVI. Other matters

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

SECTION FOUR

INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 30 September 2018, the Bank’s total capital has been calculated as TL 3,431,789 and the capital adequacy ratio is 20.93% (As of 31 December 2017, the Bank’s total capital amounted to TL 2,687,405 and the capital adequacy ratio was 16.09%).

I. Information related to the components of shareholders’ equity:

	Current Period (30/09/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share Premium	128,678	
Reserves	410,286	
Other comprehensive income according to TAS	--	
Profit	179,235	
Current period profit	179,235	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1,659,360	
Deductions From Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-) (**)	15,192	--
Improvement costs for operating leasing (-)	11,911	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	23,203	--
Excess amount arising from deferred tax assets from temporary differences	29,400	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--

(**)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Banks' Own Funds, related amount is shown net by adding back 80% of the provision difference, net of tax.

(**) Within the context of BRSA's related letter dated August 12, 2018 and numbered 10513, Net valuation differences in "Financial assets valued at fair value through other comprehensive income" in the securities portfolio which are negative, are not taken into account in the calculation of equity.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Current Period (30/09/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets from temporary differences (-)	--	
Other items to be defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
Total Deductions From Common Equity Tier I Capital	79,706	
Total Common Equity Tier I Capital	1,579,654	
ADDITIONAL TIER I CAPITAL	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
Additional Core Capital before Deductions	--	
Deductions from Additional Core Capital	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
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 (-)	--	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Current Period (30/09/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
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 (-)	--	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first subparagraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	
Total Deductions from Additional Tier I Capital	--	
Total Additional Tier I Capital	--	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,579,654	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,797,060	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	55,349	
Tier II Capital before Deductions	1,852,409	
Deductions from Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	268	--
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
Total Deductions from Tier II Capital	268	
Total Tier II Capital	1,852,141	
Total Equity (Total Tier I and Tier II Capital)	3,431,795	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Current Period (30/09/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable 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 (-)	6	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
EQUITY		
Total Capital (Total of Tier I Capital and Tier II Capital)	3,431,789	--
Total Risk Weighted Assets (***)	16,394,134	--
CAPITAL ADEQUACY RATIOS		
Core Capital Ratio (%)	9.64	--
Tier I Capital Ratio (%)	9.64	--
Capital Adequacy Ratio (%)	20.93	--
BUFFERS		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.88	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	5.80	--

(***) In accordance with the related letter of BRSA dated August 13, 2018 and numbered 10578, in the calculation of the risk weighted asset, the maximum of the simple arithmetic average of the CBRT foreign exchange buying rates for 252 working days prior to the calculation date and the foreign exchange buying rates of the Bank as of 30 June 2018, was used.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Current Period (30/09/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
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	3.64	--
Amounts lower than Excesses as per Deduction Rules	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
Limits for Provisions Used in Tier II Capital Calculation	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	270,389	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	55,349	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	-
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	-
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	-
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	-

* The amounts to be considered under the transitional provisions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share premium	128,678	
Reserves	243,284	
Other comprehensive income according to TAS	2,214	
Profit	167,002	
Current period profit	167,002	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1,482,339	
Deductions From Tier I Capital		
Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	17,750	--
Improvement costs for operating leasing (-)	10,257	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,758	--
Excess amount arising from deferred tax assets from temporary differences	--	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets from temporary differences (-)	--	
Other items to be defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
Total Deductions From Common Equity Tier I Capital	32,765	
Total Common Equity Tier I Capital	1,449,574	
ADDITIONAL TIER I CAPITAL	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
Additional Core Capital before Deductions	--	
Deductions from Additional Core Capital	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
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 (-)	--	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
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 (-)	--	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	1,190	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	
Total Deductions from Additional Tier I Capital	--	
Total Additional Tier I Capital	--	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,448,384	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,169,289	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	70,580	
Tier II Capital before Deductions	1,239,869	
Deductions from Tier II Capital	--	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	814	--
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
Total Deductions from Tier II Capital	814	
Total Tier II Capital	1,239,055	
Total Equity (Total Tier I and Tier II Capital)	2,687,439	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable 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 (-)	34	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
EQUITY		
Total Capital (Total of Tier I Capital and Tier II Capital)	2,687,405	--
Total Risk Weighted Assets	16,700,579	--
CAPITAL ADEQUACY RATIOS		
Core Capital Ratio (%)	8.68	--
Tier I Capital Ratio (%)	8.67	--
Capital Adequacy Ratio (%)	16.09	--
BUFFERS		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.25	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	1.80	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
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	2.68	--
Amounts lower than Excesses as per Deduction Rules	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
Limits for Provisions Used in Tier II Capital Calculation	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	70,580	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	70,580	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

* The amounts to be considered under the transitional provisions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

Explanations on reconciliation of shareholder's equity items to balance sheet:

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated loan, bonds, general provisions and TFRS 9 transition effect. In the calculation of Total Capital, general provision up to 1.25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operating leases followed under tangible assets in the balance sheet, and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

Items included in shareholder's equity calculation:

Issuer	Fibabanka A.Ş.
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237
Regulation of debt instrument	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law
Consideration Status in Shareholders' Equity Calculation	
Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015	No
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Bond
Considered amount in shareholders' equity calculation (By last report date of - Thousand TL)	1,797,060
Nominal value of debt instrument (Thousand TL)	1,797,060
Related account of debt instrument	Subordinated Debt Instruments
Issuing date of debt instrument	24/03/16-10/05/17
Maturity structure of debt instrument (Demand/Time)	Time
Initial term of of debt instrument	11 years
Whether there is right of reimbursement of issuer or not according to BRSA rules	There is
Optional reimbursement date, options of conditional reimbursement and reimbursement amount	24/11/2022; \$ 300 million
Following reimbursement option dates	None

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

Interest/Dividend Payments	
Fixed or floating interest/dividend payments	Floating interest
Interest rate or index value of interest rate	7.75% (5-years mid-swap rate + 5.758%) till reimbursement date and then; 5-years mid-swap rate+5.758%
Whether there is any restriction to stop dividend payments or not	None
Feature of being fully optional, partially optional or obligatory	Obligatory
Whether there is any stimulant to repayment like interest rate hike or not	None
Feature of being cumulative or noncumulative	--
Feature of being convertible bonds	
If there is convertible bonds, trigger incidents cause this conversion	--
If there is convertible bonds, feature of full or partially conversion	--
If there is convertible bonds, rate of conversion	--
If there is convertible bonds, feature of conversion -obligatory or optional-	--
If there is convertible bonds, types of convertible instruments	--
If there is convertible bonds, exporter of convertible debt instruments	--
Feature of value reduction	
If there is a feature of value reduction, trigger incidents cause this reduction	--
If there is a feature of value reduction, feature of full or partially reduction of value	--
If there is a feature of value reduction, feature of being constant of temporary	--
If there is a feature of value reduction, mechanism of value incrementation	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	--
Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

Explanations on TFRS 9 Transition Process

	T	T-1	T-2	T-3	T-4
EQUITY ITEMS					
Common Equity	1,579,654	1,501,644	1,423,634	1,345,623	1,267,613
Transition process not implemented Common Equity ^a	1,267,613	1,267,613	1,267,613	1,267,613	1,267,613
Tier 1 Capital	1,579,654	1,501,644	1,423,634	1,345,623	1,267,613
Transition process not implemented Tier 1 Capital ^b	1,267,613	1,267,613	1,267,613	1,267,613	1,267,613
Total Capital	3,431,789	3,403,939	3,376,088	3,322,426	3,244,416
Transition process not implemented Equity ^c	3,244,416	3,244,416	3,244,416	3,244,416	3,244,416
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	16,394,134	16,394,134	16,394,134	16,394,134	16,394,134
CAPITAL ADEQUACY RATIO					
Common Equity Adequacy Ratio (%)	9.64	9.16	8.68	8.21	7.73
Transition process not implemented Common Equity Ratio ^c (%)	7.73	7.73	7.73	7.73	7.73
Tier 1 Capital Adequacy Ratio (%)	9.64	9.16	8.68	8.21	7.73
Transition process not implemented Tier 1 Capital Adequacy Ratio ^c (%)	7.73	7.73	7.73	7.73	7.73
Capital Adequacy Ratio (%)	20.93	20.76	20.59	20.27	19.79
Transition process not implemented Capital Adequacy Ratio ^c (%)	19.79	19.79	19.79	19.79	19.79
LEVERAGE					
Leverage Ratio Total Risk Amount	25,234,781	25,234,781	25,234,781	25,234,781	25,234,781
Leverage (%)	6.26	5.95	5.64	5.33	5.02
Transition process not implemented Leverage Ratio ^d (%)	5.02	5.02	5.02	5.02	5.02

a “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented Common Equity

b “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented Tier 1 Capital

c “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented Equity

c “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented Capital Adequacy Ratio calculated with Equity Items

d “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented Leverage Ratio calculated with Equity Items

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

II. Explanations on Risk Management :

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB 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 March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which prepared annually basis have not been presented as of 30 September 2018:

- CR8 - RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- MR2 - RWA flow statements of market risk exposures under an IMA

a. Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minumum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	13,122,870	14,462,198	1,049,830
2 Of which standardised approach (SA)	13,122,870	14,462,198	1,049,830
3 Of which internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	1,243,965	1,003,732	99,517
5 Of which standardised approach for counterparty credit risk (SA-CCR)	1,243,965	1,003,732	99,517
6 Of which internal model method (IMM)	--	--	--
7 Equity position in banking book under basic risk weighting or internal rating-based	--	--	--
8 Equity investments in funds - look-through approach	34,497	24,631	2,760
9 Equity investments in funds - mandate-based approach	--	--	--
10 Equity investments in funds - 1250% risk weighting approach	--	--	--
11 Settlement risk	--	--	--
12 Securitisation exposures in banking book	--	--	--
13 Of which IRB ratings-based approach (RBA)	--	--	--
14 Of which IRB supervisory formula approach (SFA)	--	--	--
15 Of which SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	881,413	323,000	70,513
17 Of which standardised approach (SA)	881,413	323,000	70,513
18 Of which internal model approaches (IMM)	--	--	--
19 Operational risk	1,111,389	887,018	88,911
20 Of which basic indicator approach	1,111,389	887,018	88,911
21 Of which standardised approach	--	--	--
22 Of which advanced measurement approach	--	--	--
23 Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	16,394,134	16,700,579	1,311,531

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

III. Explanations on currency risk

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The Bank does not take material foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 30 September 2018, the Bank's net long position is TL 13,407 (31 December 2017: TL 92,480 net short position) resulting from short position on the balance sheet amounting to TL 1,714,171 (31 December 2017: TL 1,050,041 short position) and long position on the off-balance amounting to TL 1,727,578 (31 December 2017: TL 957,561 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 30 September 2018 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5.9902
Euro purchase rate as at the balance sheet date	TL 6.9505

Date	USD	EUR
25 September 2018	6.2287	7.3234
26 September 2018	6.1240	7.2057
27 September 2018	6.1242	7.2007
28 September 2018	6.0752	7.1130
30 September 2018	5.9902	6.9505

The US Dollar buying rate is TL 6.3489 and EUR buying rate is TL 7.4021 according to simple arithmetic average on September 2018.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

III. Explanations on currency risk (continued)

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	1,071,388	1,300,661	290,712	2,662,761
Due From Banks	165,026	110,608	6,810	282,444
Financial Assets at Fair Value through Profit/Loss (*)	590	7,101	--	7,691
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	130,206	798,697	--	928,903
Loans and Receivables (**)	4,559,786	2,012,377	55,533	6,627,696
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	--	--	--	--
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	1,016	1,439	1	2,456
Total Assets	5,928,012	4,230,883	353,056	10,511,951
Liabilities				
Bank Deposits	80,102	258,600	27,202	365,904
Foreign Currency Deposits	830,080	3,553,771	51,633	4,435,484
Money Market Borrowings	63,043	354,593	-	417,636
Funds Provided from Other Financial Institutions	1,165,793	1,381,546	6,296	2,553,635
Securities Issued (****)	--	3,564,958	--	3,564,958
Sundry Creditors	44,723	795,658	1,282	841,663
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities (*****)	30,028	16,814	--	46,842
Total Liabilities	2,213,769	9,925,940	86,413	12,226,122
Net Balance Sheet Position	3,714,243	(5,695,057)	266,643	(1,714,171)
Net Off-Balance Sheet Position	(3,706,146)	5,700,658	(266,934)	1,727,578
Financial Derivative Assets (*****)	5,914,596	10,816,007	328,034	17,058,637
Financial Derivative Liabilities (*****)	9,620,742	5,115,349	594,968	15,331,059
Non-Cash Loans (*****)	363,011	433,163	55	796,229
Prior Period				
Total Assets	4,823,784	3,401,621	477,491	8,702,896
Total Liabilities	2,001,186	7,692,376	59,375	9,752,937
Net Balance Sheet Position	2,822,598	(4,290,755)	418,116	(1,050,041)
Net Off-Balance Sheet Position	(2,895,496)	4,249,171	(396,114)	957,561
Financial Derivative Assets (*****)	4,356,736	8,723,477	172,731	13,252,944
Financial Derivative Liabilities (*****)	7,252,232	4,474,306	568,845	12,295,383
Non-Cash Loans (*****)	409,758	861,425	--	1,271,183

(*) The balance does not include accruals of trading derivative financial assets amounting to TL 5,625.

(**) The balance includes foreign currency indexed loans and accruals amounting to TL 361,373.

(****) The balance does not include TL 21,998 of prepaid expenses.

(*****) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(***** The balance does not include accruals of derivative financial liabilities amounting to TL 8,492.

(***** In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 1,079,806 (31 December 2017: TL 488,310), foreign currency sale commitments within the derivative financial liabilities amounted to TL 1,075,122 (31 December 2017: TL 411,183).

(***** There is no effect on the net off-balance sheet position.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

IV. Explanations on interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items are evaluated weekly by considering market developments in the Asset-Liability Committee.

Standard method and Asset-Liability risk measurement methods are used to measure the Bank's interest rate risk.

Measurements by employing the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central							
Bank of Turkey	1,699,873	--	--	--	--	1,225,383	2,925,256
Banks	515,075	--	--	--	--	180,639	695,714
Financial Assets at Fair Value Through Profit or Loss	272,278	281,667	562,822	1,779,350	14,588	--	2,910,705
Interbank Money Market Placements	219,044	--	--	--	--	--	219,044
Financial Assets Measured at Fair Value through Other Comprehensive Income	87,180	30,328	147,403	667,226	3,114	3,465	938,716
Loans (*)	3,466,237	4,167,104	2,145,711	4,826,429	643,507	105,571	15,354,559
Financial Assets Measured at Amortized Cost	--	--	20,381	101,747	62,797	--	184,925
Other Assets (**)	--	--	--	--	--	478,230	478,230
Total Assets	6,259,687	4,479,099	2,876,317	7,374,752	724,006	1,993,288	23,707,149
Liabilities							
Bank Deposits	247,244	--	--	--	--	150,785	398,029
Other Deposits	6,824,268	2,123,569	656,948	21,999	--	817,226	10,444,010
Interbank Money Market Received	551,447	15,406	--	--	--	--	566,853
Sundry Creditors	--	--	--	--	--	958,865	958,865
Marketable Securities Issued (***)	635,007	557,740	44,161	3,543,001	--	--	4,779,909
Funds Borrowed from Other Financial Institutions	337,348	1,814,348	410,785	5,661	--	--	2,568,142
Other Liabilities (****)	186,286	210,305	343,973	1,571,932	11,069	1,667,776	3,991,341
Total Liabilities	8,781,600	4,721,368	1,455,867	5,142,593	11,069	3,594,652	23,707,149
Balance Sheet Long Position	--	--	1,420,450	2,232,159	712,937	--	4,365,546
Balance Sheet Short Position	(2,521,913)	(242,269)	--	--	--	(1,601,364)	(4,365,546)
Off-Balance Sheet Long Position	--	--	--	324,510	--	22,068,139	22,392,649
Off-Balance Sheet Short Position	--	--	--	(324,510)	--	(21,625,950)	(21,950,460)
Total Position	(2,521,913)	(242,269)	1,420,450	2,232,159	712,937	(1,159,175)	442,189

(*) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column.

(**) Non-interest bearing column includes TL 15,342 associations, TL 198,811 tangible assets, TL 23,203 intangible assets, TL 93,471 tax asset, TL 40,596 assets held for sale and TL 111,234 other assets.

(***) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(****) Non-interest bearing column includes TL 1,280,333 shareholders' equity, TL 139,147 other liabilities, TL 580 finance lease liabilities, TL 197,905 provisions and TL 49,811 tax liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

IV. Explanations on interest rate risk (continued)

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central							
Bank of Turkey	1,759,977	--	--	--	--	727,279	2,487,256
Banks	238,557	--	--	--	--	81,138	319,695
Financial Assets at Fair Value Through Profit or Loss	98,620	26,213	95,483	520,559	3,002	--	743,877
Interbank Money Market Placements	376,334	--	--	--	--	--	376,334
Financial Assets Available-for-Sale Loans	--	4,860	179,757	522,484	57,335	1,727	766,163
Loans	1,770,612	3,826,951	3,024,129	5,317,896	851,071	297,498	15,088,157
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	10,373	7,529	--	316,822	334,724
Total Assets	4,244,100	3,858,024	3,309,742	6,368,468	911,408	1,424,464	20,116,206
Liabilities							
Bank Deposits	464,105	3,219	--	--	--	134,145	601,469
Other Deposits	7,009,999	3,066,528	763,994	27,149	--	803,604	11,671,274
Interbank Money Market Received	169,882	309,998	--	--	--	--	479,880
Sundry Creditors	--	--	--	--	--	312,519	312,519
Marketable Securities Issued	346,570	423,478	485,018	--	--	--	1,255,066
Funds Borrowed from Other Financial Institutions	242,040	1,243,539	635,733	2,837	--	--	2,124,149
Other Liabilities(**)	93,299	62,015	104,261	1,647,371	1,571	1,763,332	3,671,849
Total Liabilities	8,325,895	5,108,777	1,989,006	1,677,357	1,571	3,013,600	20,116,206
Balance Sheet Long Position	--	--	1,320,736	4,691,111	909,837	--	6,921,684
Balance Sheet Short Position	(4,081,795)	(1,250,753)	--	--	--	(1,589,136)	(6,921,684)
Off-Balance Sheet Long Position	--	--	--	25,000	--	19,573,772	19,598,772
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(19,596,665)	(19,621,665)
Total Position	(4,081,795)	(1,250,753)	1,320,736	4,691,111	909,837	(1,612,029)	(22,893)

(*) Non-interest bearing column includes TL 4,897 investments in associates, TL 5,445 subsidiaries, TL 191,953 tangible assets, TL 5,948 intangible assets, TL 9,475 tax assets, TL 23,795 non-current assets held for sale and TL 75,309 other assets.

(**) Non-interest bearing column includes TL 1,464,590 shareholders' equity, TL 103,169 other liabilities, TL 469 finance lease liabilities, TL 152,918 provisions and TL 42,186 tax liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

IV. Explanations on interest rate risk (continued)

Average interest rates applied to financial instruments

Current Period End	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	1.50	--	13.00
Banks	0.15	--	--	23.91
Financial Assets at Fair Value Through Profit/ Loss	2.00	5.18	--	20.26
Interbank Money Market Placements	--	--	--	26.11
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.43	5.48	--	8.12
Loans	6.07	7.69	--	24.80
Financial Assets Measured at Amortized	--	--	-	8.84
Liabilities				
Bank Deposits	--	2.24	--	20.21
Other Deposits	1.88	5.23	--	23.47
Interbank Money Market Received	0.94	3.77	--	24.00
Sundry Creditors	--	--	--	--
Marketable Securities Issued (*)	--	6.89	--	20.48
Funds Borrowed from Other Financial Institutions	1.79	3.47	--	6.57

(*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

Prior Period End	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	1.25	--	4.00
Banks	0.02	1.50	--	12.75
Financial Assets at Fair Value Through Profit/ Loss	2.00	5.29	--	14.70
Interbank Money Market Placements	0.05	1.65	--	--
Financial Assets Available-for-Sale	3.43	4.42	--	10.15
Loans	5.97	6.65	--	16.96
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	--	1.65	--	12.52
Other Deposits	1.59	3.99	--	14.38
Interbank Money Market Received	0.24	2.50	--	11.63
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	7.75	--	14.00
Funds Borrowed from Other Financial Institutions	1.95	2.87	--	6.63

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

V. Explanations on position risk of equity securities resulted from banking book

The Bank has no position risk of equity shares as of 30 September 2018 (31 December 2017: None).

VI. Explanations on liquidity risk and liquidity coverage ratio

The Board of Directors reviews the liquidity and funding risk management policy weekly or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) in line with risk management policy as short and long term liquidity risk.

Liquidity Risk is managed by ALCO in order to take the necessary measures in a timely and correct manner against possible liquidity shortages. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows weekly and action plan is made based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

Information on the use of stress testing

Department of Risk Management implements stress testing according to Liquidity and Funding Risk Policy approved by the Board of Directors on a weekly basis. These stress tests are based on the scenarios of the deposit outflow, funds obtained from bonds issued will outflow, banks limits will not be used during a 14-day period, the results are included in the presentation of ALCO on a weekly basis and in the Presentation of Risk Committee on a monthly basis. In this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for taking actions against short-term liquidity shocks. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take necessary actions immediately. These action plans are approved by the Board of Directors under the İSEDES. The Bank reviews resources that are available in any emergency situation constantly and takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 70% for foreign currency assets/liabilities and 90% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2018.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			3,075,485	2,440,682
CASH OUTFLOWS				
2 Deposits from natural persons and retail deposits	8,141,420	3,522,244	738,648	351,600
3 Stable deposits	1,169,228	--	41,890	--
4 Less stable deposits	6,972,192	3,522,244	696,758	351,600
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	4,425,680	2,334,287	2,915,129	1,673,161
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	2,142,004	669,053	858,948	267,285
8 Other unsecured funding	2,283,676	1,665,234	2,056,181	1,405,876
9 Secured funding			364,975	364,975
10 Other cash outflows	2,480,470	1,091,950	538,251	339,756
11 Outflows related to derivative exposures and other collateral requirements	388,679	349,415	313,549	274,188
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2,091,791	742,535	224,702	65,568
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	24,572	159	24,433	159
16 TOTAL CASH OUTFLOWS			4,581,436	2,729,651
CASH INFLOWS				
17 Secured receivables	37,436	37,436	34,171	34,171
18 Unsecured receivables	2,733,024	881,275	1,988,103	771,917
19 Other cash inflows	236,641	203,417	234,497	201,322
20 TOTAL CASH INFLOWS	3,007,101	1,122,128	2,256,771	1,007,410
21 TOTAL HQLA			3,075,485	2,440,682
22 TOTAL NET CASH OUTFLOWS			2,324,665	1,722,242
23 LIQUIDITY COVERAGE RATIO (%)			132.30	141.72

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			2,577,040	2,258,253
CASH OUTFLOWS				
2 Deposits from natural persons and retail deposits	6,752,452	2,820,942	650,213	285,282
3 Stable deposits	516,695	--	25,105	--
4 Less stable deposits	6,235,757	2,820,942	625,108	285,282
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	5,088,006	2,894,298	2,784,247	1,619,726
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	3,532,975	1,840,665	1,407,518	734,429
8 Other unsecured funding	1,553,031	1,053,633	1,373,729	885,297
9 Secured funding			247,839	274,839
10 Other cash outflows	2,528,841	1,112,865	543,159	318,972
11 Outflows related to derivative exposures and other collateral requirements	305,733	248,347	305,812	248,511
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2,223,109	864,519	237,348	70,461
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	20,015	187	20,031	187
16 TOTAL CASH OUTFLOWS			4,272,489	2,499,006
CASH INFLOWS				
17 Secured receivables	31,646	31,646	31,187	31,187
18 Unsecured receivables	2,210,772	517,447	1,591,954	490,371
19 Other cash inflows	104,983	54,494	104,925	54,596
20 TOTAL CASH INFLOWS	2,347,401	603,587	1,728,066	576,154
21 TOTAL HQLA			2,577,040	2,258,253
22 TOTAL NET CASH OUTFLOWS			2,541,423	1,922,852
23 LIQUIDITY COVERAGE RATIO (%)			101.40	117.44

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

The table below shows the lowest, highest and average Liquidity Cover Ratio in the last 3 months of the 1 January - 30 September 2018 period.

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	175.66%	27/09/2018	97.59%	11/07/2018	135.83%
FC	270.53%	16/08/2018	75.25%	23/07/2018	154.55%
Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	132.81%	06/10/2017	84.58%	28/12/2017	102.28%
FC	163.46%	22/12/2017	84.13%	14/11/2017	120.56%

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. As per the related regulation high quality liquid assets are mainly securities portfolio, cash assets and reserve requirements. The important factors affecting the results of the liquidity coverage ratio are the changes in the remaining maturities of the items and changes in the amounts of deposits and money market transactions, the remaining maturities of which are less than 30 days. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

The bank calculates the cash outflow and collaterals due to derivative transactions based on the 24-month averages in accordance with the regulation on the liquidity ratio calculation of banks published in the official gazette No. 28948 dated 21 March 2014. In accordance with the Banking Regulation and Supervision Agency's decision no 7940 dated 07/09/2018, guarantees received for derivative transactions are not included in the calculation of liquidity adequacy ratio, effective from 31 July 2018 until 31 December 2018.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,318,763	1,606,493	--	--	--	--	--	2,925,256
Banks	180,639	515,075	--	--	--	--	--	695,714
Financial Assets at Fair Value Through Profit or Loss	--	272,059	281,666	543,099	1,799,292	14,589	--	2,910,705
Interbank Money Market Placements	--	219,044	--	--	--	--	--	219,044
Financial Assets Available-for-Sale	3,465	85,268	30,328	147,403	667,226	5,026	--	938,716
Loans (*)	--	3,414,373	2,100,042	4,652,221	4,742,039	340,313	105,571	15,354,559
Investment Securities Held-to-Maturity	--	--	--	--	101,747	83,178	--	184,925
Other Assets (**)	--	--	--	--	--	--	478,230	478,230
Total Assets	1,502,867	6,112,312	2,412,036	5,342,723	7,310,304	443,106	583,801	23,707,149
Liabilities								
Bank Deposits	150,785	247,244	--	--	--	--	--	398,029
Other Deposits	817,226	6,824,268	2,123,569	656,948	21,999	--	--	10,444,010
Funds Borrowed from Other Financial Institutions	--	121,442	1,096,653	947,471	402,257	320	--	2,568,142
Interbank Money Market Received	--	551,447	15,406	--	--	--	--	566,853
Marketable Securities Issued (***)	--	635,007	557,740	44,162	1,745,940	1,797,060	--	4,779,909
Sundry Creditors	--	958,865	--	--	--	--	--	958,865
Other Liabilities (****)	--	317,436	214,534	355,491	1,595,668	11,392	1,496,819	3,991,341
Total Liabilities	968,011	9,655,709	4,007,902	2,004,072	3,765,864	1,808,772	1,496,819	23,707,149
Net Liquidity Surplus / (Gap)	534,856	(3,543,397)	(1,595,866)	3,338,651	3,544,440	(1,365,666)	(913,018)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	5,143,069	4,233,181	3,752,980	7,854,444	52,527	--	21,036,201
Derivative Financial Liabilities	--	5,109,692	4,152,214	3,557,099	7,717,153	48,663	--	20,584,821
Non-Cash Loans	--	120,193	118,012	377,942	184,960	494,954	--	1,296,061
Prior Period								
Total Assets	711,559	4,214,406	2,046,610	6,030,023	6,032,390	466,898	614,320	20,116,206
Total Liabilities	937,749	8,561,090	4,084,075	2,671,767	1,045,061	1,197,246	1,619,218	20,116,206
Net Liquidity Gap	(226,190)	(4,346,684)	(2,037,465)	3,358,256	4,987,329	(730,348)	(1,004,898)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	(48,287)	(5,426)	3,819	30,781	(1,531)	--	(20,644)
Derivative Financial Liabilities	--	6,049,366	3,193,912	4,726,102	4,774,285	37,720	--	18,781,385
Derivative Financial Liabilities	--	6,097,653	3,199,338	4,722,283	4,743,504	39,251	--	18,802,029
Non-Cash Loans	--	174,790	355,796	768,245	189,571	542,592	--	2,030,994

(*) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "unallocated" column.

(**) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets, stationary supplies and prepaid expenses are included in this column.

(***) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(****) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below;

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	20,343,173	20,679,192
2	(Assets deducted in determining Tier 1 capital)	(434,223)	(33,187)
3	Total balance sheet risks (sum of lines 1 and 2)	19,908,950	20,646,005
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	832,175	791,132
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	395,719	331,754
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,227,894	1,122,886
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (except for on-balance sheet)	742,887	569,650
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	742,887	569,650
	Off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	3,905,934	4,718,820
11	(Adjustments for conversion to credit equivalent amounts)	--	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	3,905,934	4,718,820
	Capital and total risks		
13	Tier 1 capital	1,525,734	1,428,870
14	Total risks (sum of lines 3, 6, 9 and 12)	25,785,665	27,057,361
	Leverage ratio		
15	Leverage ratio	5.94	5.29

(*)Represents three-month average amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

VII. Explanations on segment reporting

The Bank operates in customer banking services, individual customer current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of customer banking services and commercial services.

	Retail Banking	Commercial & Corporate Banking	Treasury & Headquarters	Total Operations of the Bank
Current Period				
1 January - 30 September 2018				
Operating Income	214,789	451,757	321,978	988,524
Operating Profit	(55,935)	178,887	89,624	212,576
Taxation				(33,341)
Net Profit/(Loss) for the Period				179,235
Current Period - 30 September 2018				
Segment Assets	3,952,838	11,296,150	8,458,161	23,707,149
Total Assets				23,707,149
Segment Liabilities	7,687,238	2,756,772	11,982,806	22,426,816
Shareholders' Equity				1,280,333
Total Liabilities				23,707,149
	Retail Banking	Commercial & Corporate Banking	Treasury & Headquarters	Total Operations of the Bank
Prior Period				
1 January - 30 September 2017				
Operating Income	214,653	316,348	(4,744)	526,257
Operating Profit	(21,055)	214,897	(56,038)	137,804
Taxation				(27,713)
Net Profit/(Loss) for the Period				110,091
Prior Period - 31 December 2017				
Segment Assets	4,202,600	10,588,059	5,325,547	20,116,206
Total Assets				20,116,206
Segment Liabilities	7,354,825	4,316,449	6,980,342	18,651,616
Shareholders' Equity				1,464,590
Total Liabilities				20,116,206

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

SECTION FIVE**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and disclosures related to the assets****1. Information on cash and balances with the Central Bank of Turkey**

Current Period		
	TL	FC
Cash in TL /Foreign Currency	38,164	604,438
Balances with the Central Bank of Turkey	224,331	2,058,323
Other	--	--
Total	262,495	2,662,761
Prior Period		
	TL	FC
Cash in TL /Foreign Currency	28,792	89,320
Balances with the Central Bank of Turkey	246,809	2,122,335
Other	--	--
Total	275,601	2,211,655

1.1 Information related to the account of the Central Bank of Turkey

Current Period		
	TL	FC
Unrestricted Demand Deposits	92,923	583,238
Unrestricted Time Deposits	131,408	451,783
Restricted Time Deposits	--	1,023,302
Total	224,331	2,058,323
Prior Period		
	TL	FC
Unrestricted Demand Deposits	240,425	270,157
Unrestricted Time Deposits	6,384	--
Restricted Time Deposits	--	1,852,178
Total	246,809	2,122,335

According to the communiqué No: 2005/1 on “Reserve Deposits” of CBRT, the banks operating in Turkey are required to keep reserve deposit at the rates varying from 1.5% - 8% for TL liabilities and at the rates 4% - 20% for FC liabilities depending on maturities of liabilities. According to the Central Bank of Turkey’s press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November 2014 are paid interest on the portion held in Turkish Lira and according to the Central Bank of Turkey’s press announcement No. 2015-35 dated 2 May 2015, the Reserve Deposits as from May 2015 are paid interest on the portion held in USD.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

2. Information on financial assets at fair value through profit or loss**2.1 Information on financial assets at fair value through profit or loss given as collateral or blocked**

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	1,514	--
Total	1,514	--

	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	18,295	--
Total	18,295	--

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and Istanbul Clearing and Custody Bank (Takasbank) for interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

2.2 Financial assets at fair value through profit or loss subject to repurchase agreements

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	15,174	--
Total	15,174	--

	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	--	--
Total	--	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

2.3 Positive differences relating to derivative financial assets

	Current Period	
	TL	FC
Forward Transactions	340,973	--
Swap Transactions	1,861,835	--
Futures Transactions	--	--
Options	631,644	5,625
Other	--	--
Total	2,834,452	5,625
	Prior Period	
	TL	FC
Forward Transactions	53,648	--
Swap Transactions	414,489	--
Futures Transactions	--	--
Options	213,887	6,477
Other	--	--
Total	682,024	6,477

3. Information on Banks

3.1 Information on banks

	Current Period	
	TL	FC
Banks		
Domestic	411,304	3,186
Foreign	1,966	279,258
Foreign head-offices and branches	--	--
Total	413,270	282,444
	Prior Period	
	TL	FC
Banks		
Domestic	45,943	193,540
Foreign	1,871	78,341
Foreign head-offices and branches	--	--
Total	47,814	271,881

3.2 Due from foreign banks

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

4. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income**4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked**

Current Period		
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	9,787	603,871
Other	--	--
Total	9,787	603,871

Prior Period		
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	167,674	579,405
Other	--	--
Total	167,674	579,405

4.2 Details of financial assets valued at fair value through other comprehensive income

Current Period	
Debt instruments	991,756
Quoted on Stock Exchange	991,756
Unquoted on Stock Exchange	--
Share certificates	3,465
Quoted on Stock Exchange	3,465
Unquoted on Stock Exchange	--
Impairment provision (-)	56,505
Total	938,716

Details of financial assets available-for-sale

Prior Period	
Debt instruments	774,052
Quoted on Stock Exchange	774,052
Unquoted on Stock Exchange	--
Share certificates	1,727
Quoted on Stock Exchange	1,727
Unquoted on Stock Exchange	--
Impairment provision (-)	9,616
Total	766,163

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

5. Information on loans**5.1 Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period	
	Cash	Non-Cash
Direct Loans to Shareholders	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
Indirect Loans to Shareholders	--	--
Loans to Employees	5,054	--
Total	5,054	--
	Prior Period	
	Cash	Non-Cash
Direct Loans to Shareholders	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
Indirect Loans to Shareholders	--	--
Loans to Employees	4,872	--
Total	4,872	--

5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	13,925,867	891,902	424,928	6,291
Working Capital Loans	--	--	173,826	--
Export Loans	357,026	4,789	663	--
Import Loans	--	--	--	--
Loans to Financial Sector	367,239	1,381	571	--
Consumer Loans	1,001,917	78,769	5,983	--
Credit Cards	85,776	14,151	--	--
Others	12,113,909	792,812	243,885	6,291
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
Total(*)	13,925,867	891,902	424,928	6,291

(*) Amounting to TL 23,519 Factoring receivables are also included.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans (continued)

Current Period	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	122,105	--
Significant Increase in Credit Risk	--	128,665
Total	122,105	128,665

Current Period	Standard Loans	Loans Under Close Monitoring
Number of Extensions	16,156	424,928
1 or 2 times	16,156	424,860
3, 4 or 5 times	--	68
Over 5 times	--	--

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of Extensions	12,728	409,217
1 or 2 times	12,728	406,481
3, 4 or 5 times	--	2,736
Over 5 times	--	--

Current Period	Standard Loans	Loans Under Close Monitoring
Extension Periods	16,156	424,928
0-6 months	--	25,062
6 -12 months	3,721	40,735
1 - 2 years	--	158,964
2 - 5 years	3,419	176,476
5 years and over	9,016	23,691

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans (continued)

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extension Periods	12,728	409,217
0-6 months	359	31,093
6 -12 months	--	31,187
1 - 2 years	--	114,262
2 - 5 years	5,916	122,345
5 years and over	6,453	110,330

The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	393,203	9,801	403,004
31-60 days	283,229	27,071	310,300
61-90 days	197,103	26,944	224,047
Total	873,535	63,816	937,351

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	144,593	9,031	153,624
31-60 days	133,293	24,766	158,059
61-90 days	117,932	17,371	135,303
Total	395,818	51,168	446,986

Maturity analysis of cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

5.3 Information on consumer loans, individual credit cards and credit cards given to personnel

	Short-Term	Medium or Long Term	Total
Consumer Loans-TL	276,894	730,105	1,006,999
Real Estate Loans	30	357,086	357,116
Vehicle Loans	13	3,495	3,508
General Purpose Loans	276,851	369,524	646,375
Other	--	--	--
Consumer Loans-Indexed to FC	--	56,689	56,689
Real Estate Loans	--	55,430	55,430
Vehicle Loans	--	--	--
General Purpose Loans	--	1,259	1,259
Other	--	--	--
Consumer Loans-FC	--	1,219	1,219
Real Estate Loans	--	1,219	1,219
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	7,582	--	7,582
With Installment	1,101	--	1,101
Without Installment	6,481	--	6,481
Individual Credit Cards-FC	48	--	48
With Installment	--	--	--
Without Installment	48	--	48
Loans Given to Employees-TL	299	3,781	4,080
Real Estate Loans	--	836	836
Vehicle Loans	--	--	--
General Purpose Loans	299	2,945	3,244
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	968	--	968
With Installment	262	--	262
Without Installment	706	--	706
Personnel Credit Cards - FC	6	--	6
With Installment	--	--	--
Without Installment	6	--	6
Overdraft Loans-TL (Real Persons)	17,682	--	17,682
Overdraft Loans-FC (Real Persons)	--	--	--
Total	303,479	791,794	1,095,273

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

5.4 Information on commercial loans with installments and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	690,788	2,602,559	3,293,347
Real Estate Loans	--	2,673	2,673
Vehicle Loans	2,078	52,086	54,164
General Purpose Loans	688,710	2,547,800	3,236,510
Other	--	--	--
Installment Commercial Loans - Indexed to FC	146	195,026	195,172
Real Estate Loans	--	403	403
Vehicle Loans	--	28,642	28,642
General Purpose Loans	146	165,981	166,127
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards - TL	91,323	--	91,323
With Installment	12,861	--	12,861
Without Installment	78,462	--	78,462
Corporate Credit Cards - FC	1	--	1
With Installment	--	--	--
Without Installment	1	--	1
Overdraft Loans-TL (Legal Entities)	100,685	--	100,685
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	882,943	2,797,585	3,680,528

5.5 Allocation of loans by customers

	Current Period
Public Sector	--
Private Sector	15,248,988
Total (*)	15,248,988
(*) Amounting to TL 23,519 Factoring receivables are also included.	
	Prior Period
Public Sector	--
Private Sector	14,790,659
Total	14,790,659

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

5.6 Allocation of Domestic and Foreign Loans

	Current Period
Domestic Loans	14,843,604
Foreign Loans	405,384
Total (*)	15,248,988
(*) Amounting to TL 23,519 Factoring receivables are also included.	
	Prior Period
Domestic Loans	14,411,839
Foreign Loans	378,820
Total	14,790,659

5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 30 September 2018
(31 December 2017: None).

5.8 Provisions provided against loans

	Current Period
Loans and Receivables with Limited Collectability	100,286
Loans and Receivables with Doubtful Collectability	89,009
Uncollectible Loans and Receivables	124,312
Total	313,607
	Prior Period
Loans and Receivables with Limited Collectability	26,022
Loans and Receivables with Doubtful Collectability	44,497
Uncollectible Loans and Receivables	100,476
Total	170,995

5.9 Information on non-performing loans (Net)

5.9.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	341	681	207
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	341	681	207
Prior Period	187	80	20
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	187	80	20

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

5.9.2 Movement on non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balances at the End of Prior Period	177,201	125,408	151,717
Additions (+)	637,113	4,138	4,691
Transfers from Other Categories of Non-Performing Loans (+)	--	443,132	177,047
Transfers to Other Categories of Non-Performing Loans (-)	443,550	176,629	--
Collections (-)	93,815	28,833	39,946
Write-offs (-)	--	--	--
Sold (-) (*)	52,131	129,980	90,615
Corporate and Commercial Loans	52,088	123,372	80,446
Retail Loans	--	1,993	5,829
Credit Cards	43	4,615	4,340
Other	--	--	--
Balances at End of the Period	224,818	237,236	207,894
Provisions (-)	100,286	89,009	124,312
Net Balance on Balance Sheet	124,532	148,227	83,582

(*) In 2018 the loan amounting to TL 272,726 has been written off from assets by transferring to asset management companies.

The financial asset amounting TL 14,167 which was classified as 1.6 Non-performing financial asset has been written off from assets by transferring to asset management company.

5.9.3 Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance as of the Period End	56,663	94,969	43,391
Provisions (-)	20,065	25,621	16,790
Net Balance on Balance Sheet	36,598	69,348	26,601
Prior Period			
Balance as of the Period End	16,634	8,047	34,217
Provisions (-)	1,239	2,794	16,851
Net Balance on Balance Sheet	15,395	5,253	17,366

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

5.9.4 Information regarding gross and net amounts of non-performing loans with respect to debtor groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	124,532	148,227	83,582
Loans Granted to Real Persons and Legal Entities (Gross)	224,818	237,236	207,894
Provisions (-)	100,286	89,009	124,312
Loans Granted to Real Persons and Legal Entities (Net)	124,532	148,227	83,582
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	151,179	80,911	65,408
Loans Granted to Real Persons and Legal Entities (Gross)	177,201	125,408	165,884
Provisions (-)	26,022	44,497	100,476
Loans Granted to Real Persons and Legal Entities (Net)	151,179	80,911	65,408
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans

The Bank does not calculate interest accruals for non-performing loans.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

6. Information on financial assets measured at amortized cost**6.1 Information on securities subject to repurchase agreement and given as collateral or blocked**

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	184,925	--
Other	--	--
Total	184,925	--

The Bank does not have held to maturity investments as of 31 December 2017.

6.2 Information on government securities in financial assets measured at amortized cost

	Current Period	
	TL	FC
Government Bond	184,925	--
Treasury Bill	--	--
Other Debt Securities	--	--
Total	184,925	--

The Bank does not have held to maturity investments as of 31 December 2017.

6.3 Information on financial assets measured at amortized cost

	Current Period
Debt instruments	184,925
Quoted on Stock Exchange	184,925
Unquoted on Stock Exchange	--
Share certificates	--
Quoted on Stock Exchange	--
Unquoted on Stock Exchange	--
Impairment provision (-)	--
Total	184,925

The Bank does not have held to maturity investments as of 31 December 2017.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

6.4 Information on the movement of financial assets measured at amortized cost during the period

	Current Period
Balance at the beginning of period	--
Foreign Exchange Difference in Monetary Assets	--
Purchases during the year (*)	184,925
Disposals through Sales and Redemptions	--
Impairment provision (-)	--
Total	184,925

(*)As of 31 January 2018, according to IFRS 9 transaction, the related amount classified as "Financial Assets at Fair Value Through Other Comprehensive Income" to "Financial Assets Measured at Amortized Cost".

The Bank does not have held to maturity investments as of 31 December 2017.

7. Information on associates

The Bank has TL 9,897 investment in an associate as of 30 September 2018 (31 December 2017: 4,897).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Kredi Garanti Fonu A.Ş.	Ankara	1.54%	1.54%
Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.	İstanbul	100%	100%

Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., was established with the purpose of providing entrepreneurship, creation of new business fields and technologies, investment in financial technology companies, mobile payment, income expenditure follow-up and money transfer consultancy services.

8. Information on subsidiaries

The Bank has TL 5,445 investment in a subsidiary as of 30 September 2018 (31 December 2017: TL 5,445).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)	Consolidation Method
Fiba Portföy Yönetimi A.Ş.	İstanbul	99.0%	99.0%	Full Consolidation

Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value
6,099	5,779	260	621	--	311	113	5,779

(*)Total fixed assets consist tangible and intangible assets.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

8. Information on subsidiaries (continued)*Movement of consolidated investment in subsidiaries*

	Current Period	Prior Period
Balance at Beginning of Period	5,445	5,445
Movements during the Period		
Additions and Capital Increases	--	--
Bonus Shares Received	--	--
Dividends from the Current Year Profit	--	--
Sales/Liquidations	--	--
Reclassification of shares	--	--
Increase / (Decrease) in Market Values	--	--
Currency Differences on Foreign Subsidiaries	--	--
Reversal of Impairment Losses/ Impairment Losses (-)	--	--
Balance at the End of Period	5,445	5,445
Capital Commitments	--	--
Share of Percentage at the end of Period (%)	99	99

Fiba Portföy Yönetimi A.Ş. was established on 26 September 2013 with 99% participation of Fibabanka A.Ş.

8.1 Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	5,445	5,445

Quoted consolidated investments insubsidiaries

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

9. Information on entities under common control (Joint Ventures)

The Bank does not have investments in entities under common control as of 30 September 2018.

10. Information on lease receivables

The Bank does not have lease receivables as of 30 September 2018.

11. Information on derivative financial assets held for hedging purposes

Current Period		
Derivative financial assets held for hedging	TL	FC
Fair Value Hedge	--	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	--	--

Prior Period		
Derivative financial assets held for hedging	TL	FC
Fair Value Hedge	17,902	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	17,902	--

12. Information on tangible assets

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

13. Information on intangible assets

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

14. Information on investment properties

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

15. Information on deferred tax asset**15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits**

As of 30 September 2018, the deferred tax assets amounting to TL 93,471 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2017: TL 9,472 deferred tax asset).

Deferred tax asset consists of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

Current Period		
	Deferred Tax Base	Deferred Tax Asset/(Liability)
Financial Loss	489,153	107,614
Financial Assets Valuation	(493,561)	(104,780)
Unearned Commission Income/Prepaid Commission Expenses	16,349	3,597
Retirement Pay and Unused Vacation Provision	23,045	4,796
Tangible Assets Base Differences	(12,087)	(2,417)
Provisions	417,389	84,792
Other	(398)	(131)
Deferred Tax Asset/(Liability)	439,890	93,471

Prior Period		
	Deferred Tax Base	Deferred Tax Asset/(Liability)
Financial Assets Valuation	18,621	3,830
Unearned Commission Income/ Prepaid Commission Expenses	13,633	2,999
Retirement Pay and Unused Vacation Provision	21,230	4,300
Tangible Assets Base Differences	(9,885)	(1,977)
Other	1,324	320
Deferred Tax Asset/(Liability)	44,923	9,472

The movement of the current year and prior year deferred tax assets is shown below:

	January - 30 September 2018	January- 31 December 2017
Deferred Tax Asset, 1 January	9,472	(1,374)
Deferred Tax Income / (Expense)	(33,338)	12,777
Deferred Tax Recognized Directly Under Equity	117,337	(1,931)
Deferred Tax Asset/(Liability) , Period End Balance	93,471	9,472

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

- 15.2** *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*

None.

- 15.3** *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*

None.

- 16.** **Information on assets held for sale and non-current assets related to discontinued operations**

As of 30 September 2018, the Bank has TL 40,596 assets held for sale (31 December 2017: TL 23,795).

- 17.** **Information on other assets**

Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

- 17.1** *Information on prepaid expenses, tax and similar items*

As of 30 September 2018, total prepaid expenses are TL 40,639 (31 December 2017: TL 30,014).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

II. Explanations and disclosures related to liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	99,540	--	562,778	2,648,668	225,035	212,001	178,180	--	3,926,202
Foreign Currency Deposits	433,968	--	626,509	2,891,675	126,751	125,396	219,750	--	4,424,049
Residents in Turkey	403,072	--	621,279	2,880,049	126,702	124,039	79,793	--	4,234,934
Residents Abroad	30,896	--	5,230	11,626	49	1,357	139,957	--	189,115
Public Sector Deposits	59,547	--	--	--	--	--	--	--	59,547
Commercial Deposits	209,789	--	294,906	1,030,618	66,530	100,449	198,219	--	1,900,511
Other Ins. Deposits	2,948	--	16,834	43,650	19,593	312	38,931	--	122,268
Precious Metal Deposits	11,433	--	--	--	--	--	--	--	11,433
Interbank Deposits	150,785	--	239,802	7,442	--	--	--	--	398,029
Central Bank of Turkey	--	--	119,834	--	--	--	--	--	119,834
Domestic Banks	1,570	--	91,167	5,415	--	--	--	--	98,152
Foreign Banks	71,674	--	28,801	2,027	--	--	--	--	130,942
Special Finan.Inst.	77,541	--	--	--	--	--	--	--	77,541
Other	--	--	--	--	--	--	--	--	--
Total	968,010	--	1,740,829	6,622,053	437,909	438,158	635,080	--	10,842,039

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	74,866	--	409,940	2,067,120	617,183	184,848	150,372	--	3,504,329
Foreign Currency Deposits	339,684	--	682,479	3,935,109	205,144	67,655	141,318	--	5,371,389
Residents in Turkey	326,480	--	615,344	3,917,385	203,702	66,362	51,847	--	5,181,120
Residents Abroad	13,204	--	67,135	17,724	1,442	1,293	89,471	--	190,269
Public Sector Deposits	43,974	--	--	--	--	--	--	--	43,974
Commercial Deposits	338,698	--	84,534	1,448,605	202,249	207,845	349,379	--	2,631,310
Other Ins. Deposits	1,524	--	6,081	63,930	30,265	25	13,589	--	115,414
Precious Metal Deposits	4,858	--	--	--	--	--	--	--	4,858
Interbank Deposits	134,144	--	387,573	72,246	7,506	--	--	--	601,469
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	126	--	369,537	--	7,506	--	--	--	377,169
Foreign Banks	17,375	--	18,036	72,246	--	--	--	--	107,657
Special Finan.Inst.	116,643	--	--	--	--	--	--	--	116,643
Other	--	--	--	--	--	--	--	--	--
Total	937,748	--	1,570,607	7,587,010	1,062,347	460,373	654,658	--	12,272,743

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

	Under the Guarantee of Deposit Insurance	Exceeding the limit of Deposit Insurance
	Current Period	Current Period
Saving Deposits	1,179,799	2,723,592
Foreign Currency Saving Deposits	355,205	2,774,773
Other Deposits in the Form of Saving Deposits	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--
Total	1,535,004	5,498,365

	Under the Guarantee of Deposit Insurance	Exceeding the limit of Deposit Insurance
	Prior Period	Prior Period
Saving Deposits	1,151,935	2,336,011
Foreign Currency Saving Deposits	304,051	2,457,726
Other Deposits in the Form of Saving Deposits	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--
Total	1,455,986	4,793,737

1.3 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

1.4 Saving deposits that are not under the guarantee of deposit insurance fund

	Current Period
Deposits and Accounts in Branches Abroad	--
Deposits of Ultimate Shareholders and Their Close Families	45,384
Deposits of Chairman and Members of the Board of Directors and their Close Families	18,516
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--
	Prior Period
Deposits and Accounts in Branches Abroad	--
Deposits of Ultimate Shareholders and Their Close Families	33,853
Deposits of Chairman and Members of the Board of Directors and their Close Families	13,094
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--

2. Information on derivative financial liabilities held for trading

2.1 Information on negative differences relating to derivative financial liabilities held for trading

	Current Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	337,757	--
Swap Transactions	1,345,669	--
Futures Transactions	--	--
Options	631,647	8,492
Other	--	--
Total	2,315,073	8,492
	Prior Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	43,928	--
Swap Transactions	484,580	--
Futures Transactions	--	--
Options	213,939	7,143
Other	--	--
Total	742,447	7,143

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

	Current Period	
	TL	FC
Loans from Central Bank of Turkey	--	--
From Domestic Banks and Institutions	14,507	219,092
From Foreign Banks, Institutions and Funds	--	2,334,543
Total	14,507	2,553,635

	Prior Period	
	TL	FC
Loans from Central Bank of Turkey	--	--
From Domestic Banks and Institutions	21,789	176,532
From Foreign Banks, Institutions and Funds	--	1,886,530
Total	21,789	2,063,062

3.2 Maturity analysis of borrowings

	Current Period	
	TL	FC
Short Term	14,507	63,164
Medium and Long Term	--	2,490,471
Total	14,507	2,553,635

	Prior Period	
	TL	FC
Short Term	20,868	177,567
Medium and Long Term	921	1,885,495
Total	21,789	2,063,062

3.3 Additional explanation related to the concentrations of the Bank's major liabilities

In the scope of normal banking operations, the Bank funds itself through the funds provided in the form of deposits, bank borrowings and bond issuance.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

4. Informations related with issued instruments

Current Period		TL		FC	
		Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal		1,234,242	--	--	1,745,940
Book Value		1,214,951	--	--	1,765,262
Prior Period		TL		FC	
		Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal		1,287,720	--	--	--
Book Value		1,255,066	--	--	--

5. Sundry Creditors and Other Liabilities

Sundry creditors and other liabilities of balance sheet do not exceed 10% of the balance sheet total.

6. Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

6.1 Changes in agreements and further commitments arising

None.

6.2 Obligations under financial lease

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	224	194	150	125
Between 1-4 Years	417	386	376	344
More than 4 Years	--	--	--	--
Total	641	580	526	469

6.3 Information on operational leases and footnotes

The Bank has operational lease agreements for some of its branches. If the rental payments are made in advance, the paid amount is accounted under prepaid expenses in "Other Assets" in the following months, the rental expenses belonging to those months are recorded in profit/loss accounts.

The Bank does not incur any liability as a result of any changes in operational lease agreements. The Bank does not have any obligation from operational lease agreements.

6.4 Information on "Sale-and-lease back" agreements

In the current period, there is no sale and lease back transactions.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

7. Information on derivative financial liabilities for hedging purposes

Current Period		
Derivative financial liability held for hedging	TL	FC
Fair Value Hedge	--	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	--	--
Prior Period		
Derivative financial liability held for hedging	TL	FC
Fair Value Hedge	3,664	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	3,664	--

8. Information on provisions**8.1 Foreign exchange losses on the foreign currency indexed loans and finance lease receivables**

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. There are no foreign exchange losses on the foreign currency indexed loans as of 30 September 2018 (31 December 2017: TL 359).

8.2 The specific provisions provided for unindemnified non cash loans

As of 30 September 2018, the specific provision provided for unindemnified non cash loans is TL 8,392 (31 December 2017: TL 1,677).

8.3 Explanation on other provisions**8.3.1 Provisions for probable losses**

	Current Period	Prior Period
Provisions for probable losses	147,000	55,500

8.3.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

None

8.3.3 Explanations on reserves for employee benefits

As of 30 September 2018, reserves for employee benefits amounting to TL 23,044 (31 December 2017: TL 21,231) comprise of TL 13,689 reserve for employee termination benefits (31 December 2017: TL 11,439), TL 2,700 unused vacation pay liability (31 December 2017: TL 2,731) and TL 6,655 personnel premium accrual (31 December 2017: TL 7,061).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

9. Explanations on Tax Liability**9.1 Explanations on current tax liability****9.1.1 Explanations on tax provision**

As of 30 September 2018, the Bank's current tax liability is TL 49,811 (31 December 2017: TL 42,186).

9.1.2 Information on taxes payable

	Current Period
Corporate taxes payable	--
Taxation on securities	19,411
Property tax	437
Banking and Insurance Transaction Tax (BITT)	16,858
Taxes on foreign exchange transactions	--
Value added taxes payable	215
Income tax ceased from wages	3,951
Other	453
Total	41,325
	Prior Period
Corporate taxes payable	5,897
Taxation on securities	16,662
Property tax	374
Banking and Insurance Transaction Tax (BITT)	11,491
Taxes on foreign exchange transactions	--
Value added taxes payable	324
Income tax ceased from wages	3,426
Other	369
Total	38,543

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

9.1.3 Information on premium

	Current Period
Social Security Premiums- Employee	3,622
Social Security Premiums- Employer	4,113
Bank Social Aid Pension Fund Premium- Employee	--
Bank Social Aid Pension Fund Premium- Employer	--
Pension Fund Membership Fees and Provisions- Employee	--
Pension Fund Membership Fees and Provisions- Employer	--
Unemployment Insurance- Employee	251
Unemployment Insurance- Employer	500
Other	--
Total	8,486

	Prior Period
Social Security Premiums- Employee	1,550
Social Security Premiums- Employer	1,770
Bank Social Aid Pension Fund Premium- Employee	--
Bank Social Aid Pension Fund Premium- Employer	--
Pension Fund Membership Fees and Provisions- Employee	--
Pension Fund Membership Fees and Provisions- Employer	--
Unemployment Insurance- Employee	107
Unemployment Insurance- Employer	216
Other	--
Total	3,643

9.2 Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2017: None).

10. Information on liabilities regarding assets held for sale and discontinued operations

None (31 December 2017: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

11. Explanations on subordinated loans

	Current Period	
	TL	FC
Debt instruments subject to common equity	--	--
Subordinated loans	--	--
Subordinated debt instruments	--	--
Debt instruments subject to Tier 2 equity	--	--
Subordinated loans	--	--
Subordinated debt instruments	--	1,799,696
Total	--	1,799,696

	Prior Period	
	TL	FC
Domestic Banks	--	--
Domestic Other Institutions	--	--
Foreign Banks	--	39,298
Foreign Other Institutions	--	1,155,263
Total	--	1,194,561

12. Information on shareholders' equity

12.1 *Paid-in capital*

	Current Period	Prior Period
Common Stock	941,161	941,161
Preferred Stock	--	--

12.2 *Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:*

Registered share capital system is not applied.

12.3 *Information on share capital increases and their sources; other information on increased capital shares in current period*

None.

12.4 *Information on share capital increases from revaluation funds*

None.

12.5 *Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:*

The capital is totally paid in and there are no capital commitments.

12.6 *Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Bank's equity:*

None.

12.7 *Information on privileges given to stocks representing the capital*

The Bank does not have any preferred shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

12. Information on shareholders' equity (continued)

12.8 Common stock issue premiums, shares and equity instruments

Number of shares issued with premiums and the related share premiums are presented below:

	Current Period	Prior Period
Number of Shares (Thousand)	26,230,098	26,230,098
Number of Privileged Shares	--	--
Share Premium	128,678	128,678
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

12.9 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	(5,609)	(50,821)	(13,113)	2,214
Exchange Difference	--	--	--	--
Total	(5,609)	(50,821)	(13,113)	2,214

12.10 Information on revaluation reserve

None.

12.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None.

12.12 Information on legal reserves

	Current Period	Prior Period
1st Legal Reserves	21,886	13,535
2nd Legal Reserves	--	--
Special Reserves	--	--

12.13 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by the General Assembly	388,400	229,749
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

13. Information on minority shares

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

III. Explanations and disclosures related to off-balance sheet contingencies and commitments**1. Information on off-balance sheet commitments****1.1 Nature and amount of irrevocable loan commitments**

	Current Period	Prior Period
Asset Sale and Purchase Commitments	2,722,087	1,637,022
Credit Card Limit Commitments	93,505	123,381
Credit Card and Bank Trans. Promo. Guarantee	1	-
Commitments for Credit Allocation with the Guarantee of Usage	530,951	323,365
Export Commitments	8,257	5,070
Commitment for Cheques	228,197	211,200
Other Irrevocable Commitments	13,146	3,229
Total	3,596,144	2,303,267

1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below**1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits**

	Current Period	Prior Period
Letters of Guarantee TL	499,403	759,390
Letters of Guarantee FC	353,291	294,942
Letters of Credit	240,070	555,123
Bills of Exchange and Acceptances	203,297	421,539
Total	1,296,061	2,030,994

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	10,784	46,899
Irrevocable Letters of Guarantee	760,009	889,934
Letters of Guarantee Given in Advance	63,854	60,718
60Letters of Guarantee Given to Customs	2,388	13,536
Other Letters of Guarantee	15,659	43,245
Total	852,694	1,054,332

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	9,001	25,171
With Original Maturity of 1 Year or Less Than 1 Year	--	2,428
With Original Maturity of More Than 1 Year	9,001	22,743
Other Non-Cash Loans	1,287,060	2,005,823
Total	1,296,061	2,030,994

3. Information on sectoral risk concentrations of non-cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4. Information on the first and second group of non-cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5. Information related to derivative financial instruments

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Bank provided provision of TL 2,162 for the legal cases pending against the Bank where the cash out flows are highly probable (31 December 2017: TL 1,114).

8. Custodian and intermediary services

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

IV. Explanations and disclosures related to the income statement

1. Interest income

1.1 Information on interest on loans (*)

	Current Period	
	TL	FC
Interest on loans	1,359,174	295,511
Short Term Loans	833,887	38,775
Medium and Long Term Loans	525,287	256,736
Interest on Non-Performing Loans	3,234	--
Premiums received from Resource Utilization Support Fund	--	--
Total	1,362,408	295,511

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

	Prior Period	
	TL	FC
Interest on loans	1,017,072	188,259
Short Term Loans	558,552	17,593
Medium and Long Term Loans	458,520	170,666
Interest on Non-Performing Loans	1,943	--
Premiums received from Resource Utilization Support Fund	--	--
Total	1,019,015	188,259

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

1.2 Information on interest income received from banks

	Current Period	
	TL	FC
The Central Bank of Turkey	54,270	--
Domestic Banks	50,437	679
Foreign Banks	--	272
Branches and Head Office Abroad	--	--
Total	104,707	951

	Prior Period	
	TL	FC
The Central Bank of Turkey	22,610	--
Domestic Banks	32,546	416
Foreign Banks	--	238
Branches and Head Office Abroad	--	--
Total	55,156	654

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

1.3 Interest received from marketable securities portfolio

Current Period		
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	1,944	212
Financial Assets at Fair Value Through Other Comprehensive Income	1,776	28,603
Financial Assets Measured at Amortized Cost	11,612	--
Total	15,332	28,815

Prior Period		
	TL	FC
Financial Assets Held for Trading	1,189	166
Financial Assets at Fair Value Through Profit or Loss	--	--
Financial Assets Available-for-Sale	12,480	23,990
Investment Securities Held-to-Maturity	--	--
Total	13,669	24,156

1.4 Information on interest income received from associates and subsidiaries

None (31 December 2017: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

2. Interest expense

2.1 Information on interest on funds borrowed (*)

	Current Period	
	TL	FC
Banks	1,001	52,555
The Central Bank of Turkey	--	--
Domestic Banks	993	8,628
Foreign Banks	8	43,927
Branches and Head Office Abroad	--	--
Other Institutions	--	118,497
Total	1,001	171,052

(*) Includes also the fee and commission expenses on borrowings.

	Prior Period	
	TL	FC
Banks	853	22,618
The Central Bank of Turkey	--	--
Domestic Banks	845	3,799
Foreign Banks	8	18,819
Branches and Head Office Abroad	--	--
Other Institutions	--	58,398
Total	853	81,016

(*) Includes also the fee and commission expenses on borrowings.

2.2 Information on interest expenses to associates and subsidiaries

Total interest expense given to subsidiaries is TL 859 (1 January - 30 September 2017: TL 449).

2.3 Information on interest expenses to marketable securities

	Current Period	
	TL	FC
Interest Paid to Marketable Securities	148,140	61,235

	Prior Period	
	TL	FC
Interest Paid to Securities Issued	100,707	--

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

2.4 Information maturity structure of deposits

Account Description	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over		
<i>Turkish Lira</i>								
Bank Deposits	--	7,007	--	--	--	--	--	7,007
Saving Deposits	--	51,646	289,034	50,921	25,908	16,655	--	434,164
Public Sector Deposits	--	--	31	--	--	--	--	31
Commercial Deposits	--	14,769	203,812	10,788	12,298	30,990	--	272,657
Other	--	216	7,970	1,575	1,550	3,737	--	15,048
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	73,638	500,847	63,284	39,756	51,382	--	728,907
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	11,724	87,417	5,347	1,877	5,602	--	111,967
Bank Deposits	--	15,485	--	--	--	--	--	15,485
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	--	27,209	87,417	5,347	1,877	5,602	--	127,452
Grand Total	--	100,847	588,264	68,631	41,633	56,984	--	856,359

3. Information on dividend income

None (31 December 2017: None).

4. Information on net trading income / loss

	Current Period
Income	3,705,225
Gains on Capital Market Operations	12,349
Gains on Derivative Financial Instruments	2,311,653
Foreign Exchange Gains	1,381,223
Loss (-)	3,548,155
Losses on Capital Market Operations	1,647
Losses on Derivative Financial Instruments	2,166,316
Foreign Exchange Losses	1,380,192
Net Trading Income / (Loss)	157,070
	Prior Period
Income	1,234,919
Gains on Capital Market Operations	5,685
Gains on Derivative Financial Instruments	628,794
Foreign Exchange Gains	600,440
Loss (-)	1,239,380
Losses on Capital Market Operations	1,547
Losses on Derivative Financial Instruments	631,851
Foreign Exchange Losses	605,982
Net Trading Income / (Loss)	(4,461)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

5. Information on other operating income

Other operating income mainly consists of reversal of provisions, profit from sale of assets, commissions on cheques and notes and costs recharged.

6. Provisions for Expected Losses

	Current Period
Expected Credit Losses	339,515
12 Month Expected Credit Losses (Stage 1)	13,076
Significant Increase In Credit Risk (Stage 2)	67,228
Impaired Credits (Stage 3)	259,211
Impairment Losses on Marketable Securities	--
Financial Assets Valued at Fair Value Through Profit or Loss	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--
Impairment Losses on Associates, Subsidiaries and Joint Ventures	--
Associates	--
Subsidiaries	--
Joint-Ventures	--
Other (*)	101,534
Total	441,049

(*) TL 91,500 portion consist of provision for possible losses.

Impairment on loans and other receivables

	Prior Period
Specific Provisions on Loans and Other Receivables:	118,702
III. Group Loans and Receivables	4,170
IV. Group Loans and Receivables	23,133
V. Group Loans and Receivables	91,399
General Loan Loss Provisions	--
Free Provision for Probable Risks	6,000
Impairment Losses on Securities:	--
Financial Assets at Fair Value Through Profit or Loss	--
Financial Assets Available-for-Sale	--
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities	--
Held to Maturity:	--
Associates	--
Subsidiaries	--
Joint Ventures	--
Investments Held to Maturity	--
Other	--
Total	124,702

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

7. Information related to other operational expenses

	Current Period
Personnel Expenses(*)	172,278
Provision for Employee Termination Benefits	2,250
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	9,081
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	4,006
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	138
Impairment of Assets Held for Sale	--
Other Operating Expenses	93,487
Operational Leases Expenses	30,354
Repair and Maintenance Expenses	2,176
Advertisement Expenses	11,244
Other Expenses	49,713
Losses on Sale of Assets	475
Other	53,184
Total	334,899

(*)"Personnel Expenses" which is not included in "Other Operating Expenses" in the Income Statement is included into this table.

	Prior Period
Personnel Expenses	146,517
Provision for Employee Termination Benefits	1,400
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	9,434
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	2,217
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	55
Impairment of Assets Held for Sale	--
Other Operating Expenses	65,870
Operational Leases Expenses	26,041
Repair and Maintenance Expenses	1,583
Advertisement Expenses	7,878
Other Expenses	30,368
Losses on Sale of Assets	292
Other	37,966
Total	263,751

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

8. Information on profit/loss before tax from continued and discontinued operations

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

9. Explanations on tax provision for resumed operations and discontinued operations

9.1 Current period taxation income or expense and deferred tax income or expense

For the period ended as of 30 September 2018, current tax expense of the Bank is TL 3 (1 January - 30 September 2017: TL 40,261 expense) and the deferred tax loss of the Bank is TL 33,338 (1 January - 30 September 2017: TL 12,548 deferred tax income).

10. Information on profit/loss from continued and discontinued operations

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

11. Information on net profit/loss for the period

11.1 The nature and 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 complete understanding of the Bank's performance for the period

In the current and prior periods, the Bank's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Main expenses are interest expense on deposits and similar debt items which are funding resources of loans and marketable securities.

11.2 Changes in estimations made by the Bank with respect to the financial statement items do not have a material effect on profit/loss.

11.3 As there is no minority share in shareholders' equity, there is no profit or loss attributable to the minority shares.

12. If “other” lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of “other” items

In the current period, “other” items recognised in “fees and commissions received” majorly comprised of commissions such as limit allocation and revision commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account maintenance fees.

In the current period, “other” items recognised in “fees and commissions paid” majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

V. Explanations and disclosures on the risk group of the Bank

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

1.1 Current Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	11,556	48,284
Balance at the End of the Period	--	--	--	20	444,430	56,041
Interest and Commission Income Received	--	--	--	--	35,222	105

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

The Bank has sold a group of non-performing loans to one of the Bank's risk group companies by the revenue sharing method, with the amount of TL 175 in the current period.

Prior Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	126,939	30,871
Balance at the End of the Period	--	--	--	22	11,556	48,284
Interest and Commission Income Received	--	--	--	--	3,429	67

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

1.2 Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	4,840	4,767	300,055	15,552	409,339	595,922
Balance at the End of the Period	7,018	4,840	349,910	300,055	484,721	409,339
Deposit Interest Expense	859	449	5,738	17,151	34.878	31,776

(*) Described in article 49 of the Banking Act No: 5411.

1.3 Information on funds obtained from the Bank's risk group

As of 30 September 2018, the amount of funds other than deposit obtained from Bank's risk group is TL 271,133 and that all funds amount has obtained from IFC and EBRD in the form of borrowings (31 December 2017: TL 171,583; that fund amount has obtained from IFC and EBRD in the form of borrowings).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

1.4 Information on forward and option agreements and similar agreements made with Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	--	--	--	--	899,553	863,016
Balance at the End of the Period	--	--	--	--	1,578,330	899,553
Total Income/Loss	--	--	--	--	(25,764)	(20,535)
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

(*) As described in the Article 49 of Banking Act no.5411.

2. Information on transactions with the Bank's risk group

2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

The terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

As of 30 September 2018, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 2.79% (31 December 2017: 0.07%) and the ratio of the deposits of entities of risk group to total deposits is 7.76% (31 December 2017: 5.82%). Ratio of funds obtained from entities of risk group to total funds borrowed is 6.2% (31 December 2017: 5.2%). The distribution of 6.2% is 5.6% IFC, 0.6% EBRD.

In current period benefits; such as salaries and bonuses; provided to the key management is TL 10,104 (1 January - 30 September 2017: TL 11,787).

2.3 Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements

None.

2.4 Transactions accounted for under equity method

None.

2.5 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

VI. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices
1. Information related to the Bank's domestic and foreign branch and representatives

	Number	Number of Employees			
Domestic Branch	80	1,627			
			Country of Incorporations		
Foreign Representation Office			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

VII. Events after balance sheet date

None

VIII. Other disclosures on activities of the Bank
Summary information of Bank's risk ratings by international rating agencies

Fitch Ratings	
Long term FC and TL Rating	B+
Short term FC and TL Rating	B
Viability Rating	b
Support Rating	5
Long term National Scale Rating	A- (tur)
Senior Unsecured Debt Rating	B+
Subordinated Debt Rating	B-
Outlook	Negative

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

SECTION SIX

EXPLANATIONS ON AUDITORS' REPORT

I. Explanations on the auditors' limited review report

The Bank's publicly available financial statements and footnotes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the independent auditors' limited review report is presented in front of the financial statements.

II. Other footnotes and explanations prepared by the independent auditors

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

SECTION SEVEN**I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager****1. Brief History of Fibabanka A.Ş. and its Shareholder Structure**

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the Extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş. On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Parent Bank's shares to Credit Europe Bank N.V. and the legal approval process has been completed as of 27 December 2010. In the Extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. has been amended as Fibabanka A.Ş. ("the Bank").

Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012.

In 2013, capital was increased in the total amount of TL 123,350, provided from inflation adjustment difference TL 17,415, from the profit from the sale of real estate TL 9,502 and cash from Fiba Holding TL 96,432. On 31 March 2015, according to BOD's decision as of 5 March 2015, share capital was increased from TL 550,000 to TL 678,860 while TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

According to the Subscription Agreement signed on the date of 23 October 2015, by and between the Bank and International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD"), IFC and EBRD have separately subscribed an amount of including the share premium TL 121,017 (TL 84,328 of said amount is the share of capital; TL 36,689 is the share premium), which makes a total amount of TL 242,034 in the share capital of the Bank by way of capital increase.

The Bank's TL 847,515 paid capital was increased by TL 93,646 on 7 September 2016 all by TurkFinance B.V. to TL 941,161. In addition, TL 55,299 recorded under the equity as share premium.

As of 30 September 2018, the Bank's paid-in capital is TL 941,161.

As of 30 September 2018, The Bank's Shareholder Structure:

Commercial Title	Share Amount (Full basis TL)	Share Ratios (%)
Fiba Holding A.Ş	673,573,216.14	71.57%
Turk Finance B.V.	93,645,475.05	9.95%
International Finance Corporation	84,327,750.28	8.96%
European Bank for Reconstruction and Development	84,327,750.28	8.96%
Other	5,286,361.50	0.56%
TOTAL	941,160,553.25	100%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

2. Chairman and the Members of the Board of Directors, Statutory Auditors, General Manager and Assistant General Managers, Members of the Audit , and Managers of the Departments within the scope of Internal Systems

Name	Duty	Responsibility Area	Date of Appointment	Educational Status	Professional Experience
Hüsnü Mustafa Özyeğin	Chairman of the Board of Directors		27.12.2010	Graduate	43 years
Fevzi Bozer	Vice Chairman of the Board of Directors		27.12.2010	Graduate	35 years
İsmet Kaya Erdem	Member of the Board of Directors		11.02.2013	Undergraduate	67 years
Mehmet Güleşçi	Member of the Board of Directors		27.12.2010	Graduate	34 years
Mevlüt Hamdi Aydın	Member of the Board of Directors		24.01.2013	Undergraduate	35 years
Memduh Aslan Akçay	Member of the Board of Directors		13.04.2016	Graduate	27 years
Selçuk Yorgancıoğlu	Member of the Board of Directors		22.09.2016	Graduate	26 years
Hülya Kefeli	Member of the Board of Directors		15.05.2017	Undergraduate	33 years
Ömer Mert	General Manager, Member of the Board of Directors		19.01.2017	Graduate	23 years
Elif Alsev Utku Özbey	Deputy General Manager	Financial Control and Financial Reporting	07.01.2011	Graduate	24 years
Adem Aykın	Assistant General Manager	Information Technologies	01.07.2011	Undergraduate	30 years
Ahu Dolu	Assistant General Manager	Financial Institutions and Project Finance	01.12.2015	Undergraduate	21 years
Turgay Hasdiker	Assistant General Manager	Credits	01.12.2015	Undergraduate	27 years
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	01.12.2015	Undergraduate	20 years
Orhan Hatipoğlu	Assistant General Manager	Banking Operations & Supporting Services	02.01.2017	Undergraduate	26 years
Ömer Rıfat Gencal	Assistant General Manager	Treasury	02.02.2015	Undergraduate	26 years
Sezin Erken	Assistant General Manager	Consumer Banking & Funding Resource Management	10.08.2017	Graduate	17 years
Gerçek Önal	Assistant General Manager	Chief Legal Officer	01.02.2016	Graduate	18 years
Ahmet Cemil Borucu	Director	Board of Inspection	07.02.2011	Graduate	20 years
Ayşe Tulgar Ayça	Director	Risk Management	15.03.2011	Undergraduate	19 years
Serdar Yıldırım	Director	Legislation and Compliance	06.04.2011	Graduate	21 years
Kansu Pulular	Director	Internal Control & Operational Risk	02.01.2017	Graduate	14 years

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

3. Brief Financial Information Relating to Results of Activities During the Period

Summary of Unconsolidated Balance Sheet	
	30/09/18
Cash and Cash Equivalents	3,840,014
Financial Assets Valued at Fair Value Through Profit or Loss	70,628
Financial Assets Valued at Fair Value Through Other Comprehensive Income	938,716
Financial Assets Measured at Amortized Cost	184,925
Derivative Financial Assets	2,840,077
Loans (Net)	15,354,559
Total Assets	23,707,149
Deposits	10,842,039
Funds Borrowed	2,568,142
Money Market Funds	566,853
Securities Issued (Net)	2,980,213
Derivative Financial Liabilities	2,323,565
Subordinated Debts	1,799,696
Shareholder's Equity	1,280,333
Total Liabilities	23,707,149

Summary of Unconsolidated Balance Sheet	
	31/12/17
Cash and Balances with The Central Bank	2,487,256
Financial Assets at Fair Value Through Profit or Loss (Net)	1,344,033
Financial Assets Held for Trading	743,877
Financial Assets Designated at Fair Value	600,156
Banks	319,695
Financial Assets Available for Sale (Net)	766,163
Loans (Net)	14,488,001
Total Assets	20,116,206
Deposits	12,272,743
Derivative Financial Liabilities Held for Trading	749,590
Funds Borrowed	2,084,851
Money Market Funds	479,880
Securities Issued (Net)	1,255,066
Subordinated Debts	1,194,561
Shareholder's Equity	1,464,590
Total Liabilities	20,116,206

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

3. Brief Financial Information Relating to Results of Activities During the Period (continued)

Summary of Consolidated Balance Sheet	
	<u>30/09/18</u>
Cash and Cash Equivalents	3,840,363
Financial Assets Valued at Fair Value Through Profit or Loss	70,628
Financial Assets Valued at Fair Value Through Other Comprehensive Income	938,716
Financial Assets Measured at Amortized Cost	184,925
Derivative Financial Assets	2,840,077
Loans (Net)	15,354,559
Total Assets	23,702,964
Deposits	10,837,200
Funds Borrowed	2,568,142
Money Market Funds	566,853
Securities Issued (Net)	2,980,213
Derivative Financial Liabilities	2,323,565
Subordinated Debts	1,799,696
Shareholder's Equity	1,280,666
Total Liabilities	23,702,964

Summary of Consolidated Balance Sheet	
	<u>31/12/17</u>
Cash and Balances with The Central Bank	2,487,256
Financial Assets at Fair Value Through Profit or Loss (Net)	1,344,033
Financial Assets Held for Trading	743,877
Financial Assets Designated at Fair Value	600,156
Banks	320,016
Financial Assets Available for Sale (Net)	766,163
Loans (Net)	14,488,001
Total Assets	20,111,668
Deposits	12,267,905
Derivative Financial Liabilities Held for Trading	749,590
Funds Borrowed	2,084,851
Money Market Funds	479,880
Securities Issued (Net)	1,255,066
Subordinated Debts	1,194,561
Shareholder's Equity	1,464,612
Total Liabilities	20,111,668

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

3. Brief Financial Information Relating to Results of Activities During the Period (continued)

Summary of Unconsolidated Income Statement	
	30/09/18
Net Interest Income	585,236
Net Fees and Commission Income	52,408
Personnel Expenses	172,278
Trading Income/ Loss (Net)	157,070
Other Operating Revenues	193,810
Total Operating Income	816,246
Expected Credit Losses (-)	441,049
Other Operating Expenses (-)	162,621
Net Operating Income / Loss	212,576
Profit/Loss on Continuing Operations Before Tax	212,576
Tax Provision for Continuing Operations	(33,341)
Net Period Profit / Loss	179,235
Summary of Unconsolidated Income Statement	

	30/09/17
Net Interest Income	465,883
Net Fees and Commission Income	31,836
Trading Income/ Loss (Net)	(4,461)
Other Operating Revenues	32,999
Total Operating Income	526,257
Provision for Losses and Other Receivables (-)	124,702
Other Operating Expenses (-)	263,751
Net Operating Income / Loss	137,804
Profit/Loss on Continuing Operations Before Tax	137,804
Tax Provision for Continuing Operations	(27,713)
Net Period Profit / Loss	110,091

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

3. Brief Financial Information Relating to Results of Activities During the Period (continued)

Summary of Consolidated Income Statement	
	<u>30/09/18</u>
Net Interest Income	585,857
Net Fees and Commission Income	54,364
Personnel Expenses	173,641
Trading Income/ Loss (Net)	157,070
Other Operating Revenues	193,764
Total Operating Income	817,414
Expected Credit Losses (-)	441,049
Other Operating Expenses (-)	163,391
Net Operating Income / Loss	212,974
Profit/Loss on Continuing Operations Before Tax	212,974
Tax Provision for Continuing Operations	(33,428)
Net Period Profit / Loss	179,546
Summary of Consolidated Income Statement	

	<u>30/09/17</u>
Net Interest Income	466,359
Net Fees and Commission Income	33,052
Trading Income/ Loss (Net)	(4,461)
Other Operating Revenues	32,851
Total Operating Income	527,801
Provision for Losses and Other Receivables (-)	124,702
Other Operating Expenses (-)	265,153
Net Operating Income / Loss	137,946
Profit/Loss on Continuing Operations Before Tax	137,946
Tax Provision for Continuing Operations	(27,742)
Net Period Profit / Loss	110,204

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

4. Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Interim Period

As of the third quarter of 2018, Fibabanka has increased the performing loan portfolio before provisions by 8% compared to the same period of year 2017 and by 3% compared to the end of 2017 by reaching TL 15.2 billion.

The operations on the acquisition of new customers through new channels created outside the branch (SMS, store, Web, etc.) launched in 2017 have been continuing in 2018 as well. The most important of these is the infrastructure and processes for consumer financing. The consumer financing model was cooperated particularly with the brands and stores operating in the retail sector, especially selling electronic products, and the Bank has acquired new customers and offered general purpose loan products. Accordingly Fibabanka has increased the retail sector loan portfolio by 100% compared to the same period of year 2017. In 2018, the spirit of innovation, innovative products and services will continue to be front-line.

Our Bank, has funded its growing loan portfolio mainly by customer deposits also in 2018. In this period, customer deposits amounting to TL 10.4 billion constitutes 44% of total liabilities. With an innovative marketing plan, targets are supported with deposit campaigns focused on acquiring new customers, new product launches and new sales channels.

In 2018, efforts have been made to create alternative funding sources to deposit in order to diversify the funding structure. In the first nine months of the year, TRY-denominated securities with a total nominal value of TL 2.5 billion were issued in Turkey.

Also after the issuance of \$ 300 million bonds which were Basel 3 compliant in 2017, a second issuance was carried out in international markets in January 2018. The issuance of 5-year Eurobonds in the amount of \$ 300 million was completed with great success.

In the third quarter of 2018, while loan volume has been increased, loans have been diversified both in terms of maturity and sectors, portfolio was targeted with higher return and increasing commission income by increasing number of customers. In addition, the Bank's profit has been achieved a steady growth with sustainable profit by keeping operating expenses under control carefully. As a result, the Bank's realised profit before tax increased by 54% compared to the same period of the previous year to TL 212.6 million and net profit after tax amounted to TL 179.2 million. As of 30 September 2018, consolidated capital adequacy ratio of the Bank is 20.93%.

Our bank, continues to perform its structural and organizational goals as well as financial goals, offering services to our customers with 80 branches and 1,627 employees as of 30 September 2018.

Our bank will continue its customer focused growth in 2018. In this sense, our main goals for the future are to increase the number of customers in all lines of business, spreading out more, giving priority to cross selling and increasing customer loyalty by diversifying the product range. Hereby, we would like to thank our valued employees who work with dedication in our Bank and are the main architect of our business also in 2018, our valued partners, and our valued customers who have contributed to the strength of our Bank.

Best regards,

Hüsnü Mustafa Özyeğin
Chairman of the Board of Directors

Ömer Mert
General Manager and Member of the Board of Directors

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

5. Evaluations Relating to the Bank's Financial Situation

As of 30 September 2018, the Bank serves with 80 domestic branches and 1,627 employees.

Total assets of Fibabanka, as of third quarter of 2018 have increased by 27% compared to the same period of year 2017 and by 18% compared to the end of year 2017, realised as TL 23,702,964 on consolidated basis and as TL 23,707,149 on unconsolidated basis.

According to consolidated and unconsolidated financial statements, the loan volume, which was TL 15,088,157 at the end of 2017, was realised as TL 15,354,559 as of third quarter of the year. Share of the loans in total assets has been realised as 65%.

Credit worthiness of loans and other receivables are monitored continuously in accordance with related laws and regulations. For new credits disbursed, the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to reduce risk. According to consolidated and unconsolidated financial statements, as of third quarter of 2018, NPLs have been realised as TL 669,948 and provisions provided in the amount of TL 313,607.

According to unconsolidated financial statements, financial assets valued at fair value through profit or loss realised as TL 70,628, financial assets valued at fair value through other comprehensive income realised as TL 938,716 and financial assets measured at amortized cost realised as TL 184,925. Ratio of total securities portfolio to total assets has been realised as 5%.

As of third quarter of 2018, consolidated deposit volume has been realised as TL 10,837,200 and the unconsolidated deposit volume has been realised as TL 10,842,039.

According to the consolidated financial statements, in the third quarter of 2018 net profit has been increased by 63% and realised as TL 179,546 while it was TL 110,204 in third quarter of 2017.

As of 30 September 2018, the Bank's unconsolidated and consolidated capital adequacy ratio are 20.93%.