

FİBABANKA A.Ş.

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD ENDED 30 JUNE 2017

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and auditor's review 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 A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Fibabanka A.Ş. (“the Bank”) at June 30, 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 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 of Qualified Conclusion

The accompanying unconsolidated financial statements as at June 30, 2017 include a general reserve for possible risks amounting to TL 41.000 thousands out of which TL 36.000 thousands and TL 5.000 thousands have been provided during the year of 2016 and within current period respectively, that is provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of 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 June 30, 2017 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2016 and as at and for the six-month period ended June 30, 2016 were audited and reviewed by another audit firm, which expressed a qualified opinion and an unqualified conclusion in their reports issued on February 17, 2017 and August 9, 2016, respectively.

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



Damla Harman, SMMM
Partner

August 3, 2017
Istanbul, Turkey



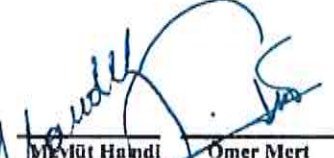


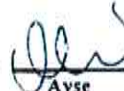
**THE UNCONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

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The unconsolidated financial report for the six 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 six 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	 Nevzat Hacıoğlu Aydın	 Omer 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	Member of the Board of Directors and General Manager	Deputy General Manager	Financial Control and Reporting Department Head

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

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Department Head
Telephone Number : (212) 381 84 88
Fax Number : (212) 258 37 78

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FİBABANKA A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2017

(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") Numbered: 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 30 June 2017, total share of the management is 0.67%.

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 procedure on 7 May 2015.

The Bank's paid-in capital amount of 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 to TL 168,655 in total. In addition, share issuance premium of TL 73,379 was recognised in the shareholders' equity.

FİBABANKA A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2017**

(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 (cont'd)

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

As of 30 June 2017, 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>Assigned Date</u>
<i>Board of Directors</i>		
Hüsnü Mustafa Özyeğin	Chairman	27 December 2010
Fevzi Bozer	Deputy Chairman	27 December 2010
Mehmet Güleşçi	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
İsmet Kaya Erdem	Member	11 February 2013
Memduh Aslan Akçay	Member	13 April 2016
Selçuk Yorgancıoğlu	Member	22 September 2016
Ömer Mert	Member-General Manager	18 January 2017
Hülya Kefeli	Member	15 May 2017
<i>Audit Committee</i>		
Fevzi Bozer	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
<i>Assistant General Managers</i>		
Elif Alsev Utku Özbey *	Deputy General Manager – Financial Control & Reporting	7 January 2011
Adem Aykın	AGM – Information Technologies	1 July 2011
Esra Osmanağaoğlu	AGM – Banking Operations	29 February 2012
Emre Ergun**	AGM – Retail Banking	2 May 2013
Kerim Lokman Kuriş	AGM – Corporate & Commercial Banking	1 December 2015
Turgay Hasdiker	AGM – Corporate & Commercial Credits	1 December 2015
Ahu Dolu	AGM – Financial Institutions	1 December 2015
Orhan Hatipoğlu ***	AGM – Alternative Distribution Channels & Supporting Services	2 January 2017
Cengiz Sinanoğlu	Coordinator – Retail Credits	7 February 2013
Ömer Rıfat Gencal	AGM – Treasury	1 May 2017
Gerçek Önal	Coordinator – Law	1 February 2016

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

* Elif Alsev Utku Özbey was appointed as the Deputy General Manager on January 19, 2017.

** Emre Ergun, Assistant General Manager of Retail Banking resigned from his position on July 10, 2017.

*** Orhan Hatipoğlu was appointed as Assistant General Manager of ADC & Supporting Services on January 2, 2017.

FİBABANKA A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2017**

(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.	672,592	71.46%	672,592	--
Hüsni Mustafa Özyeğin	665,884	70.75%	665,884	--

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 June 2017, the Bank serves with 79 domestic branches and 1,620 employees.

VI. Other information

The Bank's Commercial Title:	Fibabanka Anonim Şirketi
The Bank's Head Office 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 2017 – 30 June 2017

The financial statements, related disclosures and notes in this report are prepared, unless otherwise stated, 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.

FİBABANKA A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

ASSETS	Note	CURRENT PERIOD (30/06/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	639,827	2,002,336	2,642,163	137,977	1,799,957	1,937,934
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(5.1.2)	474,226	5,419	479,645	491,693	5,992	497,685
2.1 Trading Financial Assets		474,226	5,419	479,645	491,693	5,992	497,685
2.1.1 Government Debt Securities		17,796	4,786	22,582	17,033	5,720	22,753
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		409,756	626	410,382	414,739	265	415,004
2.1.4 Other Marketable Securities		46,674	7	46,681	59,921	7	59,928
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	157,021	668,637	825,658	1,112	56,952	58,064
IV. MONEY MARKET PLACEMENTS		160,062	-	160,062	15,009	259,693	274,702
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		160,062	-	160,062	15,009	259,693	274,702
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	(5.1.4)	178,263	706,354	884,617	174,433	712,793	887,226
5.1 Share Certificates		-	1,379	1,379	-	1,019	1,019
5.2 Government Debt Securities		176,262	11,351	187,613	172,433	11,418	183,851
5.3 Other Marketable Securities		2,001	693,624	695,625	2,000	700,356	702,356
VI. LOANS	(5.1.5)	9,448,260	4,185,202	13,633,462	7,983,452	3,457,820	11,441,272
6.1 Loans and Receivables		9,266,865	4,185,202	13,452,067	7,854,983	3,457,820	11,312,803
6.1.1 Loans to Bank's Risk Group		21,891	19	21,910	122,792	48	122,840
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		9,244,974	4,185,183	13,430,157	7,732,191	3,457,772	11,189,963
6.2 Loans under Follow-up		309,050	-	309,050	212,639	-	212,639
6.3 Specific Provisions (-)		127,655	-	127,655	84,170	-	84,170
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(5.1.6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	4,897	-	4,897	-	-	-
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		4,897	-	4,897	-	-	-
9.2.1 Financial Investments in Associates		4,897	-	4,897	-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(5.1.8)	5,445	-	5,445	5,445	-	5,445
10.1 Financial Subsidiaries		5,445	-	5,445	5,445	-	5,445
10.2 Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(5.1.11)	425	-	425	-	-	-
13.1 Fair Value Hedge		425	-	425	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	183,212	-	183,212	186,199	-	186,199
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	4,110	-	4,110	3,979	-	3,979
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		4,110	-	4,110	3,979	-	3,979
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSET		13,402	-	13,402	3	-	3
17.1 Current Tax Asset		3	-	3	3	-	3
17.2 Deferred Tax Asset	(5.1.15)	13,399	-	13,399	-	-	-
XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	6,868	-	6,868	3,817	-	3,817
18.1 Held for Sale		6,868	-	6,868	3,817	-	3,817
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	163,545	18,100	181,645	81,614	15,569	97,183
TOTAL ASSETS		11,439,563	7,586,048	19,025,611	9,084,733	6,308,776	15,393,509

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

FİBABANKA A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2017
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note	CURRENT PERIOD (30/06/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	6,180,921	5,767,069	11,947,990	5,819,410	3,802,093	9,621,503
1.1 Deposits of Bank's Risk Group		315,315	242,452	557,767	404,210	212,031	616,241
1.2 Other		3,865,606	5,524,617	11,390,223	5,415,200	3,590,062	9,005,262
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	445,716	1,062	446,778	383,197	262	383,459
III. FUNDS BORROWED	(5.II.3)	18,052	1,648,405	1,666,457	17,220	1,519,443	1,536,663
IV. MONEY MARKETS		-	561,512	561,512	179,244	504,584	683,828
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	561,512	561,512	179,244	504,584	683,828
V. SECURITIES ISSUED (Net)	(5.II.4)	1,210,766	-	1,210,766	991,975	-	991,975
5.1 Bills		1,210,766	-	1,210,766	991,975	-	991,975
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	(5.II.5)	135,609	61,367	196,976	59,558	86,191	145,749
VIII. OTHER LIABILITIES	(5.II.5)	233,320	13,902	247,222	117,549	8,561	126,110
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(5.II.6)	-	21	21	-	85	85
10.1 Financial Lease Payables		-	22	22	-	89	89
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	1	1	-	4	4
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(5.II.7)	31,582	-	31,582	-	-	-
11.1 Fair Value Hedge		31,582	-	31,582	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(5.II.8)	177,304	-	177,304	178,569	-	178,569
12.1 General Loan Loss Provisions		114,095	-	114,095	121,287	-	121,287
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		17,008	-	17,008	16,894	-	16,894
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		46,201	-	46,201	40,388	-	40,388
XIII. TAX LIABILITY	(5.II.9)	54,353	-	54,353	38,424	-	38,424
13.1 Current Tax Liability		54,353	-	54,353	37,050	-	37,050
13.2 Deferred Tax Liability		-	-	-	1,374	-	1,374
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(5.II.10)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(5.II.11)	-	1,110,630	1,110,630	-	397,278	397,278
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,376,216	(2,196)	1,374,020	1,299,969	(10,103)	1,289,866
16.1 Paid-in capital		941,161	-	941,161	941,161	-	941,161
16.2 Capital Reserves		119,166	(2,196)	116,970	115,524	(10,103)	105,421
16.2.1 Share Premium		128,678	-	128,678	128,678	-	128,678
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(6,509)	(2,196)	(8,705)	(10,151)	(10,103)	(20,254)
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(3,003)	-	(3,003)	(3,003)	-	(3,003)
16.3 Profit Reserves		243,284	-	243,284	128,369	-	128,369
16.3.1 Legal Reserves		13,535	-	13,535	7,790	-	7,790
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		229,749	-	229,749	120,579	-	120,579
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		72,605	-	72,605	114,915	-	114,915
16.4.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Period Income or (Loss)		72,605	-	72,605	114,915	-	114,915
16.5 Minority Interests	(5.II.13)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		9,863,839	9,161,772	19,025,611	9,085,115	6,308,394	15,393,509

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

FİBABANKA A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

AS OF 30 JUNE 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note	CURRENT PERIOD (30/06/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		10,582,536	18,356,343	28,938,869	8,581,635	12,614,699	21,196,334
I. GUARANTEES AND WARRANTIES	(5.III.1)	529,647	539,225	1,068,872	440,172	456,854	897,026
1.1. Letters of Guarantee		528,814	215,383	744,197	439,122	166,786	605,908
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		528,814	215,383	744,197	439,122	166,786	605,908
1.2. Bank Acceptances		833	152,138	152,971	1,050	66,001	67,051
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		833	152,138	152,971	1,050	66,001	67,051
1.3. Letters of Credit		-	171,704	171,704	-	224,067	224,067
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	171,704	171,704	-	224,067	224,067
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	(5.III.1)	816,584	614,271	1,430,855	542,376	326,052	868,428
2.1. Irrevocable Commitments		816,584	614,271	1,430,855	542,376	326,052	868,428
2.1.1. Asset Purchase Commitments		282,828	614,271	897,099	89,486	326,052	415,538
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		209,336	-	209,336	171,368	-	171,368
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		197,733	-	197,733	172,800	-	172,800
2.1.8. Tax and Fund Liabilities from Export Commitments		4,296	-	4,296	4,230	-	4,230
2.1.9. Commitments for Credit Card Limits		119,778	-	119,778	101,475	-	101,475
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1	1	-	1
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		2,612	-	2,612	3,016	-	3,016
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	9,236,295	17,202,847	26,439,142	7,599,087	11,831,793	19,430,880
3.1. Hedging Derivative Financial Instruments		912,961	894,311	1,807,272	-	-	-
3.1.1. Fair Value Hedges		912,961	894,311	1,807,272	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		8,323,334	16,308,536	24,631,870	7,599,087	11,831,793	19,430,880
3.2.1. Forward Foreign Currency Buy/Sell Transactions		780,737	2,784,340	3,565,077	456,674	1,582,210	2,038,884
3.2.1.1. Forward Foreign Currency Transactions-Buy		333,807	1,447,977	1,781,784	193,451	823,219	1,016,670
3.2.1.2. Forward Foreign Currency Transactions-Sell		446,930	1,336,363	1,783,293	263,223	758,991	1,022,214
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		4,778,293	10,784,592	15,562,885	4,400,155	7,476,657	11,876,812
3.2.2.1. Foreign Currency Swap-Buy		2,317,334	5,436,027	7,753,361	2,410,286	3,533,213	5,943,499
3.2.2.2. Foreign Currency Swap-Sell		2,460,959	5,348,565	7,759,524	1,939,869	3,943,444	5,883,313
3.2.2.3. Interest Rate Swap-Buy		25,000	-	25,000	25,000	-	25,000
3.2.2.4. Interest Rate Swap-Sell		25,000	-	25,000	25,000	-	25,000
3.2.3. Foreign Currency - Interest Rate and Securities Options		2,657,302	2,634,704	5,292,006	2,742,258	2,772,926	5,515,184
3.2.3.1. Foreign Currency Options-Buy		1,351,723	1,298,035	2,649,758	1,465,408	1,288,756	2,754,164
3.2.3.2. Foreign Currency Options-Sell		1,305,579	1,336,669	2,642,248	1,276,850	1,484,170	2,761,020
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		107,002	104,900	211,902	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		86,709,692	35,838,020	122,547,630	70,890,212	32,888,095	103,778,307
IV. ITEMS HELD IN CUSTODY		1,215,610	216,242	1,431,852	961,063	262,458	1,223,521
4.1. Customer Fund and Portfolio Balances		148,392	-	148,392	160,517	-	160,517
4.2. Investment Securities Held in Custody		146,098	116,912	263,010	77,188	87,118	164,306
4.3. Cheques Received for Collection		550,094	85,419	635,513	430,886	81,067	511,953
4.4. Commercial Notes Received for Collection		140,868	13,911	154,779	126,323	94,273	220,596
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		229,640	-	229,640	166,149	-	166,149
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		85,494,518	35,621,778	121,116,296	69,929,149	32,625,637	102,554,786
5.1. Marketable Securities		46,664	125,062	171,726	55,143	88,839	143,982
5.2. Guarantee Notes		144,045	136,406	280,451	164,027	64,842	228,869
5.3. Commodity		1,320	-	1,320	2,500	-	2,500
5.4. Warranty		-	-	-	-	-	-
5.5. Intangibles		9,519,532	4,119,171	13,638,703	8,994,608	4,143,780	13,138,388
5.6. Other Pledged Items		75,782,937	31,341,139	107,024,096	60,712,871	28,328,176	89,041,047
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		97,292,136	54,194,363	151,486,499	79,471,847	45,502,794	124,974,641

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

FİBABANKA A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

INCOME STATEMENT	Note	CURRENT PERIOD (01/01/2017- 30/06/2017)	PRIOR PERIOD (01/01/2016- 30/06/2016)	CURRENT PERIOD (01/04/2017- 30/06/2017)	PRIOR PERIOD (01/04/2016- 30/06/2016)
I. INTEREST INCOME	(5 IV.1)	812,254	597,537	443,084	309,268
1.1 Interest on Loans		741,206	576,745	400,321	299,130
1.2 Interest on Reserve Requirements		7,700	3,726	4,551	1,904
1.3 Interest on Banks		36,177	3,153	25,020	1,428
1.4 Interest on Money Market Transactions		1,668	105	909	38
1.5 Interest on Marketable Securities Portfolio		25,253	13,679	12,197	6,695
1.5.1 Trading Financial Assets		902	665	488	336
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available-for-sale Financial Assets		24,351	13,014	11,709	6,359
1.5.4 Hold-to-maturity Investments		-	-	-	-
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		160	129	86	73
II. INTEREST EXPENSE		524,512	361,504	292,341	186,073
2.1 Interest on Deposits	(5 IV.2)	408,308	291,075	228,532	148,139
2.2 Interest on Funds Borrowed	(5 IV.2)	47,593	27,026	26,655	16,359
2.3 Interest Expense on Money Market Transactions		101	557	87	393
2.4 Interest on Securities Issued	(5 IV.2)	61,276	37,206	34,332	18,828
2.5 Other Interest Expenses		7,234	5,640	2,735	2,334
III. NET INTEREST INCOME (I - II)		287,742	236,033	150,743	123,195
IV. NET FEES AND COMMISSIONS INCOME		19,318	15,274	11,080	8,286
4.1 Fees and Commissions Received		32,882	23,439	18,458	12,552
4.1.1 Non-cash Loans		4,698	4,897	2,630	2,647
4.1.2 Other	(5 IV.12)	28,184	18,542	15,828	9,905
4.2 Fees and Commissions Paid		13,564	8,165	7,378	4,266
4.2.1 Non-cash Loans		93	117	43	53
4.2.2 Other	(5 IV.12)	13,471	8,048	7,335	4,213
V. DIVIDEND INCOME	(5 IV.3)	-	-	-	-
VI. TRADING INCOME (LOSS) (Net)	(5 IV.4)	9,786	18,357	4,177	7,878
6.1 Trading Gains / (Losses) on Securities		3,557	3,687	1,412	2,388
6.2 Gains / (Losses) on Derivative Financial Transactions		3,429	11,924	(1,532)	3,823
6.3 Foreign Exchange Gains / (Losses)		2,800	2,746	4,297	1,667
VII. OTHER OPERATING INCOME	(5 IV.5)	22,947	22,220	10,777	9,094
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		339,793	291,884	176,777	148,453
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5 IV.6)	78,619	78,707	42,299	41,622
X. OTHER OPERATING EXPENSES (-)	(5 IV.7)	170,440	145,816	88,992	74,631
XI. NET OPERATING INCOME (LOSS) (VIII-IX-X)		90,734	67,361	45,486	32,200
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XIII. INCOME (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIV. INCOME (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)	(5 IV.8)	90,734	67,361	45,486	32,200
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (+)	(5 IV.9)	(18,129)	(18,481)	(9,616)	(7,624)
16.1 Current Tax Provision		(35,789)	(20,324)	(20,475)	(10,332)
16.2 Deferred Tax Provision		17,660	1,842	10,859	2,708
XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV+XVI)	(5 IV.10)	72,605	48,879	35,850	24,576
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from Non-current Assets Held for Sale		-	-	-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Income from Other Discontinued Operations		-	-	-	-
XIX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Expenses for Other Discontinued Operations		-	-	-	-
XX. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (+)		-	-	-	-
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
XXII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-	-	-
XXIII. NET INCOME (LOSS) (XVII+XXII)	(5 IV.11)	72,605	48,879	35,850	24,576
23.1 Group's Profit/Loss		72,605	48,879	35,850	24,576
23.2 Minority Interest Profit/Loss		-	-	-	-
Earnings per Share		0.00077	0.00038	0.00038	0.00029

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

FİBABANKA A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01/2017-30/06/2017)	PRIOR PERIOD (01/01/2016-30/06/2016)
I	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	14,655	14,529
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 INVESTMENT 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	(2,887)	(2,903)
X	NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	11,768	11,627
XI	PROFIT/LOSS FOR THE PERIOD	72,386	48,861
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(219)	(18)
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	72,605	48,879
XII	TOTAL PROFIT / LOSS RECOGNISED FOR THE PERIOD (XI+XII)	84,154	60,488

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

(Amounts are expressed in thousands of Turkish Lira (TL)).

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

FİBABANKA A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note	CURRENT PERIOD (01/01/2017-30/06/2017)	PRIOR PERIOD (01/01/2016-30/06/2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		198,606	145,211
1.1.1 Interest received		-	-
1.1.2 Interest paid		762,863	568,696
1.1.3 Dividend received		479,973	341,455
1.1.4 Fees and commissions received		-	-
1.1.5 Other income		32,332	23,115
1.1.6 Collections from previously written-off loans and other receivables		82,257	69,388
1.1.7 Payments to personnel and service suppliers		1,292	2,358
1.1.8 Taxes paid		160,413	132,080
1.1.9 Other		31,994	36,842
		(7,758)	(7,969)
1.2 Changes in operating assets and liabilities		46,016	(766,085)
1.2.1 Net decrease in trading securities		14,369	(42,373)
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		(143,467)	(128,040)
1.2.4 Net (increase) / decrease in loans		(2,241,424)	(1,409,638)
1.2.5 Net (increase) / decrease in other assets		(79,351)	(58,056)
1.2.6 Net increase / (decrease) in bank deposits		645,765	144,132
1.2.7 Net increase / (decrease) in other deposits		1,639,595	308,066
1.2.8 Net increase / (decrease) in funds borrowed		128,706	320,981
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		81,823	98,843
I. Net cash provided from banking operations		244,622	(620,874)
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net cash provided from investing activities		10,025	106,417
2.1 Cash paid for acquisition of investments, associates and subsidiaries		4,897	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		3,032	2,877
2.4 Disposals of property and equipment		2,405	2,477
2.5 Cash paid for purchase of investments available-for-sale		95,065	179,501
2.6 Cash obtained from sale of investments available-for-sale		112,212	287,873
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		(1,598)	(1,555)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net cash provided from financing activities		929,820	583,404
3.1 Cash obtained from funds borrowed and securities issued		2,062,010	843,942
3.2 Cash used for repayment of funds borrowed and securities issued		1,132,190	523,940
3.3 Issued equity instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	263,402
IV. Effect of change in foreign exchange rate on cash and cash equivalents		26,944	(596)
V. Net increase in cash and cash equivalents (I+II+III+IV)		1,211,411	68,351
VI. Cash and cash equivalents at beginning of the period		704,378	201,410
VII. Cash and cash equivalents at end of the period		1,915,789	269,761

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

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SECTION THREE

ACCOUNTING POLICIES

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 unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The 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.

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 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 XXIV below.

3. Additional paragraph for convenience translation

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.

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.

Currency 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 controlled by the equilibrium of a currency basket to eliminate the currency risk.

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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 as of balance sheet date are translated 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 translation 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 June 2017	31 December 2016
US Dollar	3.5071	3.5192
Euro	4.0030	3.7099

2.2 Foreign exchange gains and losses included in the income statement

As of 30 June 2017, net foreign exchange gain included in the income statement amounts is TL 2,800 (1 January – 30 June 2016: TL 2,746 gain).

III. Explanations on affiliates and subsidiaries

In the unconsolidated financial statements, affiliates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") and presented in the financial statements according to their costs.

IV. Explanations on forward transactions, options and derivative instruments

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

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps and options are classified as "hedging purpose" and "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the assets and liabilities arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

1. Explanations on derivative financial instruments held for trading

The derivative transactions held for trading are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for trading" or "derivative financial liabilities held for trading" items of the balance sheet depending on the difference's being positive or negative.

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2. Explanations on derivative financial instruments held for risk management

The Bank enters into cross currency swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. According to 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. The derivative transactions held for risk management are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in “derivative financial assets held for risk management” or “derivative financial liabilities held for risk management” items of the balance sheet depending on the difference's being positive or negative.

The Bank performs effectiveness test at the beginning of the hedge accounting period and at each reporting period. The hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. 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 amortised 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 for financial assets and liabilities ,which have known future cash payments and collections, calculated by using “Effective Interest Rate Method”, are recognized on accrual basis. The Bank ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until these loans are classified as performing or collected, according to the related regulation.

VI. Explanations on fee and commission income and expenses

Fee and commission income/expenses are recognized based on cash basis or accrual basis upon the nature of the transaction.

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 four groups as financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

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 gains 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 maturities and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in trading gains and losses on securities under income statement.

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

The Bank does not have any financial assets designated as “financial assets at fair value through profit or loss”.

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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 investment securities available-for-sale; based on the internal rate of return; is 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 30 June 2017.

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 by 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 and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, numbered 26333 and by considering other regulations and explanations announced by BRSA.

VIII. Explanations on impairment of financial assets

Financial assets or groups of financial assets are reviewed by the Bank at each balance sheet date to determine whether there is objective evidence of impairment. If any such indicator exists, the Bank determines the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the reliably estimated future cash flows of financial assets or groups of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to initial recognition.

The Bank provides specific and general allowances for loans and other receivables classified in accordance with the Communiqué published on the Official Gazette Numbered 2633 dated November 1, 2006. The allowances are recorded in the income statement of the related period.

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IX. Explanations on offsetting financial instruments

If the fair values of equity shares held for trading and quoted at the stock exchanges are lower than their carrying values, allowance for impairment is recognized and the net value is shown on the balance sheet.

Specific allowances for non-performing loans and other receivables are provided in accordance with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. Such allowances are offset with loans under follow-up on the asset side. Other financial assets and liabilities are offset when the Bank has a legally enforceable right to offset.

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 and loss”, “Financial assets available for sale” or “Investments held to maturity” 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 classified under the “Funds provided under repurchase 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.

Reverse repo transactions are recorded under the “Receivables from reverse repurchase agreements” account.

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 a 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.

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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:

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

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.

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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 Standard on the Benefits Provided to Employees. 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 the actuarial gains and losses as 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 11.50%, inflation rate of 8.00% and real rate of rise in salary of 0.00%.
 - Effective as of 31 December 2016, ceiling salary amount is considered as TL 4,297.21 (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.

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XVIII. Explanations on taxation

1. Current Tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. 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 numbered 2009/14593 and numbered 2009/14594 of the Council of Ministers published in the Official Gazette numbered 27130 dated 3 February 2009, certain duty rates included in the articles numbered 15 and 30 of the new Corporate Tax Law numbered 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 Turkish 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 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".

As of 30 June 2017, the deferred tax asset is TL 13,399 (31 December 2016: TL 1,374 deferred tax liability). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax benefit/(charge) is recognized within "Deferred tax benefit/(charge)" in the income statement. For the current period, deferred tax benefit is TL 17,660 (1 January – 30 June 2016: TL 1,842 deferred tax benefit). Deferred tax effects of the transactions and events recognized directly in the equity are also recognized directly in the equity which is TL 2,887 (charge) as of 30 June 2017 (30 June 2016: TL 2,902 charge)

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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 by using loans from domestic and foreign foundations and issuing bonds and bills.

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

The Bank applies general hedging techniques for mitigating the liquidity risk, interest rate risk and currency risk of the borrowing funds. Those techniques do not meet the definition of hedge accounting according to TAS 39.

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 the section four, note VII.

XXIV. Other matters

None.

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SECTION FOUR

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 June 2017, the Bank’s total capital has been calculated as TL 2,561,580, capital adequacy standard ratio is 18.00% (As of 31 December 2016, the Bank’s total capital amounted to TL 1,783,126, capital adequacy standard ratio was 13.48%).

I. Information related to the components of shareholders’ equity

	Current Period (30/06/2017) 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	--	
Profit	72,605	
Current period profit	72,605	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1,385,728	
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 (-)	11,708	--
Improvement costs for operating leasing (-)	9,524	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,289	--
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	--	--

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	Current Period (30/06/2017) 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	24,521	
Total Common Equity Tier I Capital	1,361,207	
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 (-)	--	--

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	Current Period (30/06/2017) 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 (-)	822	--
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)	1,360,385	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,087,201	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	114,095	
Tier II Capital before Deductions	1,201,296	
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	--	--
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	--	
Total Tier II Capital	1,201,296	
Total Equity (Total Tier I and Tier II Capital)	2,561,681	

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	Current Period (30/06/2017) 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 (-)	101	
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)	2,561,580	--
Total Risk Weighted Assets	14,232,881	--
CAPITAL ADEQUACY RATIOS		
Core Capital Ratio (%)	9.56	--
Tier I Capital Ratio (%)	9.56	--
Capital Adequacy Ratio (%)	18.00	--
BUFFERS		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.25	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.01	--

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	Current Period (30/06/2017) 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	0.04	--
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)	114,095	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	114,095	--
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.

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	Prior Period (31/12/2016) 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	128,369	
Other comprehensive income according to TAS	--	
Profit	114,915	
Current period profit	114,915	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1,313,123	
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 (-)	23,257	--
Improvement costs for operating leasing (-)	10,968	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,387	--
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	--	--

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	Prior Period (31/12/2016) 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	36,612	
Total Common Equity Tier I Capital	1,276,511	
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 (-)	--	--

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	Prior Period (31/12/2016) 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 be 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 (-)	1,592	--
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)	1,274,919	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	387,112	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	121,287	
Tier II Capital before Deductions	508,399	
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	--	--
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	--	
Total Tier II Capital	508,399	
Total Equity (Total Tier I and Tier II Capital)	1,783,318	

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	Prior Period (31/12/2016) 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 (-)	66	
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 (-)	126	
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)	1,783,126	--
Total Risk Weighted Assets	13,228,391	--
CAPITAL ADEQUACY RATIOS		
Core Capital Ratio (%)	9.65	--
Tier I Capital Ratio (%)	9.64	--
Capital Adequacy Ratio (%)	13.48	--
BUFFERS		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	0.63	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	--	--

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	Prior Period (31/12/2016) 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	0.05	--
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)	121,287	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	121,287	--
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.

FİBABANKA A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 and general provisions. 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.	Eco Trade And Development Bank*
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	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	No
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based	Unconsolidated and Consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Bond	Subordinated Loan
Considered amount of shareholders' equity calculation (By last report date of – Thousand TL)	1,052,130	35,071
Nominal value of debt instrument (Thousand TL)	1,052,130	35,071
Related account of debt instrument	Subordinated Debt Instruments	Subordinated Loan
Issuance date of debt instrument	24/03/16 -10/05/17	06/08/13
Maturity structure of debt instrument (Demand/Time)	Time	Time
Beginning term of debt instrument	11 years	10 years
Whether there is right of reimbursement of exporter or not according to BRSA rules	There is a right to reimbursement	There is a right to reimbursement
Optional reimbursement date, options of conditional reimbursement and reimbursement amount	24/11/2022; USD 300 million	06/08/2018; USD 10 million
Following reimbursement option dates	None	None

*Represents subordinated loan provided from Eco Trade and Development Bank.

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Interest/Dividend Payments		
Fixed or floating interest/dividend payments	Floating interest	Floating interest
Interest rate or index value of interest rate	Until optional reimbursement date 7.75% (5-years mid-swap rate + 5.578%); after then, updated 5-years mid-swap rate+5.758%	Libor + 8.5%
Whether there is any restriction to stop payment of capital bonus or not	None	The Bank can not pay dividends if becomes overdue according to subordinated loan agreement.
Feature of being full optional, partially optional or obligatory	Obligatory	Obligatory
Whether there is any stimulant to repayment like interest rate hike or not	None	None
Feature of being cumulative or noncumulative	--	--
Feature of being convertible bonds		
If there is convertible bonds, trigger incidents cause this conversion	--	Regulation Article 8.2 (ğ)
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 –oligatory or optional-	--	--
If there is convertible bonds, types of convertible instruments	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--
Feature of value reducement		
If there is a feature of value reducement, trigger incidents cause this reducement	--	--
If there is a feature of value reducement, feature of full or partially reducement of value	--	--
If there is a feature of value reducement, feature of being constant of temporary	--	--
If there is a feature of value reducement, 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.	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	--	--

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II. Explanations on risk management

Notes and explanations in this section have been prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” that have been published in Official Gazette numbered 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on a quarterly and semi-annually basis were not presented by the Bank as of 30 June 2017:

- 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)
- CR6 - IRB - Credit risk exposures by portfolio and PD range
- CR7 - IRB - Effect on RWA of credit derivatives used as CRM techniques
- CR10 - IRB - Specialised lending and equities under the Simple Risk-Weight Method
- CCR4 - CCR exposures by portfolio and PD scale
- MR2 - RWA flow statements of market risk exposures under an IMA
- MR3 - IMA values for trading securities
- MR4 - Comparison of VaR estimates with gains/losses

In addition to this, the following tables those have to be disclosed in accordance with the Communiqué were not included as the Bank does not have such transactions:

- CCR6 - Credit derivatives exposures
- CCR8 - Exposures to central counterparties
- SEC1 - Securitisation exposures in the banking book
- SEC2 - Securitisation exposures in the trading book
- SEC3 - Securitisation exposures in the banking book and associated regulatory capital requirements bank acting as originator or as sponsor
- SEC4 - Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

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II. Explanations on risk management (cont'd)

Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	12,184,094	11,713,786	974,727
2	Of which standardised approach (SA)	12,184,094	11,713,786	974,727
3	Of which internal rating-based (IRB) approach	--	--	--
4	Counterparty credit risk	671,095	662,570	53,688
5	Of which standardised approach for counterparty credit risk (SA-CCR)	671,095	662,570	53,688
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	37,674	44,943	3,014
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	453,000	153,788	36,240
17	Of which standardised approach (SA)	453,000	153,788	36,240
18	Of which internal model approaches (IMM)	--	--	--
19	Operational risk	887,018	653,305	70,961
20	Of which basic indicator approach	887,018	653,305	70,961
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)	14,232,881	13,228,392	1,138,630

Credit Quality of Assets

Current Period		Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation principles		Allowances/amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	309,050	13,452,067	127,655	13,633,462
2	Debt Securities	--	952,501	--	952,501
3	Off-balance sheet exposures	4,337	2,495,390	1,520	2,498,207
4	Total	313,387	16,899,958	129,175	17,084,170

Prior Period		Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation principles		Allowances/amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	212,639	11,312,803	84,170	11,441,272
2	Debt Securities	--	968,888	--	968,888
3	Off-balance sheet exposures	2,900	1,762,554	1,311	1,764,143
4	Total	215,539	14,044,245	85,481	14,174,303

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II. Explanations on risk management (cont'd)**Changes in stock of default loans and debt securities (Current Period)**

1	Defaulted loans and debt securities at end of the previous reporting period	212,639
2	Loans and debt securities that have defaulted since the last reporting period	149,505
3	Receivables back to non-defaulted status	--
4	Amounts written off(*)	27,407
5	Other changes(**)	25,687
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	309,050

(*) Represents sales from non-performing loan portfolio.

(**) Other changes, represents collections during the period.

Changes in stock of default loans and debt securities (Prior Period)

1	Defaulted loans and debt securities at end of the previous reporting period	147,230
2	Loans and debt securities that have defaulted since the last reporting period	219,140
3	Receivables back to non-defaulted status	--
4	Amounts written off(*)	111,963
5	Other changes(**)	41,768
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	212,639

(*) Represents sales from non-performing loan portfolio.

(**) Other changes, represents collections during the period.

Credit risk mitigation techniques - Overview

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	9,455,783	4,177,679	4,101,126	--	--	--	--
2	Debt Securities	952,501	--	--	--	--	--	--
3	Total	10,408,284	4,177,679	4,101,126	--	--	--	--
4	Of which defaulted	104,842	76,553	--	--	--	--	--

Credit risk mitigation techniques - Overview

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	8,801,565	2,639,707	2,639,707	--	--	--	--
2	Debt Securities	968,888	--	--	--	--	--	--
3	Total	9,770,453	2,639,707	2,639,707	--	--	--	--
4	Of which defaulted	102,781	25,688	25,688	--	--	--	--

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II. Explanations on risk management (cont'd)

Credit risk exposure and credit risk mitigation techniques:

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to sovereigns and their central banks	2,706,593	--	4,318,611	--	103,822	2.4%
2	Exposures to regional and local governments	--	--	--	--	--	0.0%
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	0.0%
4	Exposures to multilateral development banks	--	--	--	--	--	0.0%
5	Exposures to international organizations	--	--	--	--	--	0.0%
6	Exposures to banks and brokerage houses	2,807,175	32,279	2,807,175	16,126	958,151	33.9%
7	Exposures to corporates	7,762,395	711,937	7,379,387	438,238	7,817,565	100.0%
8	Retail exposures	3,464,015	606,990	2,372,848	237,684	1,957,236	75.0%
9	Exposures secured by residential property	691,038	8,522	671,580	3,069	267,969	39.7%
10	Exposures secured by commercial property	1,798,069	22,079	1,679,684	10,117	1,082,798	64.1%
11	Past-due items	170,961	--	170,961	--	176,143	103.0%
12	Exposures in high-risk categories	11,128	2,816	11,128	1,408	15,200	121.2%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0.0%
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	0.0%
15	Exposures in the form of collective investment undertakings(*)	37,674	--	37,674	--	37,674	100.0%
16	Other exposures	495,563	1,114,274	495,563	52,376	293,739	53.6%
17	Equity share investments	--	--	--	--	--	0.0%
18	Total	19,944,611	2,498,897	19,944,611	759,018	12,710,297	61.4%

(*)Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, table above contains final values that obtained by using the content methodology.

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II. Explanations on risk management (cont'd)

Credit risk exposure and credit risk mitigation techniques:

Prior Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to sovereigns and their central banks	2,043,169	--	2,043,169	--	880,701	43.1%
2	Exposures to regional and local governments	--	--	--	--	--	0.0%
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	0.0%
4	Exposures to multilateral development banks	--	--	--	--	--	0.0%
5	Exposures to international organizations	--	--	--	--	--	0.0%
6	Exposures to banks and brokerage houses	1,033,121	39,194	1,033,121	19,618	521,712	49.6%
7	Exposures to corporates	6,156,944	547,932	6,156,944	278,248	6,350,192	98.7%
8	Retail exposures	2,590,572	504,918	2,590,572	206,902	2,098,106	75.0%
9	Exposures secured by residential property	649,037	6,572	649,037	3,286	228,313	35.0%
10	Exposures secured by commercial property	1,905,670	28,146	1,905,670	14,073	1,212,331	63.2%
11	Past-due items	112,834	--	112,834	--	112,330	99.6%
12	Exposures in high-risk categories	15,633	1,590	15,633	795	17,767	108.2%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0.0%
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	0.0%
15	Exposures in the form of collective investment undertakings(*)	59,922	--	59,922	--	44,943*	75.0%
16	Other exposures	373,698	636,067	373,698	61,909	292,334	67.1%
17	Equity share investments	--	--	--	--	--	0.0%
18	Total	14,940,600	1,764,419	14,940,600	584,831	11,758,729	75.7%

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II. Explanations on risk management (cont'd)

Exposures by asset classes and risk weights

	Risk Classes/Risk Density (Current Period)	0%	10%	20%	35%(*)	50%	50%(*)	75%	100%	150%	200%	Total Risk Amount (**)
1	Exposures to sovereigns and their central banks	4,110,967	--	--	--	207,644	--	--	--	--	--	4,318,611
2	Exposures to regional and local government	--	--	--	--	--	--	--	--	--	--	--
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to banks and brokerage houses	561,512	--	578,167	--	1,682,208	--	--	1,414	--	--	2,823,301
7	Exposures to corporates	60	--	--	--	--	--	--	7,817,565	--	--	7,817,625
8	Retail exposures	883	--	--	--	--	--	2,609,649	--	--	--	2,610,532
9	Exposures secured by residential property	--	--	--	625,662	--	--	--	48,987	--	--	674,649
10	Exposures secured by commercial property	--	--	--	--	--	1,214,006	--	475,795	--	--	1,689,801
11	Past-due items	--	--	--	--	40,523	--	--	79,551	50,887	--	170,961
12	Exposures in high-risk categories	--	--	--	--	864	--	--	5,481	6,191	--	12,536
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of collective investment undertakings	--	--	--	--	--	--	--	37,674	--	--	37,674
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other exposures	254,200	--	--	--	--	--	--	293,739	--	--	547,939
18	Total	4,927,622	--	578,167	625,662	1,931,239	1,214,006	2,609,649	8,760,206	57,078	--	20,703,629

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

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II. Explanations on risk management (cont'd)

Exposures by asset classes and risk weights

	Risk Classes/Risk Density (Prior Period)	0%	10%	20%	35%(*)	50%	50%(*)	75%	100%	150%	200%	Total Risk Amount (**)
1	Exposures to sovereigns and their central banks	281,766	--	--	--	1,761,403	--	--	--	--	--	2,043,169
2	Exposures to regional and local government	--	--	--	--	--	--	--	--	--	--	--
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to banks and brokerage houses	--	--	37,266	--	1,002,429	--	--	13,044	--	--	1,052,739
7	Exposures to corporates	85,000	--	--	--	--	--	--	6,350,192	--	--	6,435,192
8	Retail exposures	--	--	--	--	--	--	2,797,474	--	--	--	2,797,474
9	Exposures secured by residential property	--	--	--	652,323	--	--	--	--	--	--	652,323
10	Exposures secured by commercial property	--	--	--	--	--	1,414,825	--	504,918	--	--	1,919,743
11	Past-due items	--	--	--	--	22,078	--	--	69,686	21,070	--	112,834
12	Exposures in high-risk categories	--	--	--	--	1,841	--	--	10,067	4,520	--	16,428
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of collective investment undertakings(***)	14,979	--	--	--	--	--	--	44,943	--	--	59,922
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other exposures	143,273	--	--	--	--	--	--	292,334	--	--	435,607
18	Total	525,018	--	37,266	652,323	2,787,751	1,414,825	2,797,474	7,285,184	25,590	--	15,525,431

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

(***) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, table above contains final values that obtained by using the content methodology.

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II. Explanations on risk management (cont'd)

Counterparty credit risk (CCR) approach analysis

	Current Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	410,114	273,768		1,4	683,882	459,888
2	Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	704,717	28,641
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	--	--	--	--	--	488,529

	Prior Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	414,720	204,929	--	1,4	619,649	424,008
2	Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	851,289	35,396
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	203	--
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	414,720	204,929	--	--	1,471,141	459,404

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II. Explanations on risk management (cont'd)

Capital requirement for credit valuation adjustment (CVA)

Current Period		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	--	--
1	(i) VaR component (including the 3×multiplier)	--	--
2	(ii) Stressed VaR component (including the 3×multiplier)	--	--
3	All portfolios subject to the Standardised CVA capital obligation	683,882	182,566
4	Total subject to the CVA capital obligation	683,882	182,566

Prior Period		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	--	--
1	(i) VaR component (including the 3×multiplier)	--	--
2	(ii) Stressed VaR component (including the 3×multiplier)	--	--
3	All portfolios subject to the Standardised CVA capital obligation	619,649	203,166
4	Total subject to the CVA capital obligation	619,649	203,166

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II. Explanations on risk management (cont'd)

CCR exposures by risk class and risk weights – standardised approach

Current Period	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	561,512	--	177,452	389,235	--	12	--	--	1,128,211
Exposures to corporates	60	--	--	--	--	255,302	--	--	255,362
Retail exposures	883	--	--	--	4,143	--	--	--	5,026
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--
Exposures in the form of collective investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
Total	562,455	--	177,452	389,235	4,143	255,314	--	--	1,388,599

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II. Explanations on risk management (cont'd)

CCR exposures by risk class and risk weights – standardised approach

Prior Period	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
Exposures to sovereigns and their central banks	169,924	--	--	--	--	--	--	--	169,924
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	504,583	--	246,580	273,925	--	378	--	--	1,025,466
Exposures to corporates	--	--	--	--	--	265,523	--	--	265,523
Retail exposures	595	--	--	--	9,633	--	--	--	10,228
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--
Exposures in the form of collective investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
Total	675,102	--	246,580	273,925	9,633	265,901	--	--	1,471,141

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II. Explanations on risk management (cont'd)**Collaterals for CCR**

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	943	--	--	--	561,512	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	704,717
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	943	--	--	--	561,512	704,717

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	179,244	--
Cash-foreign currency	595	--	--	--	504,584	--
Domestic sovereign debts	--	--	--	--	--	179,302
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	681,567
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	595	--	--	--	683,828	860,869

Market risk under standardised approach

		RWA (Current Period)	RWA (Prior Period)
Outright products			
1	Interest rate risk (general and specific)	404,725	119,763
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	28,988	25,750
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	19,288	8,275
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	453,001	153,788

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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 foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 30 June 2017, the Bank's net foreign currency short position is TL 186,336 (31 December 2016: TL 125,488 short position) resulting from short position on the balance sheet amounting to TL 1,043,226 (31 December 2016: TL 376,413 long position) and long position on the off balance sheet amounting to TL 856,890 (31 December 2016: TL 501,901 short position). "Standard Method" is used in legal reporting to measure the foreign exchange risk.

The announced current foreign exchange buy rates of the Bank as of balance sheet date and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 3.5071
Euro purchase rate as at the balance sheet date	TL 4.0030

Date	USD	EUR
22 June 2017	3.5349	3.9380
23 June 2017	3.5180	3.9283
28 June 2017	3.5000	3.9100
29 June 2017	3.5211	4.0015
30 June 2017	3.5071	4.0030

Simple arithmetic average of foreign exchange rates in June 2017 are TL 3.5190 for US dollar, and TL 3.9487 for Euro (Full basis TL).

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III. Explanations on currency risk (cont'd)

Current Period	EUR	USD	Other	Total
Assets				
Cash and Balances with the Central Bank of Turkey	229,059	1,466,451	306,826	2,002,336
Banks	444,061	203,725	20,851	668,637
Financial Assets at Fair Value through Profit/Loss (*)	357	4,436	--	4,793
Interbank Money Market Placements	--	--	--	--
Financial Assets Available for Sale	77,422	628,932	--	706,354
Loans (**)	3,094,850	1,531,759	108,365	4,734,974
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	--	--	--	--
Investments Held to Maturity	--	--	--	--
Derivative Financial Assets Held for Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	1,136	1,443	7	2,586
Total Assets	3,846,885	3,836,746	436,049	8,119,680
Liabilities				
Banks Deposits	112,273	881,825	25,437	1,019,535
Foreign Currency Deposits	631,166	4,062,458	53,910	4,747,534
Interbank Money Market Received	57,020	504,492	--	561,512
Funds Borrowed from Other Financial Institutions	938,335	744,296	2,279	1,684,910
Sundry Creditors	22,608	38,684	75	61,367
Marketable Securities Issued	--	--	--	--
Derivative Financial Liabilities Held for Hedging Purposes	--	--	--	--
Other Liabilities(****)	2,095	1,085,953	--	1,088,048
Total Liabilities	1,763,497	7,317,708	81,701	9,162,906
Net Balance Sheet Position	2,083,388	(3,480,962)	354,348	(1,043,226)
Net Off-Balance Sheet Position	(2,088,960)	3,301,069	(355,219)	856,890
Financial Derivative Assets(*****)	2,088,222	7,041,540	162,629	9,292,391
Financial Derivative Liabilities(*****)	4,177,182	3,740,471	517,848	8,435,501
Non-Cash Loans (*****)	191,854	347,371	--	539,225
Prior Period				
Total Assets	2,769,187	3,549,207	376,254	6,694,648
Total Liabilities	1,785,647	4,490,878	41,710	6,318,235
Net Balance Sheet Position	983,540	(941,671)	334,544	376,413
Net Off-Balance Sheet Position	(1,015,278)	810,480	(297,103)	(501,901)
Derivative Financial Assets(*****)	2,245,247	3,495,902	86,823	5,827,972
Derivative Financial Liabilities(*****)	3,260,525	2,685,422	383,926	6,329,873
Non-Cash Loans (*****)	139,807	316,902	145	456,854

(*) The balance does not include trading derivative assets discount amounting to TL 626.

(**) The balance includes foreign currency indexed loans and accruals amounting to TL 549,772.

(***) The balance does not include TL 15,514 of prepaid expenses.

(****) The balance does not include trading derivative liabilities discount amounting to TL 1,062.

(*****) In the current period, exchange purchase commitments within the derivative financial assets amounted to TL 216,040 (31 December 2016: TL 182,784), exchange sale commitments within the derivative financial liabilities amounted to TL 309,004 (31 December 2016: TL 143,268).

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

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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 crises. Change in the net present value of the net assets of the Bank is 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 End	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	2,021,996	--	--	--	--	620,167	2,642,163
Banks	733,184	--	--	--	--	92,474	825,658
Financial Assets at Fair Value Through Profit or Loss	80,212	30,341	47,071	318,955	3,066	--	479,645
Interbank Money Market Placements	160,062	--	--	--	--	--	160,062
Financial Assets Available-for-Sale	--	--	93,101	675,998	114,139	1,379	884,617
Loans	1,814,362	3,783,246	2,234,946	4,724,812	894,701	181,395	13,633,462
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	425	--	399,579	400,004
Total Assets	4,809,816	3,813,587	2,375,118	5,720,190	1,011,906	1,294,994	19,025,611
Liabilities							
Bank Deposits	947,325	57,703	--	--	--	124,204	1,129,232
Other Deposits	6,291,791	2,862,884	832,411	21,913	--	809,759	10,818,758
Interbank Money Market Received	471,817	89,695	--	--	--	--	561,512
Sundry Creditors	--	--	--	--	--	196,976	196,976
Marketable Securities Issued	374,837	566,983	268,946	--	--	--	1,210,766
Funds Borrowed from Other Financial Institutions	87,616	913,816	699,127	2,404	--	--	1,702,963
Other Liabilities (**)	47,381	52,627	52,462	347,779	1,052,235	1,852,920	3,405,404
Total Liabilities	8,220,767	4,543,708	1,852,946	372,096	1,052,235	2,983,859	19,025,611
Balance Sheet Long Position	--	--	522,172	5,348,094	--	--	5,870,266
Balance Sheet Short Position	(3,410,951)	(730,121)	--	--	(40,329)	(1,688,865)	(5,870,266)
Off-Balance Sheet Long Position	--	--	--	25,000	--	13,679,530	13,704,530
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(13,606,711)	(13,631,711)
Total Position	(3,410,951)	(730,121)	522,172	5,348,094	(40,329)	(1,616,046)	72,819

(*) Non-interest bearing column includes TL 4,897 associations, TL 5,445 subsidiaries, TL 183,212 tangible assets, TL 4,110 intangible assets, TL 13,402 tax asset, TL 6,868 assets held for sale and TL 181,645 other assets.

(**) Non-interest bearing column includes TL 1,374,020 shareholders' equity, TL 247,222 other liabilities, TL 21 finance lease liabilities, TL 177,304 provisions and TL 54,353 tax liabilities.

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IV. Explanations on interest rate risk (cont'd)

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

Prior Period End	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	1,352,802	--	--	--	--	585,132	1,937,934
Banks	33,815	--	--	--	--	24,249	58,064
Financial Assets at Fair Value Through Profit or Loss	21,971	1,174	1,014	1,194	2,905	469,427	497,685
Interbank Money Market Placements	274,702	--	--	--	--	--	274,702
Financial Assets Available -for-Sale	--	293	24,940	751,929	109,044	1,020	887,226
Loans	1,869,120	3,805,040	1,991,266	2,772,280	875,097	128,469	11,441,272
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	296,626	296,626
Total Assets	3,552,410	3,806,507	2,017,220	3,525,403	987,046	1,504,923	15,393,509
Liabilities							
Bank Deposits	347,019	20,072	--	--	--	114,714	481,805
Other Deposits	5,589,025	2,136,045	894,494	17,244	--	502,890	9,139,698
Interbank Money Market Received	517,259	166,569	--	--	--	--	683,828
Sundry Creditors	--	--	--	--	--	145,749	145,749
Marketable Securities Issued	183,558	424,661	383,756	--	--	--	991,975
Funds Borrowed from Other Financial Institutions	56,928	903,970	609,851	2,534	--	--	1,573,283
Other Liabilities (**)	--	8,737	--	--	351,920	2,016,514	2,377,171
Total Liabilities	6,693,789	3,660,054	1,888,101	19,778	351,920	2,779,867	15,393,509
Balance Sheet Long Position	--	146,453	129,119	3,505,625	635,126	--	4,416,323
Balance Sheet Short Position	(3,141,379)	--	--	--	--	(1,274,944)	(4,416,323)
Off-Balance Sheet Long Position	--	--	--	25,000	--	9,921,939	9,946,939
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(9,874,479)	(9,899,479)
Total Position	(3,141,379)	146,453	129,119	3,505,625	635,126	(1,227,484)	47,460

(*) Non-interest bearing column includes TL 5,445 subsidiaries, TL 186,199 tangible assets, TL 3,979 intangible assets, TL 3 tax assets, TL 3,817 assets held for sale and TL 97,183 other assets.

(**) Non-interest bearing column includes TL 1,289,866 shareholders' equity, TL 126,110 other liabilities, TL 85 finance lease liabilities, TL 178,569 provisions and TL 38,424 tax liabilities

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IV. Explanations on interest rate risk (cont'd)

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	--	1.25	--	4.00
Banks	0.01	1.35	--	12.25
Financial Assets at Fair Value Through Profit/ Loss	2.00	4.74	--	13.01
Interbank Money Market Placements	0.01	--	--	14.08
Financial Assets Available-for-Sale	3.43	4.53	--	9.40
Loans	5.88	6.41	--	16.31
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	--	1.45	--	9.85
Other Deposits	2.03	4.00	--	14.01
Interbank Money Market Funds	0.28	2.11	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	7.75	--	12.66
Funds Borrowed from Other Financial Institutions	1.84	2.55	--	6.60
<hr/>				
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	--	0.75	--	3.31
Banks	0.03	0.55	--	--
Financial Assets at Fair Value Through Profit/Loss	3.19	4.69	--	10.67
Interbank Money Market Placements	0.01	--	--	10.40
Financial Assets Available-for-Sale	3.43	4.51	--	9.40
Loans	5.97	6.23	--	15.23
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	--	0.84	--	9.06
Other Deposits	1.60	3.46	--	11.40
Interbank Money Market Funds	0.53	2.27	--	8.00
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	9.25	--	10.77
Funds Borrowed from Other Financial Institutions	1.89	2.53	--	6.55

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V. Explanations on equity share position risk

As of 30 June 2017, there is no equity share position (31 December 2016: None).

VI. Explanations on liquidity risk

The Board of Directors reviews the liquidity and funding risk management policy once a year or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) through risk management policy with the perspective of short and long term liquidity risk.

Liquidity strategies are weekly determined by the Bank within the scope of ALCO meetings where funding needs and funds are discussed. Treasury department manages cash flows in line with strategies determined. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. While Treasury Department manages short term liquidity, ALCO strategy considers legal ratios and stress tests.

Bank's TL/FC balance is monitored weekly and decision of actions are determined based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

"Maturity Mismatch Report" is prepared on a weekly basis for long term liquidity risk and it is included in ALCO presentation. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 years maturity period. The Bank intends to eliminate liquidity mismatch by shifting focus to long-term funding alternatives. Such protection 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; considers 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 on a weekly basis according to Liquidity and Funding Risk Policy approved by the Board of Directors. These stress tests are based on the scenarios that deposit and funds obtained from issued bonds will outflow and Bank's limits will not be used in a 14-day period, and the results are presented in ALCO meetings on a weekly basis and in Risk Committee meetings on a monthly basis. In this way, the Bank's funding structure is closely monitored and necessary actions are taken.

Alternative funding sources are identified in case of need. ALCO members are responsible for short-term liquidity shocks to take actions. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take possible action plans 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 60% for foreign currency assets/liabilities and 80% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2017.

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VI. Explanations on liquidity risk (cont'd)

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)			2,099,190	1,620,576
CASH OUTFLOWS					
2	Deposits from natural persons and retail deposits	6,215,493	2,648,696	598,416	264,904
3	Stable deposits	463,440	--	23,148	--
4	Less stable deposits	5,752,053	2,648,696	575,268	264,904
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:	4,216,517	2,322,431	2,286,343	1,303,811
6	Operational deposits	--	--	--	--
7	Non-operational deposits	2,783,650	1,328,361	1,109,455	531,056
8	Other unsecured funding	1,432,867	994,070	1,176,888	772,755
9	Secured funding			456,526	456,526
10	Other cash outflows	1,656,125	660,145	357,097	239,415
11	Outflows related to derivative exposures and other collateral requirements	219,292	192,745	219,188	192,742
12	Outflows related to restructured financial instruments	--	--	--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1,436,833	467,400	137,910	46,674
14	Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,461	21	17,452	20
16	TOTAL CASH OUTFLOWS			3,715,834	2,264,676
CASH INFLOWS					
17	Secured receivables	49,675	47,618	50,717	50,717
18	Unsecured receivables	2,100,182	596,015	1,568,747	556,324
19	Other cash inflows	41,197	16,208	41,010	16,155
20	TOTAL CASH INFLOWS	2,191,054	659,841	1,660,474	623,196
21	TOTAL HQLA			2,099,190	1,620,576
22	TOTAL NET CASH OUTFLOWS			2,055,360	1,641,480
23	LIQUIDITY COVERAGE RATIO (%)			102.13	98.73

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

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VI.

Explanations on liquidity risk (cont'd)

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)			1,612,419	1,500,173
CASH OUTFLOWS					
2	Deposits from natural persons and retail deposits	5,695,464	2,273,281	358,551	137,961
3	Stable deposits	4,219,902	1,787,343	210,995	89,367
4	Less stable deposits	1,475,563	485,938	147,556	48,594
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:	3,101,718	1,610,573	1,781,409	982,506
6	Operational deposits	--	--	--	--
7	Non-operational deposits	2,154,050	1,001,207	861,620	400,483
8	Other unsecured funding	947,668	609,366	919,788	582,023
9	Secured funding			389,631	389,631
10	Other cash outflows	1,364,540	818,505	261,554	180,209
11	Outflows related to derivative exposures and other collateral requirements	128,841	402,536	128,840	123,387
12	Outflows related to restructured financial instruments	--	--	--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1,235,699	415,969	132,714	56,822
14	Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations	20,807	27	20,546	27
16	TOTAL CASH OUTFLOWS			2,811,690	1,690,334
CASH INFLOWS					
17	Secured receivables	41,014	40,870	40,080	40,080
18	Unsecured receivables	1,547,281	283,953	963,460	236,017
19	Other cash inflows	34,203	28,492	34,202	28,491
20	TOTAL CASH INFLOWS	1,622,497	353,315	1,037,742	304,589
21	TOTAL HQLA			1,612,419	1,500,173
22	TOTAL NET CASH OUTFLOWS			1,773,948	1,385,745
23	LIQUIDITY COVERAGE RATIO (%)			90.89	108.26

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

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VI. Explanations on liquidity risk (cont'd)

The table below presents highest, lowest and average liquidity coverage ratios for the last three months of the period 1 January – 30 June 2017:

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	132.09%	21.04.2017	76.84%	18.04.2017	104.14%
FC	140.11%	06.04.2017	81.26%	03.05.2017	100.39%

Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	129.68%	25.10.2016	72.00%	23.11.2016	92.16%
FC	170.08%	07.12.2016	74.04%	15.11.2016	113.52%

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. The related regulations include items that are considered as high quality liquid assets; mainly the securities portfolio and cash assets and money held as required reserves. The important factors affecting the results of the liquidity coverage ratio are remaining maturities of 30 days exchange and money market transactions. 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 cash flow and margin likely to transactions arising from derivative transactions in accordance with the Regulation on Banks' Liquidity Coverage Ratio dated 21 March 2014 and numbered 28948 published in Official Gazette as taking 24-month average into account .

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VI. Explanations on liquidity risk (cont'd)

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	447,378	2,194,785	--	--	--	--	--	2,642,163
Banks	92,474	733,184	--	--	--	--	--	825,658
Financial Assets at Fair Value Through Profit or Loss	--	62,846	30,311	46,876	336,546	3,066	--	479,645
Interbank Money Market Placements	--	160,062	--	--	--	--	--	160,062
Financial Assets Available-for-Sale	1,379	--	--	91,359	675,998	115,881	--	884,617
Loans	--	1,730,896	2,111,139	4,266,745	4,900,590	442,697	181,395	13,633,462
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	425	--	399,579	400,004
Total Assets	541,231	4,881,773	2,141,450	4,404,980	5,913,559	561,644	580,974	19,025,611
Liabilities								
Bank Deposits	124,204	947,325	57,703	--	--	--	--	1,129,232
Other Deposits	809,759	6,291,791	2,862,884	832,411	21,913	--	--	10,818,758
Funds Borrowed from Other Financial Institutions	--	22,671	118,399	1,115,095	376,901	69,897	--	1,702,963
Interbank Money Market Received	--	471,817	89,695	--	--	--	--	561,512
Marketable Securities Issued	--	374,837	566,983	268,946	--	--	--	1,210,766
Sundry Creditors	--	196,976	--	--	--	--	--	196,976
Other Liabilities (**)	--	310,616	75,263	57,516	352,251	1,052,413	1,557,345	3,405,404
Total Liabilities	933,963	8,616,033	3,770,927	2,273,968	751,065	1,122,310	1,557,345	19,025,611
Net Liquidity Surplus/(Gap)	(392,732)	(3,734,260)	(1,629,477)	2,131,012	5,162,494	(560,666)	(976,371)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	3,808,540	2,257,114	2,567,702	4,566,886	10,974	--	13,211,216
Derivative Financial Liabilities	--	3,836,358	2,251,737	2,556,136	4,572,721	10,974	--	13,227,926
Non-Cash Loans	--	69,736	111,616	500,086	102,827	284,607	--	1,068,872
Prior Period								
Total Assets	373,581	3,690,006	1,575,068	4,420,080	4,322,835	586,844	425,095	15,393,509
Total Liabilities	617,604	6,955,286	2,929,037	2,137,078	852,775	432,119	1,469,610	15,393,509
Net Liquidity Gap	(244,023)	(3,265,280)	(1,353,969)	2,283,002	3,470,060	154,725	(1,044,515)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	2,622,167	1,018,933	2,321,449	3,776,784	--	--	9,739,333
Derivative Financial Liabilities	--	2,606,382	1,021,958	2,302,428	3,760,779	--	--	9,691,547
Non-Cash Loans	--	49,172	158,169	321,197	95,139	273,349	--	897,026

(*) 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, and prepaid expenses are included in this column.

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

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VI. Explanations on liquidity risk (cont'd)

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 November 2013 is shown below;

	On – balance sheet assets	Current Period(*)	Prior Period(*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	18,615,982	15,533,937
2	(Assets deducted in determining Tier 1 capital)	(25,749)	(34,286)
3	Total on-balance sheet risks (sum of lines 1 and 2)	18,590,233	15,499,651
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	409,521	331,031
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	143,809	185,286
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	553,330	516,317
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (except for on-balance sheet)	782,631	811,748
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	782,631	811,748
	Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	3,153,112	2,193,861
11	(Adjustments for conversion to credit equivalent amounts)	--	-
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	3,153,112	2,193,861
	Capital and total risks		
13	Tier 1 capital	1,346,552	1,265,803
14	Total risks (sum of lines 3, 6, 9 and 12)	23,079,306	19,021,577
	Leverage ratio		
15	Leverage ratio	5.86	6.67

(*) Represents three-months average amounts.

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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 June 2017				
Operating Income	140,846	188,729	10,218	339,793
Operating Profit	(5,520)	124,300	(28,046)	90,734
Taxation				(18,129)
Net Profit/(Loss) for the Period				72,605
Current Period- 30 June 2017				
Segment Assets	4,165,896	9,286,171	5,573,544	19,025,611
Total Assets				19,025,611
Segment Liabilities	6,894,841	3,923,916	6,836,834	17,655,591
Shareholders' Equity				1,370,020
Total Liabilities				19,025,611
	Retail Banking	Commercial & Corporate Banking	Treasury & Headquarters	Total Operations of the Bank
Prior Period				
1 January – 30 June 2016				
Operating Income	120,883	148,418	22,583	291,884
Operating Profit	13,172	89,232	(35,043)	67,361
Taxation				(18,482)
Net Profit/(Loss) for the Period				48,879
Prior Period- 31 December 2016				
Segment Assets	3,338,361	7,974,405	4,080,743	15,393,509
Total Assets				15,393,509
Segment Liabilities	6,543,963	2,595,736	4,963,944	14,103,643
Shareholders' Equity				1,289,866
Total Liabilities				15,393,509

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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		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	25,205	97,933	28,535	49,972
Balances with the Central Bank of Turkey	614,622	1,904,403	109,442	1,749,985
Other	--	--	--	--
Total	639,827	2,002,336	137,977	1,799,957

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	83,524	240,718	109,442	160,363
Unrestricted Time Deposits	531,098	--	--	25,969
Restricted Time Deposits	--	1,663,685	--	1,563,653
Total	614,622	1,904,403	109,442	1,749,985

According to the communiqué Numbered 2005/1 on “Reserve Deposits” of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 4% - 10.50% for TL liabilities depending on maturities of liabilities and at the rate 4% - 24% and denominated mainly in EUR and USD for FC liabilities. According to the Central Bank of Turkey’s press announcement Numbered 2014-72 dated 21 October 2014, the Reserve Deposits as from November of 2014 are paid interest on the portion held in Turkish Lira and press announcement Numbered 2015-35 dated 2 May 2015 the Reserve Deposits as from May of 2015 are paid interest on the portion held in USD.

2. Information on financial assets at fair value through profit or loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	17,653	--	7,055	--
Other	--	--	--	--
Total	17,653	--	7,055	--

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	--	--	9,581	--
Total	--	--	9,581	--

2.3 Positive differences relating to derivative financial assets held-for-trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	38,991	--	15,877	--
Swap Transactions	269,997	--	272,383	--
Futures Transactions	--	--	--	--
Options	100,768	626	126,479	265
Other	--	--	--	--
Total	409,756	626	414,739	265

3. Information on Banks

3.1 Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	156,456	577,147	514	33,815
Foreign	565	91,490	598	23,137
Foreign head-offices and branches	--	--	--	--
Total	157,021	668,637	1,112	56,952

3.2 Due from foreign banks

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 financial assets available-for-sale

4.1. Financial assets available-for-sale subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	176,217	704,716	169,880	681,568
Other	--	--	--	--
Total	176,217	704,716	169,880	681,568

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4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt instruments	887,660	902,795
Quoted on Stock Exchange	887,660	902,795
Unquoted on Stock Exchange	--	--
Share certificates	1,379	1,019
Quoted on Stock Exchange	1,379	1,019
Unquoted on Stock Exchange	--	--
Impairment provision (-)	4,422	16,588
Total	884,617	887,226

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	3,760	--	3,630	--
Total	3,760	--	3,630	--

5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	12,481,360	21,163	78	970,707	488,695	96,984
Working Capital Loans	--	--	--	--	--	--
Export Loans	203,123	--	--	13,351	12,488	--
Import Loans	--	--	--	--	--	--
Loans to Financial Sector	568,888	--	--	830	123	--
Consumer Loans	503,882	11	--	55,748	6,418	2,395
Credit Cards	95,181	--	--	9,617	--	--
Others	11,110,286	21,152	78	891,161	469,666	94,589
Specialization Loans	--	--	--	--	--	--
Other Receivables	--	--	--	--	--	--
Total	12,481,360	21,163	78	970,707	488,695	96,984

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5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans (cont'd)

	Current Period		Prior Period	
	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
Number of Extensions	21,163	488,695	9,356	474,112
1 or 2 times	21,163	479,028	9,356	470,413
3, 4 or 5 times	--	9,667	--	3,699
Over 5 times	--	--	--	--

	Current Period		Prior Period	
	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
Extension Periods	21,163	488,695	9,356	474,112
0-6 months	1,046	43,840	2,012	32,121
6 -12 months	--	28,623	843	38,737
1 – 2 years	2,135	112,671	470	124,864
2 – 5 years	11,716	167,941	4,095	168,291
5 years and over	6,266	135,620	1,936	110,099

The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	132,064	8,136	140,200
31-60 days	115,117	19,293	134,410
61-90 days	73,343	12,031	85,374
Total	320,524	39,460	359,984

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	141,691	5,493	147,184
31-60 days	63,683	19,468	83,151
61-90 days	173,908	12,202	186,110
Total	379,282	37,163	416,445

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”.

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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	11,911	480,659	492,570
Real Estate Loans	1	312,084	312,085
Vehicle Loans	127	5,873	6,000
General Purpose Loans	11,783	162,702	174,485
Other	--	--	--
Consumer Loans-Indexed to FC	--	56,775	56,775
Real Estate Loans	--	55,323	55,323
Vehicle Loans	--	--	--
General Purpose Loans	--	1,452	1,452
Other	--	--	--
Consumer Loans-FC	--	1,268	1,268
Real Estate Loans	--	1,268	1,268
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	5,262	--	5,262
With Installment	801	--	801
Without Installment	4,461	--	4,461
Individual Credit Cards-FC	231	--	231
With Installment	--	--	--
Without Installment	231	--	231
Loans Given to Employees-TL	282	2,481	2,763
Real Estate Loans	--	61	61
Vehicle Loans	--	22	22
General Purpose Loans	282	2,398	2,680
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	984	--	984
With Installment	249	--	249
Without Installment	735	--	735
Personnel Credit Cards – FC	13	--	13
With Installment	--	--	--
Without Installment	13	--	13
Overdraft Loans-TL (Real Persons)	6,254	--	6,254
Overdraft Loans-FC (Real Persons)	--	--	--
Total	24,937	541,183	566,120

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5.4 Information on commercial loans with installments and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans – TL	742,501	3,608,551	4,351,052
Real Estate Loans	--	4,932	4,932
Vehicle Loans	2,745	60,174	62,919
General Purpose Loans	739,756	3,543,445	4,283,201
Other	--	--	--
Installment Commercial Loans – Indexed to FC	6,797	207,889	214,686
Real Estate Loans	--	471	471
Vehicle Loans	--	9,235	9,235
General Purpose Loans	6,797	198,183	204,980
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards – TL	98,274	--	98,274
With Installment	21,175	--	21,175
Without Installment	77,099	--	77,099
Corporate Credit Cards – FC	34	--	34
With Installment	--	--	--
Without Installment	34	--	34
Overdraft Loans-TL (Corporates)	75,465	--	75,465
Overdraft Loans-FC (Corporates)	--	--	--
Total	923,071	3,816,440	4,739,511

5.5 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	--	--
Private Sector	13,452,067	11,312,803
Total	13,452,067	11,312,803

5.6 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	13,092,994	10,938,052
Foreign Loans	359,073	374,751
Total	13,452,067	11,312,803

5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 30 June 2017 (31 December 2016: None).

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5.8 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	8,326	9,430
Loans and Receivables with Doubtful Collectability	48,625	23,399
Uncollectible Loans and Receivables	70,704	51,341
Total	127,655	84,170

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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period	159	225	45
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	159	225	45
Rescheduled Loans and Other Receivables	--	--	--
Prior Period	--	--	88
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	--	--	88
Rescheduled Loans and Other Receivables	--	--	--

5.9.2 Movement on non-performing loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	71,154	62,682	78,803
Additions (+)	146,567	1,889	1,049
Transfers from Other Categories of Non-Performing Loans (+)	--	139,093	53,705
Transfers to Other Categories of Non-Performing Loans (-)	139,093	53,705	--
Collections (-)	13,202	6,965	5,520
Write-offs (-) (*)	--	7,540	19,867
Corporate and Commercial Loans	--	7,148	14,186
Retail Loans	--	26	3,786
Credit Cards	--	366	1,895
Other	--	--	--
Balances at End of the Period	65,426	135,454	108,170
Specific Provisions (-)	8,326	48,625	70,704
Net Balance on Balance Sheet	57,100	86,829	37,466

(*) TL 27,407 of loans were sold and transferred to asset management company and written off in June 2017.

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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	4,733	6,849	28,180
Specific Provisions (-)	947	3,373	10,955
Net Balance on Balance Sheet	3,786	3,476	17,225
Prior Period			
Balance as of the Period End	348	4,057	24,401
Specific Provisions (-)	70	2,029	7,352
Net Balance on Balance Sheet	278	2,028	17,049

5.9.4 Information regarding gross and net amounts of non-performing loans with respect to user 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)	57,100	86,829	37,466
Loans Granted to Real Persons and Corporates (Gross)	65,426	135,454	108,170
Specific provisions (-)	8,326	48,625	70,704
Loans Granted to Real Persons and Corporates (Net)	57,100	86,829	37,466
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	61,724	39,283	27,462
Loans Granted to Real Persons and Corporates (Gross)	71,154	62,682	78,803
Specific provisions (-)	9,430	23,399	51,341
Loans Granted to Real Persons and Corporates (Net)	61,724	39,283	27,462
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

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5.10 Liquidation policy for uncollectible loans and other receivables

The Bank allocates 100% provision for uncollectible loans. If the Bank has collateral, non-performing loans and other receivables are collected through both executive and legal attempts, as soon as possible by liquidation of these collaterals. In the absence of collateral, the Bank performs periodical market intelligence and tries to determine the assets acquired subsequently by the debtor and applies to the legal follow-up process.

5.11 Explanations related to write-off policy

In case of all necessary conditions based on the relevant regulation occur, all impaired loans are written-off by the Board of Directors' decision.

6. Information on held-to-maturity investments

The Bank has no held-to-maturity investments as of 30 June 2017.

7. Information on associates

The Bank has TL 4,897 investment in an associate as of 30 June 2017 (31 December 2016: None).

Associate	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%

8. Information on subsidiaries

The Bank has TL 5,445 investment in a subsidiary as of 30 June 2017. (31 December 2016: TL 5,445).

Subsidiary	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
5,673	5,429	4	310	--	88	(22)	5,429

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

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8. Information on subsidiaries (cont'd)***Movement of consolidated investment in subsidiary***

	Current Period	Prior Period
Balance at Beginning of the 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 the Period	5,445	5,445
Capital Commitments	--	--
Share of Percentage at the End of the Period (%)	99	99

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

Sectoral distribution of consolidated investments in subsidiary

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

Quoted consolidated investments in subsidiary

None.

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9. Information on entities under common control

The Bank has no joint ventures as of 30 June 2017.

10. Information on lease receivables

The Bank has no leasing receivables as of 30 June 2017.

11. Information on derivative financial assets held for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative financial assets held for hedging purposes				
Fair value hedges	425	--	--	--
Cash flow hedges	--	--	--	--
Net foreign investment hedges	--	--	--	--
Total	425	--	--	--

12. Information on tangible assets

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".

13. Information on intangible assets

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".

14. Information on investment properties

None.

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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 June 2017, the deferred tax asset amounting to TL 13,399 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2016: TL 1,374 deferred tax liability).

Deferred tax consist 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 are 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 Assets Valuation	56,669	11,334
Unearned Commission Income/Prepaid Commission Expenses	(1,772)	(354)
Retirement Pay and Unused Vacation Provision	17,004	3,401
Tangible Assets Base Differences	(2,914)	(583)
Other	(1,997)	(399)
Deferred Tax Asset/(Liability)	66,990	13,399

Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(25,566)	(5,113)
Unearned Commission Income/ Prepaid Commission Expenses	1,559	312
Retirement Pay and Unused Vacation Provision	17,743	3,549
Tangible Assets Base Differences	(3,357)	(671)
Other	2,744	549
Deferred Tax Asset/(Liability)	(6,877)	(1,374)

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

	1 January – 30 June 2017	1 January – 31 December 2016
Deferred Tax Asset, 1 January	(1,374)	1,653
Deferred Tax Income / (Expense)	17,660	(5,801)
Deferred Tax Recognized Directly Under Equity	(2,887)	2,773
Deferred Tax Asset/(Liability) , at the End of the Period	13,399	(1,374)

As of 30 June 2017, the Bank has no carry forward tax losses.

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- 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 June 2017, the Bank has TL 6,868 assets held for sale (31 December 2016: TL 3,817).

- 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 June 2017, total prepaid expenses are TL 32,091 (31 December 2016: TL 24,074).

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II. Explanations and disclosures related to the liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	72,304	--	321,282	2,224,776	341,209	192,490	97,972	--	3,250,033
Foreign Currency Deposits	389,848	--	426,377	3,560,852	192,607	44,852	124,629	--	4,739,165
Residents in Turkey	369,895	--	425,757	3,546,538	190,945	43,970	43,059	--	4,620,164
Residents Abroad	19,953	--	620	14,314	1,662	882	81,570	--	119,001
Public Sector Deposits	27,866	--	--	--	--	--	--	--	27,866
Commercial Deposits	303,211	--	205,442	1,166,716	329,209	346,245	326,639	--	2,677,462
Other Ins. Deposits	8,163	--	873	76,558	24,135	6,117	19	--	115,865
Precious Metal Deposits	8,367	--	--	--	--	--	--	--	8,367
Interbank Deposits	124,204	--	847,831	154,009	3,188	--	--	--	1,129,232
Central Bank of Turkey	--	--	569,559	--	--	--	--	--	569,559
Domestic Banks	463	--	276,351	122,984	3,188	--	--	--	402,986
Foreign Banks	24,092	--	1,922	31,025	--	--	--	--	57,039
Special Finan. Inst.	99,649	--	--	--	--	--	--	--	99,649
Other	--	--	--	--	--	--	--	--	--
Total	933,963	--	1,801,805	7,182,911	890,348	589,704	549,259	--	11,947,990

Prior Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	56,397	--	482,578	2,032,327	325,157	354,068	95,077	--	3,345,604
Foreign Currency Deposits	265,625	--	90,370	2,599,456	252,024	126,933	95,198	--	3,429,606
Residents in Turkey	257,644	--	85,315	2,588,713	247,014	121,569	14,544	--	3,314,799
Residents Abroad	7,981	--	5,055	10,743	5,010	5,364	80,654	--	114,807
Public Sector Deposits	1	--	--	10	--	--	--	--	11
Commercial Deposits	172,450	--	311,657	1,218,969	169,403	175,757	220,118	--	2,268,354
Other Ins. Deposits	1,505	--	1,522	55,280	18,590	12,299	15	--	89,211
Precious Metal Deposits	6,912	--	--	--	--	--	--	--	6,912
Interbank Deposits	114,714	--	332,421	34,670	--	--	--	--	481,805
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	12	--	314,090	20,072	--	--	--	--	334,174
Foreign Banks	17,263	--	18,331	14,598	--	--	--	--	50,192
Special Finan. Inst.	97,439	--	--	--	--	--	--	--	97,439
Other	--	--	--	--	--	--	--	--	--
Total	617,604	--	1,218,548	5,940,712	765,174	669,057	410,408	--	9,621,503

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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	Prior Period	Current Period	Prior Period
Saving Deposits	1,168,963	937,362	2,065,561	2,380,080
Foreign Currency Saving Deposits	290,516	188,315	2,325,189	2,163,704
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	1,459,479	1,125,677	4,390,750	4,543,784

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

	Current Period	Prior Period
Deposits and Accounts in Branches Abroad	--	--
Deposits of Ultimate Shareholders and Their Close Families	37,516	47,498
Deposits of Chairman and Members of the Board of Directors and Their Close Families	11,125	8,032
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

Trading Purpose Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	31,546	--	16,986	--
Swap Transactions	313,046	--	239,985	--
Futures Transactions	--	--	--	--
Options	101,124	1,062	126,226	262
Other	--	--	--	--
Total	445,716	1,062	383,197	262

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3. Information on banks and other financial institutions**3.1 Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	18,052	70,228	17,220	65,573
From Foreign Banks, Institutions and Funds	--	1,578,177	--	1,453,870
Total	18,052	1,648,405	17,220	1,519,443

3.2 Maturity analysis of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	18,052	120,831	17,220	45,031
Medium and Long Term	--	1,527,574	--	1,474,412
Total	18,052	1,648,405	17,220	1,519,443

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 funds provided by deposits, money market funds, bank borrowings and bond/bill issuances.

4. Informations related with issued instruments

Current Period	TL		FC	
	Short-Term	Medium and Long Term	Short-Term	Medium and Long Term
Nominal	1,236,695	--	--	--
Book Value	1,210,766	--	--	--

Prior Period	TL		FC	
	Short-Term	Medium and Long Term	Short-Term	Medium and Long Term
Nominal	1,015,580	--	--	--
Book Value	991,975	--	--	--

5. Sundry creditors and other liabilities

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

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 Detailed information about changes in agreements and further commitments arising**

None.

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6.2 Obligations under financial leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	22	21	89	85
Between 1-4 Years	--	--	--	--
More than 4 Years	--	--	--	--
Total	22	21	89	85

6.3 Information on operational leases and footnotes

The Bank has operational lease agreements for some of its bank 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

None.

7. Information on derivative financial liabilities for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative financial liabilities for hedging purposes				
Fair value hedges	31,582	--	--	--
Cash flow hedges	--	--	--	--
Net foreign investment hedges	--	--	--	--
Total	31,582	--	--	--

As of 30 June 2017, notional values and the net fair values recognized on the balance sheet, of the derivative financial instruments assigned as the hedging instruments, are summarized below:

	Current Period			Prior Period		
	Notional Value	Asset	Liability	Notional Value	Asset	Liability
Cross Currency Swaps	--	--	--	--	--	--
-TL	912,961	--	--	--	--	--
Total	912,961	--	--	--	--	--

Current Period	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value of Hedging Instrument		Income Statement Effect (gains/losses on derivative financial instruments)
Hedging Instrument				Asset	Liability	
Cross Currency Swaps	Fixed rate TL Mortgage Loans	Interest Rate Risk	954	--	(1,189)	(235)

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8. Information on provisions

8.1 Information on general provisions

	Current Period	Prior Period
Loans and Receivables in Group 1	87,555	95,988
- Additional Provision for Loan and Receivables with Extended Maturities	--	--
Loans and Receivables in Group 2	17,421	18,047
- Additional Provision for Loan and Receivables with Extended Maturities	--	--
Non-Cash Loans	9,119	7,252
Others	--	--
Total	114,095	121,287

8.2 Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

The foreign exchange losses on the foreign currency indexed loans as of 30 June 2017, amounting to TL 3,534 are netted off from the loans on the balance sheet (31 December 2016: TL 920).

8.3 The specific provisions provided for unindemnified non cash loans

As of 30 June 2017, the specific provision provided for unindemnified non cash loans is TL 1,520 (31 December 2016: TL 1,311).

8.4 Explanation on other provisions

8.4.1 Provisions for probable losses

	Current Period	Prior Period
Provisions for probable losses	41,000	36,000

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

None.

8.4.3 Explanations on reserves for employee benefits

As of 30 June 2017, reserves for employee benefits amounting to TL 17,008 (31 December 2016: TL 16,894) comprise of TL 9,215 reserve for employee termination benefits (31 December 2016: TL 8,265), TL 4,027 unused vacation pay liability (31 December 2016: TL 2,683) and TL 3,766 personnel premium accrual (31 December 2016: TL 5,946).

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9. Explanations on tax liabilities**9.1 Explanations on current tax liability****9.1.1 Explanations on tax provision**

As of 30 June 2017, the Bank's current tax liability is TL 54,353 (31 December 2016: TL 37,050). As of 30 June 2017 the Bank's corporate taxes payable is TL 20,460 (31 December 2016: The Bank's corporate taxes payable is TL 33,736, after netting the prepaid taxes, the remaining amount of Corporate Tax is TL 6,714).

9.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	20,460	6,714
Taxation on securities	13,894	11,912
Property tax	493	391
Banking and Insurance Transaction Tax (BITT)	11,037	9,228
Taxes on foreign exchange transactions	--	--
Value added taxes payable	114	186
Income tax ceased from wages	4,553	2,640
Other	254	349
Total	50,805	31,420

9.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	1,504	2,426
Social Security Premiums- Employer	1,734	2,701
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	104	167
Unemployment Insurance- Employer	206	336
Other	--	--
Total	3,548	5,630

9.2 Explanations on deferred tax liabilities

None (31 December 2016: TL 1,374).

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

None.

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11. Explanations on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Domestic Other Institutions	--	--	--	360,657
Foreign Banks	--	36,505	--	36,621
Foreign Other Institutions	--	1,074,125	--	--
Total	--	1,110,630	--	397,278

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.

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12. Information on shareholders' equity (cont'd)**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	(6,509)	(2,196)	(10,151)	(10,103)
Exchange Difference	--	--	--	--
Total	(6,509)	(2,196)	(10,151)	(10,103)

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
Primary Legal Reserves	13,535	7,790
Secondary Legal Reserve	--	--
Other Legal Reserves Per Special Legislation	--	--

12.13 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by the General Assembly	229,749	120,579
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Difference	--	--

13. Information on minority shares

None.

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III. Explanations and disclosures related to the off-balance sheet contingencies and commitments

1. Information on off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	897,099	415,538
Credit Card Limit Commitments	119,778	101,475
Commitments for Credit Cards and Banking Services Promotions	1	1
Commitments for Credit Allocation with the Guarantee of Usage	209,336	171,368
Export Commitments	4,296	4,230
Commitment for Cheques	197,733	172,800
Other Irrevocable Commitments	2,612	3,016
Total	1,430,855	868,428

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	528,814	439,122
Letters of Guarantee FC	215,383	166,786
Letters of Credit	171,704	224,067
Bills of Exchange and Acceptances	152,971	67,051
Total	1,068,872	897,026

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	43,387	34,534
Irrevocable Letters of Guarantee	589,298	497,262
Letters of Guarantee Given in Advance	68,142	47,727
Letters of Guarantee Given to Customs	12,456	14,741
Other Letters of Guarantee	30,914	11,644
Total	744,197	605,908

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	22,648	5,503
With Original Maturity of 1 Year or Less Than 1 Year	480	--
With Original Maturity of More Than 1 Year	22,168	5,503
Other Non-Cash Loans	1,046,224	891,523
Total	1,068,872	897,026

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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

As of balance sheet date, the Bank provided provision of TL 1,083 for the legal cases pending against the Bank where the cash out flows are highly probable (31 December 2016: TL 1,055).

8. Custodian and intermediary services

The Bank provides trading and safe keeping services in the name and account of third parties to meet their demands and those transactions are presented in off-balance sheet.

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IV. Explanations and disclosures related to the income statement

1. Interest income

1.1 Information on interest on loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans	620,347	119,657	484,797	89,590
Short Term Loans	347,615	12,436	307,724	12,411
Medium and Long Term Loans	272,732	107,221	177,073	77,179
Interest on Non-Performing Loans	1,292	--	2,358	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
Total	621,639	119,657	487,155	89,590

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

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	10,307	--	--	2
Domestic Banks	25,492	263	2,920	164
Foreign Banks	--	115	--	67
Branches and Head Office Abroad	--	--	--	--
Total	35,799	378	2,920	233

1.3 Interest received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	785	117	578	87
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Financial Assets Available-for-Sale	8,265	16,086	3,527	9,487
Investment Securities Held-to-Maturity	--	--	--	--
Total	9,050	16,203	4,105	9,574

1.4 Information on interest income received from associates and subsidiaries

None.

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2. Interest expense

2.1 Information on interest on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	557	13,558	484	11,984
The Central Bank of Turkey	--	--	--	--
Domestic Banks	549	2,472	484	1,184
Foreign Banks	8	11,086	--	10,800
Branches and Head Office Abroad	--	--	--	--
Other Institutions	--	33,478	--	14,558
Total	557	47,036	484	26,542

(*) Includes fee and commission expenses on borrowings.

2.2 Information on interest expenses to associates and subsidiaries

In the current period, total interest expense given to subsidiaries is TL 291 (1 January – 30 June 2016: TL 296).

2.3 Information on interest expenses to securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	61,276	--	37,206	--

2.4 Distribution of interest expense on deposits based on maturity 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	--	4,167	--	--	--	--	--	4,167
Saving Deposits	--	22,935	129,454	15,469	19,095	5,326	--	192,279
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	10,726	84,368	12,698	20,854	15,158	--	143,804
Other	--	425	4,412	1,111	758	1	--	6,707
7 Day Call Accounts	--	--	--	--	--	--	--	--
Total	--	38,253	218,234	29,278	40,707	20,485	--	346,957
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	4,973	47,365	2,485	1,654	1,880	--	58,357
Bank Deposits	--	2,994	--	--	--	--	--	2,994
7 Day Call Accounts	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	--	7,967	47,365	2,485	1,654	1,880	--	61,351
Grand Total	--	46,220	265,599	31,763	42,361	22,365	--	408,308

3. Information on dividend income

None.

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4. Information on net trading income/loss

	Current Period	Prior Period
Income	953,144	728,594
Gains on Capital Market Operations	3,961	3,828
Gains on Derivative Financial Instruments	482,537	470,296
Foreign Exchange Gains	466,646	254,470
Loss (-)	943,358	710,237
Losses on Capital Market Operations	404	141
Losses on Derivative Financial Instruments	479,108	458,372
Foreign Exchange Losses	463,846	251,724
Net Trading Income/(Loss)	9,786	18,357

5. Information on other operating income

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

6. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	73,619	54,390
<i>III. Group Loans and Receivables</i>	2,254	4,454
<i>IV. Group Loans and Receivables</i>	27,824	9,433
<i>V. Group Loans and Receivables</i>	43,541	40,503
General Loan Loss Provisions	--	24,317
Free Provision for Probable Risks	5,000	--
Impairment Losses on Securities:	--	--
<i>Financial Assets at Fair Value Through Profit or Loss</i>	--	--
<i>Financial Assets Available-for-Sale</i>	--	--
Impairment Losses on Associates, Subsidiaries and Investment	--	--
Securities Held to Maturity:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investments Held to Maturity</i>	--	--
Other	--	--
Total	78,619	78,707

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7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	93,257	70,929
Provision for Employee Termination Benefits	950	900
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	6,018	5,899
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	1,467	1,995
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	16	27
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	41,482	36,110
<i>Operational Leases Expenses</i>	17,156	14,202
<i>Repair and Maintenance Expenses</i>	1,031	742
<i>Advertisement Expenses</i>	4,629	5,185
<i>Other Expenses</i>	18,666	15,981
Losses on Sale of Assets	38	--
Other	27,212	29,956
Total	170,440	145,816

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

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".

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9. Information on tax provision from continued and discontinued operations**9.1 Current period taxation benefit or charge and deferred tax benefit or charge**

For the period ended 30 June 2017, current period taxation charge of the Bank is TL 35,789 (1 January – 30 June 2016: TL 20,324 TL) and deferred tax benefit of the Bank is TL 17,661 (1 January – 30 June 2016: TL 1,842 deferred tax benefit).

	Current Period	Prior Period
Deferred Tax Benefit/ (Charge)	17,661	1,842
Allowance for Deferred Taxes	--	--
Net Deferred Tax Charge	17,661	1,842

9.2 Deferred tax benefit / (charge) arising from origination or reversal of temporary differences

<i>Deferred tax benefit / (charge) arising from origination or reversal of temporary differences</i>	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	13,357	4,092
Arising from Reversal of Deductible Temporary Differences (-)	(1,204)	(960)
Arising from Origination of Taxable Temporary Differences (-)	(1,969)	(3,281)
Arising from Reversal of Taxable Temporary Differences (+)	7,477	1,991
Arising from Origination of Financial Losses (+)	--	--
Arising from Reversal of Financial Losses (-)	--	--
Arising from Origination of Tax Deductions and Exemptions (+)	--	--
Arising from Reversal of Tax Deductions and Exemptions (-)	--	--
Total	17,661	1,842
Allowance	--	--
Net deferred tax benefit / (charge)	17,661	1,842

9.3 Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	12,153	3,132
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	5,508	(1,290)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	17,661	1,842
Allowance	--	--
Net deferred tax benefit / (charge)	17,661	1,842

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

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".

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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 income statement, "other" items recognised under "fees and commissions received" is comprised of allocation and revise of limit commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account and account maintenance fee etc.

In the income statement, "other" items recognised under "fees and commissions paid" is majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

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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 and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates 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	27,135	31,118
Interest and Commission Income Received	--	--	--	--	2,909	50

(*) Described in article 49 of the Banking Act Numbered: 5411.

(**) Includes all transactions accepted as loans in article 48 of the Banking Act Numbered: 5411.

Prior Period

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables(**)						
Balance at the Beginning of the Period	--	--	--	20	5,720	17,242
Balance at the End of the Period	--	--	--	22	126,939	30,871
Interest and Commission Income Received	--	--	--	--	80	178

(*) Described in article 49 of the Banking Act Numbered: 5411.

(**) Includes all transactions accepted as loans in article 48 of the Banking Act Numbered: 5411.

1.2 Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	4,767	4,761	15,552	89,173	595,922	496,534
Balance at the End of the Period	4,822	4,767	144,550	15,552	408,395	595,922
Deposit Interest Expense	291	296	9,147	4,547	18,794	16,928

(*) Described in article 49 of the Banking Act Numbered: 5411.

1.3 Information on funds obtained from Bank's risk group

As of 30 June 2017, the amount of funds obtained from other real persons and corporates in Bank's risk group is TL 146,572 and provided from IFC and EBRD in the form of borrowings (31 December 2016: TL 523,313; TL 162,656 is from IFC and EBRD in the form of borrowings and TL 360,657 is from Fiba Holding A.Ş. through the issuance of subordinated bonds).

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

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates 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	--	--	--	--	863,016	344,668
Balance at the End of the Period	--	--	--	--	882,992	863,016
Total Income/Loss	--	--	--	--	(10,269)	(5,517)
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 Numbered: 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

Transactions with the risk group are made on arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law. 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 June 2017, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 0.19% (31 December 2016: 1.10%), and the ratio of the deposits of entities of risk group to total deposits is 4.67% (31 December 2016: 6.40%). The ratio of the borrowings from real persons and corporates in the Bank's risk group to total borrowings is 5.3% (31 December 2016: 27.1%). Dispersion of 5.3% is; 5.1% IFC and 0.2% EBRD.

In current period benefits provided to the key management is TL 8,830 (1 January – 30 June 2016: TL 5,371).

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.

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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	79	1,620			
			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**

Long term FC and TL	BB-
Short term FC and TL	B
Financial Capacity	BB-
Support	5
Long term National Scale Rating	A+ (tur)
Outlook	Stable

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SECTION SIX

AUDITOR’S LIMITED REVIEW REPORT

I. Explanations on the auditor’s 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 auditor’s limited review report is presented before the financial statements.

II. Other footnotes and explanations prepared by the independent auditors

None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2017

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SECTION SEVEN

INTERIM PERIOD ACTIVITY REPORT

Interim activity 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 paid-in capital of TL 847,515 was increased by TL 93,646 on 7 September 2016 all by TurkFinance B.V. to reach TL 941,161. In addition, TL 55,299 recorded to equities as share premium.

As of 30 June 2017, the Bank's paid-in capital is TL 941,161.

As of 30 June 2017, The Bank's Shareholder Structure:

Commercial Title	Share Amount (Full basis TL)	Share Ratios (%)
Fiba Holding A.Ş.	672,591,955.48	71.46%
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	6,267,622.16	0.67%
TOTAL	941,160,553.25	100.00%

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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	42 years
Fevzi Bozer	Vice Chairman of the Board of Directors		27.12.2010	Graduate	34 years
İsmet Kaya Erdem	Member of the Board of Directors		11.02.2013	Undergraduate	66 years
Mehmet Güleşçi	Member of the Board of Directors		27.12.2010	Graduate	33 years
Mevlüt Hamdi Aydın	Member of the Board of Directors		24.01.2013	Undergraduate	34 years
Memduh Aslan Akçay	Member of the Board of Directors		13.04.2016	Graduate	26 years
Selçuk Yorgancıoğlu	Member of the Board of Directors		22.09.2016	Graduate	25 years
Hülya Kefeli	Member of the Board of Directors		15.05.2017	Under Graduate	32 years
Ömer Mert	General Manager and Member of the Board of Directors		18.01.2017	Graduate	22 years
Elif Alsev Utku Özbey	Deputy General Manager	Financial Control and Financial Reporting	07.01.2011	Graduate	22 years
Adem Aykun	Assistant General Manager	Information Technologies	01.07.2011	Undergraduate	28 years
Esra Osmanağaoğlu	Assistant General Manager	Banking Operations	29.02.2012	Undergraduate	29 years
Ahu Dolu	Assistant General Manager	Financial Institutions	01.12.2015	Undergraduate	19 years
Turgay Hasdiker	Assistant General Manager	Corporate and Commercial Credits	01.12.2015	Undergraduate	25 years
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	01.12.2015	Undergraduate	18 years
Orhan Hatipoğlu	Assistant General Manager	ADC and Supporting Services	02.01.2017	Undergraduate	24 years
Ömer Rifat Gencal	Assistant General Manager	Treasury	02.02.2015	Undergraduate	25 Years
Cengiz Sinanoğlu	Coordinator	Retail Credits	07.02.2013	Graduate	22 years
Gerçek Önal	Coordinator	Legal Affairs	01.02.2016	Graduate	16 years
Ahmet Cemil Borucu	Department Head	Board of Inspection	07.02.2011	Graduate	19 years
Ayşe Tulgar Ayça	Department Head	Risk Management	15.03.2011	Undergraduate	18 years
Serdal Yıldırım	Department Head	Legislation and Compliance	06.04.2011	Graduate	20 years
Kansu Pulular	Department Head	Internal Control & Operational Risk	02.01.2017	Graduate	13 years

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

Unconsolidated Balance Sheet Summary			
(Thousands TL)	<u>30/06/17</u>	<u>31/12/16</u>	<u>Increase/ Decrease %</u>
Cash and Balances with the Central Bank	2,642,163	1,937,934	36%
Financial Assets at Fair Value Through Profit or Loss (Net)	479,645	497,685	(4%)
Due from Banks	825,658	58,064	>100%
Financial Assets Available for Sale (Net)	884,617	887,226	(0%)
Loans to Customers (Net)	13,633,462	11,441,272	19%
Total Assets	19,025,611	15,393,509	24%
Deposits	11,947,990	9,621,503	24%
Derivative Financial Liabilities Held for Trading	446,778	383,459	17%
Funds Borrowed	1,666,457	1,536,663	8%
Money Market Funds	561,512	683,828	(18%)
Securities Issued (Net)	1,210,766	991,975	22%
Subordinated Debts	1,110,630	397,278	>100%
Shareholder's Equity	1,374,020	1,289,866	7%
Total Liabilities	19,025,611	15,393,509	24%

Consolidated Balance Sheet Summary			
(Thousands TL)	<u>30/06/17</u>	<u>31/12/16</u>	<u>Increase/ Decrease %</u>
Cash and Balances with The Central Bank	2,642,163	1,937,934	36%
Financial Assets at Fair Value Through Profit or Loss (Net)	479,645	497,685	(4%)
Due from Banks	825,966	58,380	>100%
Financial Assets Available for Sale (Net)	884,617	887,226	(0%)
Loans to Customers (Net)	13,633,462	11,441,272	19%
Total Assets	19,021,013	15,388,872	24%
Deposits	11,943,163	9,616,738	24%
Derivative Financial Liabilities Held for Trading	446,778	383,459	17%
Funds Borrowed	1,666,457	1,536,663	8%
Money Market Funds	561,512	683,828	(18%)
Securities Issued (Net)	1,210,766	991,975	22%
Subordinated Debts	1,110,630	397,278	>100%
Shareholder's Equity	1,374,003	1,289,761	7%
Total Liabilities	19,021,013	15,388,872	24%

FİBABANKA A.Ş.

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3. Brief Financial Information Relating to Results of Activities During the Period (cont'd)

Unconsolidated Income Statement Summary			
(Thousands TL)	<u>30/06/17</u>	<u>30/06/16</u>	<u>Increase/ Decrease %</u>
Net Interest Income	287,742	236,033	22%
Net Fees and Commission Income	19,318	15,274	26%
Trading Income/ Loss (Net)	9,786	18,357	(47%)
Other Operating Revenues	22,947	22,220	3%
Total Operating Income	339,793	291,884	16%
Provision for Losses and Other Receivables (-)	78,619	78,707	(0%)
Other Operating Expenses (-)	170,440	145,816	17%
Net Operating Income / Loss	90,734	67,361	35%
Profit/Loss on Continuing Operations Before Tax	90,734	67,361	35%
Tax Provision for Continuing Operations	(18,129)	(18,482)	(2%)
Net Period Profit / Loss	72,605	48,879	49%
Consolidated Income Statement Summary			

(Thousands TL)	<u>30/06/17</u>	<u>30/06/16</u>	<u>Increase/ Decrease %</u>
Net Interest Income	288,052	236,343	22%
Net Fees and Commission Income	20,117	15,786	27%
Trading Income/ Loss (Net)	9,786	18,363	(47%)
Other Operating Income	22,852	22,134	3%
Total Operating Income	340,807	292,626	16%
Provision for Losses and Other Receivables (-)	78,619	78,707	(0%)
Other Operating Expenses (-)	171,344	146,585	17%
Net Operating Income / Loss	90,844	67,334	35%
Profit/Loss on Continuing Operations Before Tax	90,844	67,334	35%
Tax Provision for Continuing Operations	(18,151)	(18,477)	(2%)
Net Period Profit / Loss	72,693	48,857	49%

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

As of first half of 2017, Fibabanka has increased its loan portfolio by 36% compared to the same period of year 2016 and the loan portfolio has increased 19% by reaching TL 13.6 billion compared to the end of 2016. Growth was achieved especially in corporate, SME and commercial loans. Corporate, SME and commercial loan portfolio has reached to TL 12.9 billion by an increase of 37% compared to the same period of year 2016. In the same period, share of corporate, SME and commercial loans in total loan portfolio is approximately 96%.

Despite the increase in the loan portfolio, the share of non-performing loans in total loans, realized as 2.2% level, below the sector.

Our Bank, has funded its growing loan portfolio mostly with customer deposits also in 2017. In this period, customer deposits constituted 57% of total liabilities with amount of TL 10.8 billion. In 2017, for the purpose of diversifying the funding resources, securities have been issued with nominal value of TL 1.4 billion during the first six months of the year.

In addition to the issuance of domestic securities, the first bond issuance in the form of contribution capital, in compliance with Basel III, was made through public offering abroad at the beginning of May 2017. The issuance amounted USD 300 Million, including resale of subordinated bonds of USD 100 Million which sold in March 2016. This issuance, which is a first for Fibabanka, has been completed successfully. The demand from England and Europe, Asia, Far East, and the Gulf Countries, which is well above the issued amount, is a very important indicator of the confidence that international investors have in Fibabanka, Turkish Banking System and Turkey. This bond issuance will enable Fibabanka to grow and maintain its support to Turkish economy increasingly by strengthening its capital structure.

In the first half of 2017, while loan volume has been increased, loans are diversified both in terms of maturity and sectors, portfolio was targeted with higher return and increasing commission income by increasing 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 profit before tax increased by 35% to TL 90.7 million and net profit after tax amounting to TL 72.6 million. As of 30 June 2017, consolidated capital adequacy ratio of the Bank is 18.00%.

Our bank, as of first half continues to perform its structural organizational goals within its plans as well as financial goals and offers services to our customers with 79 branches and 1,620 employees as of 30 June 2017.

Hereby, we thank all of our employees, partners and our valued customers who contribute to reaching our targets.

Best regards,

Hüsnü Mustafa Özyeğin
Chairman of the Board of Directors

Ömer Mert
Member of the Board of Directors and
General Manager

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5. Evaluations Relating to the Bank's Financial Situation

As of 30 June 2017, the Bank serves with 79 domestic branches and 1,620 employees.

As of first half of 2017, total assets of Fibabanka have increased by 48% when compared to the same period of year 2016 and by 24% when compared to the end of year 2016 and realised as TL 19,021,013 on consolidated basis and as TL 19,025,611 on unconsolidated basis.

According to consolidated and unconsolidated financial statements, the loan volume, which used to be TL 11,441,272 at the end of 2016, reached to TL 13,633,462 as of first half of the year. Share of the loans in total assets has been realised as 72%.

Credit worthiness of loans and other receivables are monitored systematically in accordance with related laws and regulations. For new credits opened, 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 first half of 2017, NPLs have been realised as TL 309,050 and provisions in the amount of TL 127,655 have been set aside relating to these loans. Non-performing loan ratio is 2.25% for the period.

According to the unconsolidated financial statements, securities portfolio held for trading is amounted to TL 69,263 and securities portfolio available for sale is amounted to TL 884,617. Ratio of securities portfolio to total assets has been realised as 5%.

As of first half of 2017, consolidated deposit volume has been realised as TL 11,943,163 and the unconsolidated deposit volume has been realised as TL 11,947,990.

According to the consolidated financial statements, while first half of 2016 closed with TL 48,857 net profit, in first half of 2017 net profit has been realised as TL 72,693 with an increase of 49%.

According to the consolidated financial statements, net interest income of the Bank in the first six months of 2017 increased by 22% compared to the previous year and realised as TL 288,052. Net commission income for the first half of 2017 was realised as TL 20,117. Total operating income of the Bank increased by 16% compared to the previous year and realised as TL 340,807 as parallel to the growth of the Bank, and other operating expenses has been realised as TL 171,344 by increasing 17%.

As of 30 June 2017, the Bank's unconsolidated and consolidated capital adequacy ratios are both 18.00%.