

# **FİBABANKA A.Ş.**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

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

## **Interim Review Report on Unconsolidated Interim Financial Information**

**To the Board of Directors of Fibabanka Anonim Şirketi**

### ***Introduction***

We have reviewed the unconsolidated statement of financial position of Fibabanka A.Ş. (“the Bank”) at June 30, 2018 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

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

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

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

As explained in detail in Note II-8 of Section 5, the accompanying unconsolidated financial statements as at June 30, 2018 include a general reserve which does not meet the relevant criterias in TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” for possible risks provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions amounting to TL 106,000 thousands out of which TL 55,500 thousands and TL 50,500 thousands which were provided during previous years and within the current period, respectively.

### ***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, 2018 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.

### ***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 7, 2018

Istanbul, Turkey


**THE UNCONSOLIDATED FINANCIAL REPORT OF**  
**FİBABANKA A.Ş.**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

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

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

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Director  
Telephone Number : (212) 381 84 88  
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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2018**

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

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**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

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

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

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

Credit Europe Bank N.V.'s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of June 30, 2018 the total shares held by the Bank's Management represent 0.57% of the Bank's Capital.

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

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

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

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

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

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

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

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

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

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

## FİBABANKA A.Ş.

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

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

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

Name Surname/ Commercial Title	Share Amount (Nominal)	Share Ratios	Paid in Capital (Nominal)	Unpaid Shares
Fiba Holding A.Ş.	673,456	71.56%	673,456	--
Hüsnü Mustafa Özyeğin	666,739	70.84%	666,739	--

#### 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 2018, the Bank serves with 83 domestic branches and 1,674 employees.

#### VI. Other Information

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

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

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

None.



## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

# UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2018

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

ASSETS	Footnotes	CURRENT PERIOD (30/06/2018)		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3,284,535</b>	<b>2,876,617</b>	<b>6,161,152</b>
1.1 Cash and Cash Equivalents	(5.1.1)	1,433,491	2,165,045	3,598,536
1.1.1 Cash and Balances at Central Bank		1,432,493	2,043,180	3,475,673
1.1.2 Banks	(5.1.3)	998	121,865	122,863
1.1.3 Money Market Placements		-	-	-
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	64,301	4,095	68,396
1.2.1 Government Debt Securities		19,462	3,870	23,332
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		44,839	225	45,064
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	16,124	694,394	710,518
1.3.1 Government Debt Securities		14,128	14,099	28,227
1.3.2 Equity Securities		-	2,365	2,365
1.3.3 Other Financial Assets		1,996	677,930	679,926
1.4 Financial Assets Measured at Amortised Cost	(5.1.6)	168,632	-	168,632
1.4.1 Government Debt Securities		168,632	-	168,632
1.4.2 Other Financial Assets		-	-	-
1.5 Derivative Financial Assets		1,605,753	13,083	1,618,836
1.5.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		1,605,753	13,083	1,618,836
1.5.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive		-	-	-
1.6 Non-Performing Financial Assets		14,167	-	14,167
1.7 Expected Credit Loss (-)		17,933	-	17,933
<b>II. LOANS (Net)</b>		<b>9,700,997</b>	<b>5,383,518</b>	<b>15,084,515</b>
2.1 Loans	(5.1.5)	9,612,416	5,383,518	14,995,934
2.1.1 Loans Measured at Amortised Cost		9,068,567	5,383,518	14,452,085
2.1.2 Loans Measured at Fair Value Through Profit or Loss		543,849	-	543,849
2.1.3 Loans Measured at Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(5.1.10)	-	-	-
2.2.1 Finance Lease Receivables		-	-	-
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income ( - )		-	-	-
2.3 Factoring Receivables	(5.1.5)	33,671	-	33,671
2.3.1 Factoring Receivables Measured at Amortised Cost		33,671	-	33,671
2.3.2 Factoring Receivables Measured at Fair Value Through Profit or Loss		-	-	-
2.3.3 Factoring Receivables Measured at Fair Value Through Other Comprehensive Income		-	-	-
2.4 Non-Performing Loans		692,681	-	692,681
2.5 Expected Credit Loss (-)		637,771	-	637,771
2.5.1 12- Month Expected Credit Loss (Stage 1)		116,916	-	116,916
2.5.2 Significant Increase in Credit Risk (Stage 2)		88,472	-	88,472
2.5.3 Credit-Impaired (Stage 3)		432,383	-	432,383
<b>III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>44,648</b>	<b>-</b>	<b>44,648</b>
3.1 Assets Held for Sale		44,648	-	44,648
3.2 Assets of Discontinued Operations		-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>15,342</b>	<b>-</b>	<b>15,342</b>
4.1 Investments in Associates (Net)	(5.1.7)	9,897	-	9,897
4.1.1 Associates Accounted by Using Equity Method		-	-	-
4.1.2 Unconsolidated Associates		9,897	-	9,897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	5,445	-	5,445
4.2.1 Unconsolidated Financial Subsidiaries		5,445	-	5,445
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>196,574</b>	<b>-</b>	<b>196,574</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>13,152</b>	<b>-</b>	<b>13,152</b>
6.1 Goodwill		-	-	-
6.2 Other		13,152	-	13,152
<b>VII. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>6</b>	<b>-</b>	<b>6</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.15)	<b>83,343</b>	<b>-</b>	<b>83,343</b>
<b>X. OTHER ASSETS</b>	(5.1.17)	<b>71,715</b>	<b>21,043</b>	<b>92,758</b>
<b>TOTAL ASSETS</b>		<b>13,410,312</b>	<b>8,281,178</b>	<b>21,691,490</b>

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

# UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2017

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

ASSETS	Footnotes	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.I.1)	275,601	2,211,655	2,487,256
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.I.2)	1,332,566	11,467	1,344,033
2.1 Financial Assets Held for Trading		732,410	11,467	743,877
2.1.1 Public Sector Debt Securities		18,450	4,174	22,624
2.1.2 Share Certificates		-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		682,024	6,477	688,501
2.1.4 Other Securities		31,936	816	32,752
2.2 Financial Assets Designated at Fair Value		600,156	-	600,156
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		600,156	-	600,156
2.2.4 Other Securities		-	-	-
III. BANKS	(5.I.3)	47,814	271,881	319,695
IV. DUE FROM MONEY MARKETS		-	376,334	376,334
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		-	376,334	376,334
4.3 Reverse Repurchase Agreements		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.I.4)	184,756	581,407	766,163
5.1 Share Certificates		-	1,727	1,727
5.2 Public Sector Debt Securities		167,708	12,147	179,855
5.3 Other Securities		17,048	567,533	584,581
VI. LOANS AND RECEIVABLES	(5.I.5)	9,627,446	4,860,555	14,488,001
6.1 Loans and Receivables		9,329,948	4,860,555	14,190,503
6.1.1 Loans Utilized to the Bank's Risk Group		4,714	72	4,786
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Others		9,325,234	4,860,483	14,185,717
6.2 Loans under Follow-Up		468,493	-	468,493
6.3 Specific Provisions (-)		170,995	-	170,995
VII. FACTORING RECEIVABLES		-	-	-
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.I.6)	-	-	-
8.1 Public Sector Debt Securities		-	-	-
8.2 Other Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.I.7)	4,897	-	4,897
9.1 Associates accounted for Under Equity Method		-	-	-
9.2 Unconsolidated Associates		4,897	-	4,897
9.2.1 Financial Associates		4,897	-	4,897
9.2.2 Non-Financial Associates		-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.I.8)	5,445	-	5,445
10.1 Unconsolidated Financial Subsidiaries		5,445	-	5,445
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.I.9)	-	-	-
11.1 Joint Ventures accounted for Under Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. LEASE RECEIVABLES (Net)	(5.I.10)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operational Lease Receivables		-	-	-
12.3 Others		-	-	-
12.4 Unearned Income ( - )		-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.I.11)	17,902	-	17,902
13.1 Fair Value Hedge		17,902	-	17,902
13.2 Cash Flow Hedge		-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.I.12)	191,953	-	191,953
XV. INTANGIBLE ASSETS (Net)	(5.I.13)	5,948	-	5,948
15.1 Goodwill		-	-	-
15.2 Others		5,948	-	5,948
XVI. INVESTMENT PROPERTIES (Net)	(5.I.14)	-	-	-
XVII. TAX ASSET		9,475	-	9,475
17.1 Current Tax Assets		3	-	3
17.2 Deferred Tax Assets	(5.I.15)	9,472	-	9,472
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.I.16)	23,795	-	23,795
18.1 Held for Sale		23,795	-	23,795
18.2 Discontinued Operations		-	-	-
XIX. OTHER ASSETS	(5.I.17)	54,033	21,276	75,309
<b>TOTAL ASSETS</b>		<b>11,781,631</b>	<b>8,334,575</b>	<b>20,116,206</b>

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

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

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

LIABILITIES	Footnotes	CURRENT PERIOD (30/06/2018)		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	6,525,262	4,602,573	11,127,835
II. FUNDS BORROWED	(5.II.3)	19,696	2,277,140	2,296,836
III. MONEY MARKET FUNDS		-	572,059	572,059
IV. SECURITIES ISSUED (Net)	(5.II.4)	1,293,110	1,398,754	2,691,864
4.1 Bills		1,293,110	-	1,293,110
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	1,398,754	1,398,754
V. FUNDS		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	1,304,882	13,083	1,317,965
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1,304,882	13,083	1,317,965
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE PAYABLES	(5.II.6)	-	476	476
9.1 Financial Lease Payables		-	532	532
9.2 Operating Lease Payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses ( - )		-	56	56
VIII. PROVISIONS	(5.II.8)	146,519	-	146,519
10.1 Provisions for Restructuring		-	-	-
10.2 Reserve for Employee Benefits		20,773	-	20,773
10.3 Insurance Technical Reserves (net)		-	-	-
10.4 Other Provisions		125,746	-	125,746
XI. CURRENT TAX LIABILITY	(5.II.9)	40,469	-	40,469
XII. DEFERRED TAX LIABILITY		-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-
13.1 Held for Sale		-	-	-
13.2 Related to Discontinued Operations		-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1,444,440	1,444,440
14.1 Loans		-	47,587	47,587
14.2 Other Debt Instruments		-	1,396,853	1,396,853
XV. OTHER LIABILITIES	(5.II.5)	270,243	573,121	843,364
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,231,508	(21,845)	1,209,663
16.1 Paid-in Capital		941,161	-	941,161
16.2 Capital Reserves		128,678	-	128,678
16.2.1 Equity Share Premium		128,678	-	128,678
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Accumulated Other Comprehensive Income or Loss not Reclassified Through Profit or Loss		(5,310)	(21,845)	(27,155)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-
16.5 Profit Reserves		410,286	-	410,286
16.5.1 Legal Reserves		21,886	-	21,886
16.5.2 Statutory Reserves		-	-	-
16.5.3 Extraordinary Reserves		388,400	-	388,400
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit or Loss		(243,307)	-	(243,307)
16.6.1 Prior Periods' Profit or Loss		(322,597)	-	(322,597)
16.6.2 Current Period net Profit or Loss		79,290	-	79,290
16.7 Minority Interest	(5.II.13)	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10,831,689</b>	<b>10,859,801</b>	<b>21,691,490</b>

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

# UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2017

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

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

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

# UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 JUNE 2018

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

	Footnotes	CURRENT PERIOD (30/06/2018)		
		TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>19,337,872</b>	<b>33,685,847</b>	<b>53,023,719</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>568,155</b>	<b>791,593</b>	<b>1,359,748</b>
1.1. Letters of Guarantee		567,726	306,059	873,785
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		567,726	306,059	873,785
1.2. Bank Acceptances		429	275,225	275,654
1.2.1 Import Letter of Acceptance		-	-	-
1.2.2 Other Bank Acceptances		429	275,225	275,654
1.3. Letters of Credit		-	210,309	210,309
1.3.1 Documentary Letters of Credit		-	-	-
1.3.2 Other Letters of Credit		-	210,309	210,309
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		-	-	-
<b>II. COMMITMENTS</b>		<b>2,008,671</b>	<b>1,386,043</b>	<b>3,394,714</b>
2.1. Irrevocable Commitments	(5.III.1)	2,008,671	1,386,043	3,394,714
2.1.1 Asset Purchase and Sale Commitments		1,168,156	1,386,043	2,554,199
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		477,359	-	477,359
2.1.5 Securities Issuance Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		251,266	-	251,266
2.1.8 Tax and Fund Liabilities from Export Commitments		6,340	-	6,340
2.1.9 Commitments for Credit Card Limits		102,268	-	102,268
2.1.10 Commitments for Credit Cards and Banking Services Promotions		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		3,281	-	3,281
2.2. Revocable Commitments		-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-
2.2.2 Other Revocable Commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>16,761,046</b>	<b>31,508,211</b>	<b>48,269,257</b>
3.1 Hedging Derivative Financial Instruments		-	-	-
3.1.1 Fair Value Hedges		-	-	-
3.1.2 Cash Flow Hedges		-	-	-
3.1.3 Net Foreign Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		16,761,046	31,508,211	48,269,257
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4,499,053	6,744,158	11,243,211
3.2.1.1 Forward Foreign Currency Transactions-Buy		2,136,542	3,484,377	5,620,919
3.2.1.2 Forward Foreign Currency Transactions-Sell		2,362,511	3,259,781	5,622,292
3.2.2 Currency and Interest Rate Swaps		7,668,241	16,677,985	24,346,226
3.2.2.1 Currency Swaps-Buy		2,724,280	9,557,930	12,282,210
3.2.2.2 Currency Swaps-Sell		4,893,961	7,120,055	12,014,016
3.2.2.3 Interest Rate Swaps-Buy		25,000	-	25,000
3.2.2.4 Interest Rate Swaps-Sell		25,000	-	25,000
3.2.3 Currency, Interest Rate and Securities Options		4,412,952	7,691,774	12,104,726
3.2.3.1 Currency Options-Buy		2,251,476	3,800,280	6,051,756
3.2.3.2 Currency Options-Sell		2,161,476	3,891,494	6,052,970
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 Currency Futures		-	-	-
3.2.4.1 Currency Futures-Buy		-	-	-
3.2.4.2 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		180,800	394,294	575,094
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>112,567,532</b>	<b>50,606,432</b>	<b>163,173,964</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>1,815,807</b>	<b>337,990</b>	<b>2,153,797</b>
4.1 Customer Fund and Portfolio Balances		184,785	-	184,785
4.2 Investment Securities Held in Custody		449,908	121,834	571,742
4.3 Cheques Received for Collection		713,246	158,524	871,770
4.4 Commercial Notes Received for Collection		145,743	57,632	203,375
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		322,125	-	322,125
4.8 Custodians		-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>110,751,725</b>	<b>50,268,442</b>	<b>161,020,167</b>
5.1 Securities		198,190	35,600	233,790
5.2 Guarantee Notes		169,060	201,118	370,178
5.3 Commodity		-	-	-
5.4 Warranty		-	-	-
5.5 Immovables		9,659,146	7,708,138	17,367,284
5.6 Other Pledged Items		100,725,329	42,323,586	143,048,915
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>131,905,404</b>	<b>84,292,279</b>	<b>216,197,683</b>

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

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

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

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

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

**UNCONSOLIDATED STATEMENT OF INCOME  
FOR THE PERIOD ENDED 30 JUNE 2018**

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

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD (01/01/2018- 30/06/2018)	CURRENT PERIOD (01/04/2018- 30/06/2018)
I.	INTEREST INCOME	(5.IV.1)	1,133,135	586,364
1.1	Interest on Loans		1,029,732	524,813
1.2	Interest on Reserve Deposits		14,847	7,825
1.3	Interest on Banks		61,128	39,198
1.4	Interest on Money Market Placements		1,925	1,035
1.5	Interest on Marketable Securities Portfolio		25,256	13,342
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		1,297	666
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		16,340	8,800
1.5.3	Financial Assets Measured at Amortized Cost		7,619	3,876
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		247	151
II.	INTEREST EXPENSE		753,239	394,481
2.1	Interest on Deposits	(5.IV.2)	526,795	271,128
2.2	Interest on Funds Borrowed	(5.IV.2)	93,468	50,572
2.3	Interest on Money Market Transactions		117	48
2.4	Interest on Securities Issued	(5.IV.2)	126,277	69,274
2.5	Other Interest Expenses		6,582	3,459
III.	NET INTEREST INCOME (I - II)		379,896	191,883
IV.	NET FEES AND COMMISSIONS INCOME		34,988	18,218
4.1	Fees and Commissions Received		57,564	27,177
4.1.1	Non-cash Loans		6,993	3,087
4.1.2	Other	(5.IV.12)	50,571	24,090
4.2	Fees and Commissions Paid		22,576	8,959
4.2.1	Non-cash Loans		56	28
4.2.2	Other	(5.IV.12)	22,520	8,931
V.	PERSONNEL EXPENSES (-)		118,050	62,988
VI.	DIVIDEND INCOME	(5.IV.3)	-	-
VII.	TRADING INCOME / LOSS (Net)	(5.IV.4)	11,641	33,529
7.1	Trading Gain / Loss on Securities		3,046	1,827
7.2	Gain / Loss on Derivative Financial Transactions		(393)	17,732
7.3	Foreign Exchange Gain / Loss		8,988	13,970
VIII.	OTHER OPERATING INCOME	(5.IV.5)	168,578	128,790
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		477,053	309,432
X.	EXPECTED CREDIT LOSS (-)	(5.IV.6)	256,830	193,810
XI.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	104,985	54,542
XII.	NET OPERATING INCOME / LOSS (IX-X-XI)		115,238	61,080
XIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIV.	INCOME / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XV.	GAIN / LOSS ON NET MONETARY POSITION		-	-
XVI.	PROFIT /LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	(5.IV.8)	115,238	61,080
XVII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(35,948)	(21,811)
17.1	Current Tax Provision		(3)	-
17.2	Deferred Tax Expense Effect (+)		(35,945)	(21,811)
17.3	Deferred Tax Income Effect (-)		-	-
XVIII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.IV.10)	79,290	39,269
XIX.	PROFIT FROM DISCONTINUED OPERATIONS		-	-
19.1	Income From Assets Held for Sale		-	-
19.2	Income from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Income From Discontinued Operations		-	-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
20.1	Expenses on Assets Held for Sale		-	-
20.2	Expenses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Expenses From Discontinued Operations		-	-
XXI.	PROFIT / LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Expense Effect (+)		-	-
22.3	Deferred Tax Income Effect (-)		-	-
XXIII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXIV.	NET PROFIT / LOSS (XVIII+XXIII)	(5.IV.11)	79,290	39,269
24.1	Group Profit/Loss		79,290	39,269
24.2	Minority Interest		-	-
	Profit / Loss per Share (Per thousand share)		0.00084	0.00042

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



**UNCONSOLIDATED STATEMENT OF INCOME  
FOR THE PERIOD ENDED 30 JUNE 2017**

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

INCOME AND EXPENSE ITEMS		Footnotes	PRIOR PERIOD (01/01/2017- 30/06/2017)	PRIOR PERIOD (01/04/2017- 30/06/2017)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>812,254</b>	<b>443,084</b>
1.1	Interest from Loans		741,296	400,321
1.2	Interest from Reserve Deposits		7,700	4,551
1.3	Interest from Banks		36,177	25,020
1.4	Interest from Money Market Transactions		1,668	909
1.5	Interest from Securities Portfolio		25,253	12,197
1.5.1	Trading Securities		902	488
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available for Sale Securities		24,351	11,709
1.5.4	Held to Maturity Securities		-	-
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		160	86
<b>II.</b>	<b>INTEREST EXPENSE</b>		<b>524,512</b>	<b>292,341</b>
2.1	Interest on Deposits	(5.IV.2)	408,308	228,532
2.2	Interest on Funds Borrowed	(5.IV.2)	47,593	26,655
2.3	Interest Expense on Money Market Transactions		101	87
2.4	Interest on Securities Issued	(5.IV.2)	61,276	34,332
2.5	Other Interest Expenses		7,234	2,735
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>287,742</b>	<b>150,743</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>19,318</b>	<b>11,080</b>
4.1	Fees and Commissions Received		32,882	18,458
4.1.1	Non-cash Loans		4,698	2,630
4.1.2	Other	(5.IV.12)	28,184	15,828
4.2	Fees and Commissions Paid		13,564	7,378
4.2.1	Non-cash Loans		93	43
4.2.2	Other	(5.IV.12)	13,471	7,335
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	-	-
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(5.IV.4)	<b>9,786</b>	<b>4,177</b>
6.1	Profit / Loss on Securities Trading		3,557	1,412
6.2	Profit / Loss on Derivative Financial Transactions		3,429	(1,532)
6.3	Foreign Exchange Gains / Losses		2,800	4,297
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>22,947</b>	<b>10,777</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>339,793</b>	<b>176,777</b>
<b>IX.</b>	<b>PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.6)	<b>78,619</b>	<b>42,299</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>170,440</b>	<b>88,992</b>
<b>XI.</b>	<b>NET OPERATING PROFIT / LOSS (VII-IX-X)</b>		<b>90,734</b>	<b>45,486</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.8)	<b>90,734</b>	<b>45,486</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(18,129)</b>	<b>(9,636)</b>
16.1	Current Tax		(35,789)	(20,475)
16.2	Deferred Tax		17,660	10,839
<b>XVII.</b>	<b>NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.10)	<b>72,605</b>	<b>35,850</b>
<b>XVIII.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other		-	-
<b>XX.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current Tax		-	-
21.2	Deferred Tax		-	-
<b>XXII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT / LOSS (XVII+XXII)</b>	(5.IV.11)	<b>72,605</b>	<b>35,850</b>
23.1	Group Profit/Loss		72,605	35,850
23.2	Minority Shares		-	-
	Earnings / Losses per Share(Per thousand share)		0.00077	0.00038

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

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

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

INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD (01/01/2018 - 30/06/2018)
I. CURRENT PERIOD INCOME/LOSS	79,290
II. OTHER COMPREHENSIVE INCOME	(11,620)
2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(11,620)
2.1.1 Gains (Losses) on Revaluation of Property and Equipment	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(14,704)
2.1.5 Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	3,084
2.2 Other Comprehensive Income That Will Be Reclassified To Profit or Loss	-
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss From Financial Assets at Fair Value Through Other Comprehensive Income	-
2.2.3 Income (Loss) Related with Cash Flow Hedges	-
2.2.4 Income (Loss) Related with Hedges of Net Investment Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	-
2.2.6 Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	67,670

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

# UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

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

INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY	PRIOR PERIOD (01/01/2017 - 30/06/2017)
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILBLE FOR SALE	14,655
II. TANGIBLE ASSETS REVALUATION RESERVES	-
III. INTANGIBLE ASSETS REVALUATION RESERVES	-
IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-
V. PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS(Effective Portion of the Changes in the Fair Value)	-
VI. PROFIT/LOSS ON NET FOREIGN HEDGE DERIVATIVE FINANCIAL ASSETS(Effective Portion)	-
VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN ACCOUNTING POLICY	-
VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	-
IX. DEFERRED TAX EFFECT OF REVALUATION	(2,887)
X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY(I+II+...+IX)	11,768
XI. PROFIT/LOSS FOR THE PERIOD	72,386
11.1 Net Change in Fair Value of Marketable Securities(Transfer yo Profit/Loss)	(219)
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	-
11.4 Other	72,605
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X+XI)	84,154

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Accumulated Comprehensive Income or Expense Reclassified Through Profit and Loss			Other Accumulated Comprehensive Income Reclassified Through Profit and Loss								
	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
<b>CURRENT PERIOD (01.01-30.06.2018)</b>																
I. Balances at the beginning of the period	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	-	167,002	1,464,590	-	1,464,590
II. Correction made as per TAS 8 (*)	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
III. Adjusted balances at the beginning of the period (I+II)	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	(322,597)	167,002	1,141,993	-	1,141,993
IV. Total Comprehensive Income	-	-	-	-	-	-	(11,620)	-	-	-	-	-	79,290	67,670	-	67,670
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	167,002	-	(167,002)	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	167,002	-	(167,002)	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)	941,161	128,678	-	-	-	(4,636)	(22,519)	-	-	-	410,286	(322,597)	79,290	1,209,663	-	1,209,663

1. Tangible and Intangible Asset Revaluation Reserve

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

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted by Using Equity Method Not Reclassified Through Income or Loss and Other Comprehensive Income Not Reclassified Through Profit or Loss)

4. Effects of Changes in Foreign Exchange Notes

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

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

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

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY  
FOR THE PERIOD 1 JANUARY- 30 JUNE 2017**

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

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Paid-in Capital Inflation Adjustments	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserves	Tangible and Intangible Assets Revaluation Reserves	Bonus Shares from Equity Participations	Hedging Funds	Accumulated Rev.Reserve on Assets Held for Sale	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
<b>PRIOR PERIOD (01.01-30.06.2017)</b>																			
I. Prior Period Ending Balance		941,161	-	128,678	-	7,790	-	120,579	(3,003)	114,915	-	(20,254)	-	-	-	-	1,289,866	-	1,289,866
Changes during the period																			
II. Increase/Decrease due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	11,549	-	-	-	-	11,549	-	11,549
IV. Hedge Funds(Effective Portios)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares From Investments in Associates, Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The Effect of Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change In Equities Of Subsidiaries On The		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in Capital Inflation Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	72,605	-	-	-	-	-	-	72,605	-	72,605
XVIII. Profit Distribution		-	-	-	-	5,745	-	109,170	-	(114,915)	-	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	5,745	-	109,170	-	-	(114,915)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(114,915)	114,915	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		941,161	-	128,678	-	13,535	-	229,749	(3,003)	72,605	-	(8,705)	-	-	-	-	1,374,020	-	1,374,020

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

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY- 30 JUNE 2018

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

	Footnotes	CURRENT PERIOD (01/01/2018 - 30/06/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(131,467)</b>
1.1.1 Interest received (+)		1,173,949
1.1.2 Interest paid (-)		737,330
1.1.3 Dividend received (+)		-
1.1.4 Fees and commissions received (+)		53,747
1.1.5 Other income (+)		44,267
1.1.6 Collections from previously written off loans and other receivables (+)		2,062
1.1.7 Cash payments to personnel and service suppliers (-)		232,554
1.1.8 Taxes paid (-)		90,885
1.1.9 Other (+/-)		(344,723)
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>		<b>(660,402)</b>
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		604,639
1.2.2 Net (increase) / decrease in due from banks (+/-)		210,956
1.2.3 Net (increase) / decrease in loans (+/-)		(928,936)
1.2.4 Net (increase) / decrease in other assets (+/-)		(163,947)
1.2.5 Net increase / (decrease) in bank deposits (+/-)		319,109
1.2.6 Net increase / (decrease) in other deposits (+/-)		(1,476,810)
1.2.7 Net increase / (decrease) in financial liabilities at fair value through profit or loss (+/-)		(3,664)
1.2.8 Net increase / (decrease) in funds borrowed (+/-)		208,869
1.2.9 Net increase / decrease in matured payables (+/-)		-
1.2.10 Net increase / (decrease) in other liabilities (+/-)		569,382
<b>I. Net cash provided from banking operations (+/-)</b>		<b>(791,869)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-</b>
<b>II. Net cash provided from investing activities (+/-)</b>		<b>(106,805)</b>
2.1 Cash paid for the purchase of associates, subsidiaries, entities and joint ventures		5,000
2.2 Cash obtained from sale of associates, subsidiaries, entities and joint ventures		-
2.3 Cash paid for purchase of tangible and intangible asset (-)		10,209
2.4 Cash obtained from sale of tangible and intangible asset (+)		52,781
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income (-)		24,782
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income (+)		40,570
2.7 Cash paid for purchase of financial assets at amortised cost (-)		150,699
2.8 Cash obtained from sale of financial assets at amortised cost (+)		-
2.9 Other (+/-)		(9,466)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>
<b>III. Net cash provided from financing activities (+/-)</b>		<b>1,436,798</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		1,528,078
3.2 Cash outflow from funds borrowed and securities issued (-)		91,280
3.3 Equity instruments issued (+)		-
3.4 Dividends paid (-)		-
3.5 Payments for financial leases liabilities (-)		-
3.6 Other (+/-)		-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>86,642</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>624,766</b>
<b>VI. Cash and cash equivalents at the beginning of period (+)</b>		<b>1,295,951</b>
<b>VII. Cash and cash equivalents at the end of period (V+VI)</b>		<b>1,920,717</b>

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

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

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

	Footnotes	PRIOR PERIOD (01/01/2017 - 30/06/2017)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>198,606</b>
1.1.1 Interest received (+)		762,863
1.1.2 Interest paid (-)		479,973
1.1.3 Dividend received (+)		-
1.1.4 Fees and commissions received (+)		32,332
1.1.5 Other income (+)		82,257
1.1.6 Collections from previously written off loans and other receivables (+)		1,292
1.1.7 Payments to personnel and service suppliers (-)		160,413
1.1.8 Taxes paid (-)		31,994
1.1.9 Other (+/-)		(7,758)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>46,016</b>
1.2.1 Net (increase) / decrease in trading securities (+/-)		14,369
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)
1.2.4 Net (increase) / decrease in loans (+/-)		(2,241,424)
1.2.5 Net (increase) / decrease in other assets (+/-)		(79,351)
1.2.6 Net increase / (decrease) in bank deposits (+/-)		645,765
1.2.7 Net increase / (decrease) in other deposits (+/-)		1,639,595
1.2.8 Net increase / (decrease) in funds borrowed (+/-)		128,706
1.2.9 Net increase / (decrease) in due payables (+/-)	-	-
1.2.10 Net increase / (decrease) in other liabilities (+/-)		81,823
<b>I. Net cash provided from banking operations</b>		<b>244,622</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities (+/-)</b>		<b>10,025</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		4,897
2.2 Cash obtained for acquisition of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment (-)		3,032
2.4 Disposals of property and equipment (+)		2,405
2.5 Cash paid for purchase of financial assets available- for sale (-)		95,065
2.6 Cash obtained from sale of financial assets available- for sale (+)		112,212
2.7 Cash paid for purchase of investment securities (-)	-	-
2.8 Cash obtained from sale of investment securities (+)	-	-
2.9 Other (+)		(1,598)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities (+/-)</b>		<b>929,820</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		2,062,010
3.2 Cash used for repayment of funds borrowed and securities issued (-)		1,132,190
3.3 Issued equity instruments (+)	-	-
3.4 Dividends paid (-)	-	-
3.5 Payments for financial leases (-)	-	-
3.6 Other (+/-)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>26,944</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>1,211,411</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>704,378</b>
<b>VII. Cash and cash equivalents at end of period</b>		<b>1,915,789</b>

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

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

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

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Explanations on the basis of presentation**

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

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

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

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

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

**1. Usage strategy of the financial instruments**

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

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

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

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



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

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

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

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

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

	30 June 2018	31 December 2017
US Dollar	4.5607	3.7719
Euro	5.3092	4.5155

**2.2 Foreign exchange gains and losses included in the income statement**

As of 30 June 2018, net foreign exchange profit included in the income statement is TL 8,988 (1 January - 30 June 2017: TL 2,800 profit ).

**III. Explanations on Equity Investments**

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

**IV. Explanations on forward transactions, options and derivative instruments**

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

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

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

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

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

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

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

**Explanations on derivative financial instruments held for hedging**

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

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

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

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

**V. Explanations on interest income and expenses**

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

**VI. Explanations on fee and commission income and expenses**

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

**VII. Explanations on financial assets**

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

**1. Financial assets at fair value through profit or loss**

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

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

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

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

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

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**2. Financial assets at fair value through other comprehensive income**

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

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

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

**3. Financial assets measured at amortized cost**

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

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

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

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

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

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**VIII. Explanations on expected credit loss**

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

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

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

***Stage 1***

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

***Stage 2***

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

***Stage 3***

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

**IX. Explanations on offsetting financial instruments**

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

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

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

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

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

The Bank does not have any discontinued operations.

**XII. Explanations on goodwill and other intangible assets**

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

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

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

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

**XIII. Explanations on tangible assets**

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

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

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

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

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

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

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

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

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

**XIII. Explanations on tangible assets (continued)**

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

**XIV. Explanations on leasing transactions**

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

**XV. Explanations on provisions and contingent liabilities**

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

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

**XVI. Explanations on contingent assets**

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

**XVII. Explanations on liabilities for employee benefits**

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

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

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

There is no employee foundation, fund or similar institutions.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**XVIII. Explanations on taxation**

**1. Current Tax**

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

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

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

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

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

**2. Deferred Tax**

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

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

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

Deferred tax rate calculation has started to be applied over temporary expected credit losses as per TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for possible risk provisions.

As of 30 June 2018, the deferred tax asset is TL 83,343 (31 December 2017: TL 9,472 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax expense effect" in the income statement; deferred tax expense for the current period is TL 35,945 (1 January - 30 June 2017: TL 17,660 income). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 3,086 income (1 January -30 June 2017: TL 2,887 expense).

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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 from domestic and foreign individuals and institutions both by borrowing funds and issuing bills and bonds.

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

**XX. Explanations on share certificates issued**

None.

**XXI. Explanations on bank acceptances and bills of guarantee**

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

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

**XXII. Explanation on government incentives**

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

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Note VII of Section Four.



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### XXIV. Explanations on TFRS 9 financial instruments standard

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

#### a. Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

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

#### d. TFRS 9 transition effects on equity

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

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

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

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

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

**Explanations on financial assets**

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

**1. Financial assets at fair value through profit or loss**

**1.1 *Financial assets held for trading***

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

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

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

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

Fair value of loans, which are classified as financial assets at fair value through profit or loss, are determined through discounting of payment plan via using yield curve, established through adding Z-spread on the based of credit to swap yield curve.

**2. Financial assets Available for Sale**

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

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

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

**3. Held to maturity investments**

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

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**4. Loans and receivables**

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

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

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

The Bank classifies its loans and receivables to related groups by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006 and other regulations and makes special or general provisions according to group, in which the loans and receivables are tracked. On the other hand, deferred tax asset is not allocated over the amount of general loan loss provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

**XXVI. Other matters**

None.

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### SECTION FOUR

#### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT

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

As of 30 June 2018, the Bank’s total capital has been calculated as TL 2,896,057 and the capital adequacy ratio is 17.18% (As of 31 December 2017, the Bank’s total capital amounted to TL 2,687,405 and the capital adequacy ratio was 16.09%).

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

	Current Period (30/06/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share Premium	128,678	
Reserves	410,286	
Other comprehensive income according to TAS	--	
Profit	79,290	
Current period profit	79,290	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
<b>Tier I Capital Before Deductions</b>	<b>1,559,415</b>	
<b>Deductions From Tier I Capital</b>		
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 (-) (**)	105,166	--
Improvement costs for operating leasing (-)	11,139	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	13,152	--
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	--	--

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

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	Current Period (30/06/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets from temporary differences (-)	--	
Other items to be defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>129,457</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,429,958</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	--	
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)	--	
<b>Additional Core Capital before Deductions</b>	--	
<b>Deductions from Additional Core Capital</b>	--	
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 (30/06/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
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 (-)	--	--
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 (-)	--	
<b>Total Deductions from Additional Tier I Capital</b>	--	
<b>Total Additional Tier I Capital</b>	--	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,429,958</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,413,817	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	52,518	
<b>Tier II Capital before Deductions</b>	<b>1,466,335</b>	
<b>Deductions from Tier II Capital</b>		
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	225	--
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 (-)	--	
<b>Total Deductions from Tier II Capital</b>	<b>225</b>	
<b>Total Tier II Capital</b>	<b>1,466,110</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>2,896,068</b>	

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	Current Period (30/06/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
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 (-)	11	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
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 (-)	--	--
<b>EQUITY</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>2,896,057</b>	--
<b>Total Risk Weighted Assets</b>	<b>16,853,097</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Ratio (%)	8.48	--
Tier I Capital Ratio (%)	8.48	--
Capital Adequacy Ratio (%)	17.18	--
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.88	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	4.50	--



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	Current Period (30/06/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	2.48	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
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	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	223,254	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	52,518	--
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	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
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 (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share premium	128,678	
Reserves	243,284	
Other comprehensive income according to TAS	2,214	
Profit	167,002	
Current period profit	167,002	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
<b>Tier I Capital Before Deductions</b>	<b>1,482,339</b>	
<b>Deductions From Tier I Capital</b>		
Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	17,750	--
Improvement costs for operating leasing (-)	10,257	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,758	--
Excess amount arising from deferred tax assets from temporary differences	--	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--

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

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

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

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

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

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	
Other items to be defined by the BRSA (-)	34	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
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 (-)	--	--
<b>EQUITY</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>2,687,405</b>	--
<b>Total Risk Weighted Assets</b>	<b>16,700,579</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Ratio (%)	8.68	--
Tier I Capital Ratio (%)	8.67	--
Capital Adequacy Ratio (%)	16.09	--
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.25	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	1.80	--

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

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

	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets	2.68	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
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	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	70,580	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	70,580	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

\* The amounts to be considered under the transitional provisions.

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

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

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

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

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

### Items included in shareholder's equity calculation:

Issuer	Fibabanka A.Ş.	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
<b>Consideration Status in Shareholders' Equity Calculation</b>		
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 in shareholders' equity calculation (By last report date of - Thousand TL)	1,368,210	45,607
Nominal value of debt instrument (Thousand TL)	1,368,210	45,607
Related account of debt instrument	Subordinated Debt Instruments	Subordinated Loan
Issuing date of debt instrument	24/03/16-10/05/17	06/08/13
Maturity structure of debt instrument (Demand/Time)	Time	Time
Initial term of of debt instrument	11 years	10 years
Whether there is right of reimbursement of issuer or not according to BRSA rules	There is	There is
Optional reimbursement date, options of conditional reimbursement and reimbursement amount	24/11/2022; \$ 300 million	02/08/2018; \$ 10 million
Following reimbursement option dates	None	None

\* Subordinated loan from Eco Trade and Development Bank. The loan was fully repaid on 02/08/2018 based on early repayment option.

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

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

<b>Interest/Dividend Payments</b>		
Fixed or floating interest/dividend payments	Floating interest	Floating interest
Interest rate or index value of interest rate	7.75% (5-years mid-swap rate + 5.758%) till reimbursement date and then; 5-years mid-swap rate+5.758%	Libor + 8.5%
Whether there is any restriction to stop dividend payments or not	None	The Bank can not pay dividends if becomes overdue according to subordinated loan agreement.
Feature of being fully 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	--	--
<b>Feature of being convertible bonds</b>		
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 -obligatory or optional-	--	--
If there is convertible bonds, types of convertible instruments	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--
<b>Feature of value reduction</b>		
If there is a feature of value reduction, trigger incidents cause this reduction	--	--
If there is a feature of value reduction, feature of full or partially reduction of value	--	--
If there is a feature of value reduction, feature of being constant of temporary	--	--
If there is a feature of value reduction, mechanism of value incrementation	--	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	--	--
Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--	--



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

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

## Explanations on TFRS 9 Transition Process

	T	T-1	T-2	T-3	T-4
<b>EQUITY ITEMS</b>					
Common Equity	1,429,958	1,351,948	1,273,938	1,213,223	1,185,372
Transition process not implemented Common Equity <sup>a</sup>	1,185,372	1,185,372	1,185,372	1,185,372	1,185,372
Tier 1 Capital	1,429,958	1,351,948	1,273,938	1,213,223	1,185,372
Transition process not implemented Tier 1 Capital <sup>b</sup>	1,185,372	1,185,372	1,185,372	1,185,372	1,185,372
Total Capital	2,896,057	2,868,206	2,840,355	2,812,504	2,784,653
Transition process not implemented Equity <sup>c</sup>	2,784,653	2,784,653	2,784,653	2,784,653	2,784,653
<b>TOTAL RISK WEIGHTED AMOUNTS</b>					
Total Risk Weighted Amounts	16,853,097	16,853,097	16,853,097	16,853,097	16,853,097
<b>CAPITAL ADEQUACY RATIO</b>					
Common Equity Adequacy Ratio (%)	8.48	8.02	7.56	7.20	7.03
Transition process not implemented Common Equity Ratio <sup>c</sup> (%)	7.03	7.03	7.03	7.03	7.03
Tier 1 Capital Adequacy Ratio (%)	8.48	8.02	7.56	7.20	7.03
Transition process not implemented Tier 1 Capital Adequacy Ratio <sup>c</sup> (%)	7.03	7.03	7.03	7.03	7.03
Capital Adequacy Ratio (%)	17.18	17.02	16.85	16.69	16.52
Transition process not implemented Capital Adequacy Ratio <sup>c</sup> (%)	16.52	16.52	16.52	16.52	16.52
<b>LEVERAGE</b>					
Leverage Ratio Total Risk Amount	27,052,684	27,052,684	27,052,684	27,052,684	27,052,684
Leverage (%)	5.29	5.00	4.71	4.38	4.38
Transition process not implemented Leverage Ratio <sup>d</sup> (%)	4.38	4.38	4.38	4.38	4.38

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**II. Explanations On Risk Management :**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which prepared annually basis have not been presented as of 30 June 2018:

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

**a. Overview of Risk Weighted Amounts**

		Risk Weighted Amounts		Minumum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	13,863,285	14,462,198	1,109,063
2	Of which standardised approach (SA)	13,863,285	14,462,198	1,109,063
3	Of which internal rating-based (IRB) approach	--	--	--
4	Counterparty credit risk	959,540	1,003,732	76,763
5	Of which standardised approach for counterparty credit risk (SA-CCR)	959,540	1,003,732	76,763
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	33,145	24,631	2,652
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	885,738	323,000	70,859
17	Of which standardised approach (SA)	885,738	323,000	70,859
18	Of which internal model approaches (IMM)	--	--	--
19	Operational risk	1,111,389	887,018	88,911
20	Of which basic indicator approach	1,111,389	887,018	88,911
21	Of which standardised approach	--	--	--
22	Of which advanced measurement approach	--	--	--
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24	Floor adjustment	--	--	--
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>16,853,097</b>	<b>16,700,579</b>	<b>1,348,248</b>

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

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

### II. Explanations On Risk Management (continued) :

#### b. Explanations on credit risk

##### 1. 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	692,681	15,029,605	637,771	15,084,515
2	Debt Securities	14,167	945,181	17,933	941,415
3	Off-balance sheet exposures	7,411	4,747,051	2,478	4,751,984
4	<b>Total</b>	<b>714,259</b>	<b>20,721,837</b>	<b>658,182</b>	<b>20,777,914</b>

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	468,493	14,790,659	170,995	15,088,157
2	Debt Securities	--	819,812	--	819,812
3	Off-balance sheet exposures	4,135	4,330,126	1,677	4,332,584
4	<b>Total</b>	<b>472,628</b>	<b>19,940,597</b>	<b>172,672</b>	<b>20,240,553</b>

##### 2. Changes in stock of default loans and debt securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	468,493	212,639
2	Loans and debt securities that have defaulted since the last reporting period	402,387	426,021
3	Receivables back to non-defaulted status	--	--
4	Amounts written off(*)	68,416	93,935
5	Other changes(**)	95,616	76,232
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>706,848</b>	<b>468,493</b>

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

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

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

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

**II. Explanations On Risk Management (continued) :**

**3. 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	11,783,389	3,506,514	2,108,579	1,397,935	1,397,935	--	--
2	Debt Securities	941,415	--	--	--	--	--	--
3	<b>Total</b>	<b>12,724,804</b>	<b>3,506,514</b>	<b>2,108,579</b>	<b>1,397,935</b>	<b>1,397,935</b>	--	--
4	Of which defaulted	138,958	121,341	121,341	--	--	--	--

	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	11,624,385	3,463,772	1,839,428	1,624,344	1,624,344	--	--
2	Debt Securities	819,812	--	--	--	--	--	--
3	<b>Total</b>	<b>12,444,197</b>	<b>3,463,772</b>	<b>1,839,428</b>	<b>1,624,344</b>	<b>1,624,344</b>	--	--
4	Of which defaulted	254,902	42,596	42,596	--	--	--	--

**4. Credit risk exposure and credit risk mitigation techniques:**

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off- balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk sınıfları							
1	Exposures to sovereigns and their central banks	3,639,080	--	5,037,015	--	113,097	2.2%
2	Exposures to regional and local governments	--	--	--	--	--	0.0%
3	Exposures to adm. 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	2,204,235	35,099	2,204,235	17,570	756,229	34.0%
7	Exposures to corporates	8,702,608	963,752	8,445,198	615,789	8,978,433	99.1%
8	Retail exposures	4,660,602	891,887	3,635,948	317,583	2,964,788	75.0%
9	Exposures secured by residential property	399,179	7,812	378,738	2,874	169,257	44.4%
10	Exposures secured by commercial property	1,602,979	27,145	1,507,549	15,521	956,325	62.8%
11	Past-due items	187,193	--	187,193	--	159,565	85.2%
12	Exposures in high-risk categories	73,768	3,814	73,768	1,907	76,970	101.7%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0.0%
14	Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0.0%
15	Exposures in the form of coll. investment undertakings(*)	33,145	--	33,145	--	33,145	100.0%
16	Other exposures	476,040	2,839,445	476,040	84,311	393,356	70.2%
17	Equity share investments	--	--	--	--	--	0.0%
18	<b>Total</b>	<b>21,978,829</b>	<b>4,768,954</b>	<b>21,978,829</b>	<b>1,055,555</b>	<b>14,601,165</b>	<b>63.4%</b>

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

**II. Explanations On Risk Management (continued) :**

**4. Credit risk exposure and credit risk mitigation techniques (continued) :**

Prior Period	Risk sınıfları	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		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	2,559,215	--	4,183,559	--	116,429	2.8%
2	Exposures to regional and local governments	--	--	--	--	--	0.0%
3	Exposures to adm. 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	2,422,155	39,652	2,422,155	22,670	901,641	36.9%
7	Exposures to corporates	9,441,066	1,629,510	8,984,571	1,151,625	10,121,108	99.9%
8	Retail exposures	3,864,150	717,758	2,834,788	282,020	2,336,840	75.0%
9	Exposures secured by residential property	551,336	10,405	531,845	5,041	243,848	45.4%
10	Exposures secured by commercial property	1,387,945	27,975	1,268,949	18,505	811,226	63.0%
11	Past-due items	219,982	--	219,982	--	238,353	108.4%
12	Exposures in high-risk categories	78,877	2,458	78,877	1,229	84,999	106.1%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0.0%
14	Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0.0%
15	Exposures in the form of coll. investment undertakings(*)	24,631	--	24,631	--	24,631(*)	100.0%
16	Other exposures	409,112	1,907,399	409,112	74,691	342,297	70.8%
17	Equity share investments	--	--	--	--	--	0.0%
18	<b>Total</b>	<b>20,958,469</b>	<b>4,335,157</b>	<b>20,958,469</b>	<b>1,555,781</b>	<b>15,221,372</b>	<b>67.6%</b>

(\*)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 (continued) :**

**5. Exposures by asset classes and risk weights**

(Current Period)

	Risk Classes/ Risk Density	0%	10%	20%	35%(*)	50%	50%(*)	75%	100%	150%	200%	Total Risk Amount (**)
1	Exposures to sovereigns and their central banks	4,810,822	--	--	--	226,193	--	--	--	--	--	5,037,015
2	Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3	Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to banks and brokerage houses	572,061	--	232,044	--	1,415,758	--	--	1,942	--	--	2,221,805
7	Exposures to corporates	82,555	--	--	--	--	--	--	8,978,432	--	--	9,060,987
8	Retail exposures	481	--	--	--	--	--	3,953,050	--	--	--	3,953,531
9	Exposures secured by residential property	--	--	--	326,699	--	--	--	54,913	--	--	381,612
10	Exposures secured by commercial property	--	--	--	--	--	1,133,489	--	389,581	--	--	1,523,070
11	Past-due items	--	--	--	--	85,296	--	--	71,857	30,040	--	187,193
12	Exposures in high-risk categories	--	--	--	--	3,335	--	--	66,415	5,925	--	75,675
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	33,145	--	--	33,145
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other Exposures	166,995	--	--	--	--	--	--	393,356	--	--	560,351
18	<b>Total</b>	<b>5,632,914</b>	<b>--</b>	<b>232,044</b>	<b>326,699</b>	<b>1,730,582</b>	<b>1,133,489</b>	<b>3,953,050</b>	<b>9,989,641</b>	<b>35,965</b>	<b>--</b>	<b>23,034,384</b>

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CRM

(Prior Period)

	Risk Classes/ Risk Density	0%	10%	20%	35%(*)	50%	50%(*)	75%	100%	150%	200%	Total Risk Amount (**)
1	Exposures to sovereigns and their central banks	3,950,702	--	--	--	232,857	--	--	--	--	--	4,183,559
2	Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3	Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to banks and brokerage houses	476,378	--	279,114	--	1,687,029	--	--	2,304	--	--	2,444,825
7	Exposures to corporates	15,088	--	--	--	--	--	--	10,121,108	--	--	10,136,196
8	Retail exposures	1,021	--	--	--	--	--	3,115,787	--	--	--	3,116,808
9	Exposures secured by residential property	--	--	--	450,827	--	--	--	86,059	--	--	536,886
10	Exposures secured by commercial property	--	--	--	--	--	952,456	--	334,998	--	--	1,287,454
11	Past-due items	--	--	--	--	42,447	--	--	98,346	79,189	--	219,982
12	Exposures in high-risk categories	--	--	--	--	1,158	--	--	68,004	10,944	--	80,106
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of coll. investment undertakings(***)	--	--	--	--	--	--	--	24,631	--	--	24,631
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other Exposures	141,506	--	--	--	--	--	--	342,297	--	--	483,803
18	<b>Total</b>	<b>4,584,695</b>	<b>--</b>	<b>279,114</b>	<b>450,827</b>	<b>1,963,491</b>	<b>952,456</b>	<b>3,115,787</b>	<b>11,077,747</b>	<b>90,133</b>	<b>--</b>	<b>22,514,250</b>

(\*) 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 (continued) :**

**c. Explanations on counterparty credit risk (CCR)**

**1. Evaluation of counterparty credit risk according to 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)	630,707	446,289	--	1.4	1,076,996	683,356
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)	--	--	--	--	678,944	21,377
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	<b>Total</b>	<b>630,707</b>	<b>446,289</b>	<b>--</b>	<b>--</b>	<b>1,755,940</b>	<b>704,733</b>

	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)	703,811	311,882	--	1.4	1,015,693	713,938
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)	--	--	--	--	579,403	20,605
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	<b>Total</b>	<b>703,811</b>	<b>311,882</b>	<b>--</b>	<b>--</b>	<b>1,595,096</b>	<b>734,543</b>

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**II. Explanations On Risk Management (continued) :**

**c. Explanations on counterparty credit risk (CCR) (continued)**

**2. Capital requirement for credit valuation adjustment (CVA)**

		Current Period		Prior Period	
		EAD post-CRM	RWA	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	1,076,996	254,807	1,015,693	269,189
4	<b>Total subject to the CVA capital obligation</b>	<b>1,076,996</b>	<b>254,807</b>	<b>1,015,693</b>	<b>269,189</b>

**3. CCR exposures by risk class and risk weights - standardised approach**

Current Period										Total Credit Risk
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other		
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	572,061	--	152,516	710,857	--	--	--	--	--	1,435,434
Exposures to corporates	--	--	--	--	--	315,128	--	--	--	315,128
Retail exposures	481	--	--	--	4,897	--	--	--	--	5,378
Exposures secured by residential property	--	--	--	--	--	--	--	--	--	--
Exposures secured by commercial 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 corp.	--	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--	--
Othr Exposures	--	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>572,542</b>	<b>--</b>	<b>152,516</b>	<b>710,857</b>	<b>4,897</b>	<b>315,128</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,755,940</b>



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**II. Explanations On Risk Management (continued) :**

**c. Explanations on counterparty credit risk (CCR) (continued)**

**3. CCR exposures by risk class and risk weights - standardised approach (continued)**

Prior Period									
Risk Weights	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 adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	476,378	--	150,628	522,483	--	16	--	--	1,149,505
Exposures to corporates	--	--	--	--	--	438,928	--	--	438,928
Retail exposures	1,021	--	--	--	5,642	--	--	--	6,663
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Exposures secured by commercial 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 corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Othr Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
Total	477,399	--	150,628	522,483	5,642	438,944	--	--	1,595,096

**4. Collaterals for CCR**

	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
Current Period	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	481	--	--	--	572,061	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	678,944
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>481</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>572,061</b>	<b>678,944</b>

	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
Prior Period	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	1,021	--	--	--	476,378	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	579,403
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>1,021</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>476,378</b>	<b>579,403</b>

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**II. Explanations On Risk Management (continued) :**

**d. Explanations on market risk**

**Market risk under standardised approach**

		Current Period	Prior Period
		RWA	RWA
<b>Outright Products</b>			
1	Interest rate risk (general and specific)	840,375	296,137
2	Equity risk (general and specific)	--	--
3	Foreign exchange risk	31,863	23,563
4	Commodity risk	--	--
<b>Options</b>			
5	Simplified approach	--	--
6	Delta-plus method	13,500	3,300
7	Scenario approach	--	--
8	Securitisation	--	--
<b>9</b>	<b>Total</b>	<b>885,738</b>	<b>323,000</b>

**III. Explanations on currency risk**

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

As of 30 June 2018, the Bank's net short position is TL 103,808 (31 December 2017: TL 92,480 net short position) resulting from short position on the balance sheet amounting to TL 2,238,202 (31 December 2017: TL 1,050,041 short position) and long position on the off-balance amounting to TL 2,134,394 (31 December 2017: TL 957,561 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

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

US Dollar purchase rate as at the balance sheet date	TL 4.5607
Euro purchase rate as at the balance sheet date	TL 5.3092

Date	USD	EUR
26 June 2018	4.6397	5.4071
27 June 2018	4.6740	5.4576
28 June 2018	4.6349	5.3960
29 June 2018	4.5500	5.3000
30 June 2018	4.5607	5.3092

The US Dollar buying rate is TL 4.6222 and EUR buying rate is TL 5.4008 according to simple arithmetic average on June 2018.

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**III. Explanations on currency risk (continued)**

Current Period	EUR	USD	Other	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	259,921	1,369,268	413,991	2,043,180
Due From Banks	32,950	84,198	4,717	121,865
Financial Assets at Fair Value through Profit/Loss (*)	451	3,644	--	4,095
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	100,624	593,770	--	694,394
Loans and Receivables (**)	3,956,790	1,725,585	82,706	5,765,081
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	--	--	--	--
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	891	854	1	1,746
<b>Total Assets</b>	<b>4,351,627</b>	<b>3,777,319</b>	<b>501,415</b>	<b>8,630,361</b>
<b>Liabilities</b>				
Bank Deposits	35,810	787,491	31,368	854,669
Foreign Currency Deposits	674,660	3,036,106	37,138	3,747,904
Money Market Borrowings	77,244	494,815	-	572,059
Funds Provided from Other Financial Institutions	927,037	1,356,446	41,244	2,324,727
Securities Issued (****)	--	2,795,607	--	2,795,607
Sundry Creditors	64,419	472,922	1,125	538,466
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities (*****)	24,949	10,182	--	35,131
<b>Total Liabilities</b>	<b>1,804,119</b>	<b>8,953,569</b>	<b>110,875</b>	<b>10,868,563</b>
<b>Net Balance Sheet Position</b>	<b>2,547,508</b>	<b>(5,176,250)</b>	<b>390,540</b>	<b>(2,238,202)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(2,548,033)</b>	<b>5,072,799</b>	<b>(390,372)</b>	<b>2,134,394</b>
Financial Derivative Assets (*****)	5,611,460	11,518,142	374,972	17,504,574
Financial Derivative Liabilities (*****)	8,159,493	6,445,343	765,344	15,370,180
Non-Cash Loans (*****)	331,385	460,167	42	791,594
<b>Prior Period</b>				
Total Assets	4,823,784	3,401,621	477,491	8,702,896
Total Liabilities	2,001,186	7,692,376	59,375	9,752,937
<b>Net Balance Sheet Position</b>	<b>2,822,598</b>	<b>(4,290,755)</b>	<b>418,116</b>	<b>(1,050,041)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(2,895,496)</b>	<b>4,249,171</b>	<b>(396,114)</b>	<b>957,561</b>
Financial Derivative Assets (*****)	4,356,736	8,723,477	172,731	13,252,944
Financial Derivative Liabilities (*****)	7,252,232	4,474,306	568,845	12,295,383
Non-Cash Loans (*****)	409,758	861,425	--	1,271,183

(\*) The balance does not include accruals of trading derivative financial assets amounting to TL 13,083.

(\*\*) The balance includes foreign currency indexed loans and accruals amounting to TL 381,563.

(\*\*\*) The balance does not include TL 19,297 of prepaid expenses.

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

(\*\*\*\*\*) The balance does not include accruals of derivative financial liabilities amounting to TL 13,083.

(\*\*\*\*\* In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 484,340 (31 December 2017: TL 488,310), foreign currency sale commitments within the derivative financial liabilities amounted to TL 901,703 (31 December 2017: TL 411,183).

(\*\*\*\*\* 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 crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,690,265	--	--	--	--	785,408	3,475,673
Banks	41,051	--	--	--	--	81,812	122,863
Financial Assets at Fair Value Through Profit or Loss	167,996	63,199	398,573	1,037,772	19,692	--	1,687,232
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	5,662	--	189,454	510,661	2,376	2,365	710,518
Loans (*)	2,133,486	4,215,175	3,144,200	4,949,288	587,456	54,910	15,084,515
Financial Assets Measured at Amortized Cost	--	--	--	104,306	64,326	--	168,632
Other Assets (**)	--	--	--	--	--	442,057	442,057
<b>Total Assets</b>	<b>5,038,460</b>	<b>4,278,374</b>	<b>3,732,227</b>	<b>6,602,027</b>	<b>673,850</b>	<b>1,366,552</b>	<b>20,691,490</b>
<b>Liabilities</b>							
Bank Deposits	792,229	35,912	--	--	--	96,033	924,174
Other Deposits	6,888,692	1,582,691	821,519	33,252	--	877,507	10,203,661
Interbank Money Market Received	238,654	333,405	--	--	--	--	572,059
Sundry Creditors	--	--	--	--	--	697,826	697,826
Marketable Securities Issued (***)	462,781	592,028	302,050	2,731,858	--	--	4,088,717
Funds Borrowed from Other Financial Institutions	417,027	1,457,231	461,963	8,202	--	--	2,344,423
Other Liabilities (****)	102,097	38,996	191,772	974,579	10,521	1,542,665	2,860,630
<b>Total Liabilities</b>	<b>8,901,480</b>	<b>4,040,263</b>	<b>1,777,304</b>	<b>3,747,891</b>	<b>10,521</b>	<b>3,214,031</b>	<b>20,691,490</b>
Balance Sheet Long Position	--	238,111	1,954,923	2,854,136	663,329	--	5,710,499
Balance Sheet Short Position	(3,863,020)	--	--	--	--	(1,847,479)	(5,710,499)
Off-Balance Sheet Long Position	--	--	--	25,000	--	25,535,954	25,560,954
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(25,237,502)	(25,262,502)
<b>Total Position</b>	<b>(3,863,020)</b>	<b>238,111</b>	<b>1,954,923</b>	<b>2,854,136</b>	<b>663,329</b>	<b>(1,549,027)</b>	<b>298,452</b>

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

(\*\*) Non-interest bearing column includes TL 15,342 associations, TL 196,574 tangible assets, TL 13,152 intangible assets, TL 83,343 tax asset, TL 44,648 assets held for sale and TL 92,758 other assets.

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

(\*\*\*\*) Non-interest bearing column includes TL 1,209,663 shareholders' equity, TL 145,538 other liabilities, TL 476 finance lease liabilities, TL 146,519 provisions and TL 40,469 tax liabilities.

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**IV. Explanations on interest rate risk (continued)**

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

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

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

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

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**IV. Explanations on interest rate risk (continued)**

**Average interest rates applied to financial instruments**

Current Period End	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	1.50	--	7.00
Banks	--	1.85	--	17.44
Financial Assets at Fair Value Through Profit/ Loss	2.00	5.20	--	17.58
Interbank Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.43	5.24	--	9.44
Loans	5.98	7.36	--	18.82
Financial Assets Measured at Amortized	--	--	-	9.45
<b>Liabilities</b>				
Bank Deposits	--	2.00	--	17.05
Other Deposits	1.13	3.81	--	17.14
Interbank Money Market Received	(0.13)	3.10	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued (*)	--	6.88	--	15.57
Funds Borrowed from Other Financial Institutions	1.84	3.32	--	6.57

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

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

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

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

**VI. Explanations on liquidity risk and liquidity coverage ratio**

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

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

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

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

**Information on the use of stress testing**

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

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

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

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

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

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

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			3,026,420	2,201,184
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	7,519,755	3,201,572	693,308	319,826
3 Stable deposits	952,876	--	37,641	--
4 Less stable deposits	6,566,879	3,201,572	655,667	319,826
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	4,842,788	2,570,026	2,925,743	1,651,662
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	2,537,729	827,455	1,009,319	324,170
8 Other unsecured funding	2,305,059	1,742,571	1,916,424	1,327,492
9 Secured funding			167,928	167,928
10 Other cash outflows	2,820,707	1,348,173	675,864	439,876
11 Outflows related to derivative exposures and other collateral requirements	420,036	350,469	428,669	357,600
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2,400,671	997,704	247,195	82,276
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	23,510	70	23,574	72
16 TOTAL CASH OUTFLOWS			4,486,417	2,579,364
<b>CASH INFLOWS</b>				
17 Secured receivables	20,872	20,872	20,731	20,731
18 Unsecured receivables	2,180,076	539,760	1,540,573	506,455
19 Other cash inflows	129,779	90,326	133,057	92,429
20 TOTAL CASH INFLOWS	2,330,727	650,958	1,694,361	619,615
21 TOTAL HQLA			3,026,420	2,201,184
22 TOTAL NET CASH OUTFLOWS			2,792,056	1,959,749
23 LIQUIDITY COVERAGE RATIO (%)			108.39	112.32

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



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

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

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

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			2,577,040	2,258,253
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	6,752,452	2,820,942	650,213	285,282
3 Stable deposits	516,695	--	25,105	--
4 Less stable deposits	6,235,757	2,820,942	625,108	285,282
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	5,088,006	2,894,298	2,784,247	1,619,726
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	3,532,975	1,840,665	1,407,518	734,429
8 Other unsecured funding	1,553,031	1,053,633	1,373,729	885,297
9 Secured funding			247,839	274,839
10 Other cash outflows	2,528,841	1,112,865	543,159	318,972
11 Outflows related to derivative exposures and other collateral requirements	305,733	248,347	305,812	248,511
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2,223,109	864,519	237,348	70,461
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	20,015	187	20,031	187
<b>16 TOTAL CASH OUTFLOWS</b>			<b>4,269,489</b>	<b>2,499,006</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	31,646	31,646	31,187	31,187
18 Unsecured receivables	2,210,772	517,447	1,591,954	490,371
19 Other cash inflows	104,983	54,494	104,925	54,596
<b>20 TOTAL CASH INFLOWS</b>	<b>2,347,401</b>	<b>603,587</b>	<b>1,728,066</b>	<b>576,154</b>
<b>21 TOTAL HQLA</b>			<b>2,577,040</b>	<b>2,258,253</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>2,541,423</b>	<b>1,922,852</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>101.40</b>	<b>117.44</b>

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

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

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

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

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	122.98%	19/04/2018	85.39%	14/05/2018	109.14%
FC	140.44%	04/04/2018	79.25%	06/06/2018	114.62%
Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	132.81%	06/10/2017	84.58%	28/12/2017	102.28%
FC	163.46%	22/12/2017	84.13%	14/11/2017	120.56%

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

The Bank calculates 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 and liquidity coverage ratio (continued)**

Presentation of assets and liabilities according to their remaining maturities:

Current Period End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	871,630	2,604,043	--	--	--	--	--	3,475,673
Banks	81,812	41,051	--	--	--	--	--	122,863
Financial Assets at Fair Value Through Profit or Loss	--	148,979	63,167	398,354	1,057,040	19,692	--	1,687,232
Interbank Money Market Placements	--	--	--	--	--	--	--	--
Financial Assets Available-for-Sale	2,365	5,662	--	187,541	510,661	4,289	--	710,518
Loans (*)	--	2,209,690	2,497,047	5,431,906	4,574,712	316,250	54,910	15,084,515
Investment Securities Held-to-Maturity	--	--	--	--	104,306	64,326	--	168,632
Other Assets (**)	--	--	--	--	--	--	442,057	442,057
<b>Total Assets</b>	<b>955,807</b>	<b>5,009,425</b>	<b>2,560,214</b>	<b>6,017,801</b>	<b>6,246,719</b>	<b>404,557</b>	<b>496,967</b>	<b>21,691,490</b>
<b>Liabilities</b>								
Bank Deposits	96,033	792,229	35,912	--	--	--	--	924,174
Other Deposits	877,507	6,888,692	1,582,691	821,519	33,252	--	--	10,203,661
Funds Borrowed from Other Financial Institutions	--	133,140	204,353	1,607,402	338,524	61,004	--	2,344,423
Interbank Money Market Received	--	238,654	333,405	--	--	--	--	572,059
Marketable Securities Issued (***)	--	462,781	592,028	302,049	1,363,649	1,368,210	--	4,088,717
Sundry Creditors	--	697,826	--	--	--	--	--	697,826
Other Liabilities (****)	--	268,484	40,560	193,775	975,587	10,628	1,371,596	2,860,630
<b>Total Liabilities</b>	<b>973,540</b>	<b>9,481,806</b>	<b>2,788,949</b>	<b>2,924,745</b>	<b>2,711,012</b>	<b>1,439,842</b>	<b>1,371,596</b>	<b>21,691,490</b>
<b>Net Liquidity Surplus / (Gap)</b>	<b>(17,733)</b>	<b>(4,472,381)</b>	<b>(228,735)</b>	<b>3,093,056</b>	<b>3,535,707</b>	<b>(1,035,285)</b>	<b>(874,629)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	--	(15,142)	19,037	231,539	28,907	1,266	--	265,607
Derivative Financial Liabilities	--	7,244,888	2,455,528	7,389,379	6,977,918	199,719	--	24,267,432
Non-Cash Loans	--	7,260,030	2,436,491	7,157,840	6,949,011	198,453	--	24,001,825
	--	145,913	109,724	510,934	138,539	454,638	--	1,359,748
<b>Prior Period</b>								
<b>Total Assets</b>	<b>711,559</b>	<b>4,214,406</b>	<b>2,046,610</b>	<b>6,030,023</b>	<b>6,032,390</b>	<b>466,898</b>	<b>614,320</b>	<b>20,116,206</b>
<b>Total Liabilities</b>	<b>937,749</b>	<b>8,561,090</b>	<b>4,084,075</b>	<b>2,671,767</b>	<b>1,045,061</b>	<b>1,197,246</b>	<b>1,619,218</b>	<b>20,116,206</b>
<b>Net Liquidity Gap</b>	<b>(226,190)</b>	<b>(4,346,684)</b>	<b>(2,037,465)</b>	<b>3,358,256</b>	<b>4,987,329</b>	<b>(730,348)</b>	<b>(1,004,898)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	--	(48,287)	(5,426)	3,819	30,781	(1,531)	--	(20,644)
Derivative Financial Liabilities	--	6,049,366	3,193,912	4,726,102	4,774,285	37,720	--	18,781,385
Non-Cash Loans	--	6,097,653	3,199,338	4,722,283	4,743,504	39,251	--	18,802,029
	--	174,790	355,796	768,245	189,571	542,592	--	2,030,994

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

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

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

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

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

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

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

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	21,438,935	20,679,192
2	(Assets deducted in determining Tier 1 capital)	(362,638)	(33,187)
3	Total balance sheet risks (sum of lines 1 and 2)	21,076,297	20,646,005
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	512,798	791,132
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	411,308	331,754
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	924,106	1,122,886
	<b>Securities or commodity financing transactions (SCFT)</b>		
7	Risks from SCFT assets (except for on-balance sheet)	614,524	569,650
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	614,524	569,650
	<b>Off-balance sheet transactions</b>		
10	Gross notional amounts of off-balance sheet transactions	4,935,574	4,718,820
11	(Adjustments for conversion to credit equivalent amounts)	--	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	4,935,574	4,718,820
	<b>Capital and total risks</b>		
13	Tier 1 capital	1,427,694	1,428,870
14	Total risks (sum of lines 3, 6, 9 and 12)	27,550,501	27,057,361
	<b>Leverage ratio</b>		
15	Leverage ratio	5.19	5.29

(\*)Represents three-month average amounts.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**VII. Explanations on segment reporting**

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

	<b>Retail Banking</b>	<b>Commercial &amp; Corporate Banking</b>	<b>Treasury &amp; Headquarters</b>	<b>Total Operations of the Bank</b>
<b>Current Period</b>				
<b>1 January - 30 June 2018</b>				
Operating Income	143,381	267,624	184,097	595,103
Operating Profit	(25,795)	81,302	59,730	115,238
Taxation				(35,948)
<b>Net Profit/(Loss) for the Period</b>				<b>79,290</b>
<b>Current Period - 30 June 2018</b>				
Segment Assets	4,463,265	10,566,341	6,661,884	21,691,490
<b>Total Assets</b>				<b>21,691,490</b>
Segment Liabilities	7,287,500	2,916,161	10,278,166	20,481,827
Shareholders' Equity				1,209,663
<b>Total Liabilities</b>				<b>21,691,490</b>
<b>Prior Period</b>				
<b>1 January - 30 June 2017</b>				
Operating Income	140,846	188,729	10,218	339,793
Operating Profit	(5,520)	124,300	(28,046)	90,734
Taxation				(18,129)
<b>Net Profit/(Loss) for the Period</b>				<b>72,605</b>
<b>Prior Period - 31 December 2017</b>				
Segment Assets	4,202,600	10,588,059	5,325,547	20,116,206
<b>Total Assets</b>				<b>20,116,206</b>
Segment Liabilities	7,354,825	4,316,449	6,980,342	18,651,616
Shareholders' Equity				1,464,590
<b>Total Liabilities</b>				<b>20,116,206</b>

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

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

### SECTION FIVE

#### EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

##### I. Explanations and disclosures related to the assets

##### 1. Information on cash and balances with the Central Bank of Turkey

Current Period		
	TL	FC
Cash in TL /Foreign Currency	36,031	101,372
Balances with the Central Bank of Turkey	1,396,462	1,941,808
Other	--	--
<b>Total</b>	<b>1,432,493</b>	<b>2,043,180</b>

Prior Period		
	TL	FC
Cash in TL /Foreign Currency	28,792	89,320
Balances with the Central Bank of Turkey	246,809	2,122,335
Other	--	--
<b>Total</b>	<b>275,601</b>	<b>2,211,655</b>

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

Current Period		
	TL	FC
Unrestricted Demand Deposits	432,200	302,025
Unrestricted Time Deposits	964,262	--
Restricted Time Deposits	--	1,639,783
<b>Total</b>	<b>1,396,462</b>	<b>1,941,808</b>

Prior Period		
	TL	FC
Unrestricted Demand Deposits	240,425	270,157
Unrestricted Time Deposits	6,384	--
Restricted Time Deposits	--	1,852,178
<b>Total</b>	<b>246,809</b>	<b>2,122,335</b>

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, the banks operating in Turkey are required to keep reserve deposit at the rates varying from 4% - 10.50% for TL liabilities and at the rates 4% - 24% for FC liabilities depending on maturities of liabilities. According to the Central Bank of Turkey's press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November 2014 are paid interest on the portion held in Turkish Lira and according to the Central Bank of Turkey's press announcement No. 2015-35 dated 2 May 2015, the Reserve Deposits as from May 2015 are paid interest on the portion held in USD.

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

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

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

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	19,303	--
<b>Total</b>	<b>19,303</b>	<b>--</b>

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

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

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

None (31 December 2017: None).

**2.3 Positive differences relating to derivative financial assets**

	Current Period	
	TL	FC
Forward Transactions	157,107	--
Swap Transactions	1,062,093	--
Futures Transactions	--	--
Options	386,553	13,083
Other	--	--
<b>Total</b>	<b>1,605,753</b>	<b>13,083</b>

	Prior Period	
	TL	FC
Forward Transactions	53,648	--
Swap Transactions	414,489	--
Futures Transactions	--	--
Options	213,887	6,477
Other	--	--
<b>Total</b>	<b>682,024</b>	<b>6,477</b>

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

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

### 3. Information on Banks

#### 3.1 Information on banks

	Current Period	
	TL	FC
Banks		
Domestic	219	41,050
Foreign	779	80,815
Foreign head-offices and branches	--	--
<b>Total</b>	<b>998</b>	<b>121,865</b>
	Prior Period	
	TL	FC
Banks		
Domestic	45,943	193,540
Foreign	1,871	78,341
Foreign head-offices and branches	--	--
<b>Total</b>	<b>47,814</b>	<b>271,881</b>

#### 3.2 Due from foreign banks

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

### 4. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income

#### 4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	14,094	687,946
Other	--	--
<b>Total</b>	<b>14,094</b>	<b>687,946</b>
	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	167,674	579,405
Other	--	--
<b>Total</b>	<b>167,674</b>	<b>579,405</b>



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

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

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

	Current Period
<b>Debt instruments</b>	<b>732,846</b>
Quoted on Stock Exchange	732,846
Unquoted on Stock Exchange	--
<b>Share certificates</b>	<b>2,365</b>
Quoted on Stock Exchange	2,365
Unquoted on Stock Exchange	--
<b>Impairment provision (-)</b>	<b>24,693</b>
<b>Total</b>	<b>710,518</b>

**Details of financial assets available-for-sale**

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

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

	Current Period	
	Cash	Non-Cash
<b>Direct Loans to Shareholders</b>	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
<b>Indirect Loans to Shareholders</b>	--	--
<b>Loans to Employees</b>	<b>5,238</b>	--
<b>Total</b>	<b>5,238</b>	--
	Prior Period	
	Cash	Non-Cash
<b>Direct Loans to Shareholders</b>	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
<b>Indirect Loans to Shareholders</b>	--	--
<b>Loans to Employees</b>	<b>4,872</b>	--
<b>Total</b>	<b>4,872</b>	--

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

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

### 5.2

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

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	<b>14,028,606</b>	<b>557,926</b>	<b>424,851</b>	<b>18,222</b>
Working Capital Loans	--	--	126,208	--
Export Loans	455,473	264	--	--
Import Loans	--	--	--	--
Loans to Financial Sector	182,900	780	618	--
Consumer Loans	1,130,038	71,738	4,348	1,751
Credit Cards	95,498	11,359	--	--
Others	12,164,697	473,785	293,677	16,471
<b>Specialization Loans</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Receivables</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total(*)</b>	<b>14,028,606</b>	<b>557,926</b>	<b>424,851</b>	<b>18,222</b>

(\*) Amounting to TL 33,671 Factoring receivables are also included.

Current Period	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	116,916	--
Significant Increase in Credit Risk	--	88,472
<b>Total</b>	<b>116,916</b>	<b>88,472</b>

Current Period	Standard Loans	Loans Under Close Monitoring
<b>Number of Extensions</b>	<b>13,563</b>	<b>424,851</b>
1 or 2 times	13,563	424,795
3, 4 or 5 times	--	56
Over 5 times	--	--

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

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

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

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

Current Period	Standard Loans	Loans Under Close Monitoring
<b>Extension Periods</b>	<b>13,563</b>	<b>424,851</b>
0-6 months	1	25,743
6 -12 months	--	47,375
1 - 2 years	867	141,876
2 - 5 years	5,411	169,121
5 years and over	7,284	40,736

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

#### The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	213,259	9,078	222,337
31-60 days	110,260	22,892	133,152
61-90 days	131,091	24,472	155,563
<b>Total</b>	<b>454,610</b>	<b>56,442</b>	<b>511,052</b>

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

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

## 5.3

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

	Short-Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>367,006</b>	<b>772,801</b>	<b>1,139,807</b>
Real Estate Loans	71	378,263	378,334
Vehicle Loans	21	3,934	3,955
General Purpose Loans	366,914	390,604	757,518
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>48,420</b>	<b>48,420</b>
Real Estate Loans	--	47,000	47,000
Vehicle Loans	--	--	--
General Purpose Loans	--	1,420	1,420
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>1,011</b>	<b>1,011</b>
Real Estate Loans	--	1,011	1,011
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>7,626</b>	<b>--</b>	<b>7,626</b>
With Installment	1,225	--	1,225
Without Installment	6,401	--	6,401
<b>Individual Credit Cards-FC</b>	<b>990</b>	<b>--</b>	<b>990</b>
With Installment	--	--	--
Without Installment	990	--	990
<b>Loans Given to Employees-TL</b>	<b>272</b>	<b>3,782</b>	<b>4,054</b>
Real Estate Loans	--	865	865
Vehicle Loans	--	--	--
General Purpose Loans	272	2,917	3,189
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards - TL</b>	<b>1,158</b>	<b>--</b>	<b>1,158</b>
With Installment	247	--	247
Without Installment	911	--	911
<b>Personnel Credit Cards - FC</b>	<b>26</b>	<b>--</b>	<b>26</b>
With Installment	--	--	--
Without Installment	26	--	26
<b>Overdraft Loans-TL (Real Persons)</b>	<b>14,583</b>	<b>--</b>	<b>14,583</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>391,661</b>	<b>826,014</b>	<b>1,217,675</b>

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

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

### 5.4 Information on commercial loans with installments and corporate credit cards

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>782,877</b>	<b>3,073,543</b>	<b>3,856,420</b>
Real Estate Loans	--	2,920	2,920
Vehicle Loans	4,918	63,104	68,022
General Purpose Loans	777,959	3,007,519	3,785,478
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>377</b>	<b>196,872</b>	<b>197,249</b>
Real Estate Loans	--	370	370
Vehicle Loans	--	23,785	23,785
General Purpose Loans	377	172,717	173,094
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>95,688</b>	<b>--</b>	<b>95,688</b>
With Installment	14,740	--	14,740
Without Installment	80,948	--	80,948
<b>Corporate Credit Cards - FC</b>	<b>1,370</b>	<b>--</b>	<b>1,370</b>
With Installment	--	--	--
Without Installment	1,370	--	1,370
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>89,093</b>	<b>--</b>	<b>89,093</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>969,405</b>	<b>3,270,415</b>	<b>4,239,820</b>

### 5.5 Allocation of loans by customers

	Current Period
Public Sector	--
Private Sector	15,029,605
<b>Total (*)</b>	<b>15,029,605</b>
(*) Amounting to TL 33,671 Factoring receivables are also included.	
	Prior Period
Public Sector	--
Private Sector	14,790,659
<b>Total</b>	<b>14,790,659</b>

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

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

### 5.6 Allocation of Domestic and Foreign Loans

	Current Period
Domestic Loans	14,698,592
Foreign Loans	331,013
<b>Total (*)</b>	<b>15,029,605</b>

(\*) Amounting to TL 33,671 Factoring receivables are also included.

	Prior Period
Domestic Loans	14,411,839
Foreign Loans	378,820
<b>Total</b>	<b>14,790,659</b>

### 5.7 Loans granted to subsidiaries and associates

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

### 5.8 Provisions provided against loans

	Current Period
Loans and Receivables with Limited Collectability	123,120
Loans and Receivables with Doubtful Collectability	173,967
Uncollectible Loans and Receivables	135,296
<b>Total</b>	<b>432,383</b>

	Prior Period
Loans and Receivables with Limited Collectability	26,022
Loans and Receivables with Doubtful Collectability	44,497
Uncollectible Loans and Receivables	100,476
<b>Total</b>	<b>170,995</b>

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

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

### 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
<b>Current Period</b>	<b>1,069</b>	<b>423</b>	<b>20</b>
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	1,069	423	20
<b>Prior Period</b>	<b>187</b>	<b>80</b>	<b>20</b>
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	187	80	20

#### 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
<b>Balances at the End of Prior Period(*)</b>	<b>177,201</b>	<b>125,408</b>	<b>151,717</b>
Additions (+)	396,617	2,857	2,913
Transfers from Other Categories of Non-Performing Loans (+)	--	285,136	102,787
Transfers to Other Categories of Non-Performing Loans (-)	285,174	102,748	--
Collections (-)	60,743	17,594	17,280
Write-offs (-)	--	--	--
Sold (-) (**)	75	22,380	45,961
Corporate and Commercial Loans	75	18,531	38,688
Retail Loans	--	1,751	4,057
Credit Cards	--	2,098	3,216
Other	--	--	--
<b>Balances at End of the Period</b>	<b>227,826</b>	<b>270,679</b>	<b>194,176</b>
Provisions (-) (*)	123,120	173,967	135,296
<b>Net Balance on Balance Sheet</b>	<b>104,706</b>	<b>96,712</b>	<b>56,880</b>

(\*) During TFRS 9 transition period, V. Group non-performing loans amounting to TL 14,167 has been reclassified under 1.6 Non-performing Financial Assets line and the related provision amount of TL 14,167 is reclassified under 1.7 Expected Loss Provisions line (-).

(\*\*) In May 2018, loans amounting to TL 68,416 was sold to asset management company.

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

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

### 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
<b>Current Period</b>			
Balance as of the Period End	101,012	18,347	37,169
Provisions (-)	30,598	9,585	22,809
<b>Net Balance on Balance Sheet</b>	<b>70,414</b>	<b>8,762</b>	<b>14,360</b>
<b>Prior Period</b>			
Balance as of the Period End	16,634	8,047	34,217
Provisions (-)	1,239	2,794	16,851
<b>Net Balance on Balance Sheet</b>	<b>15,395</b>	<b>5,253</b>	<b>17,366</b>

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>104,706</b>	<b>96,712</b>	<b>58,880</b>
Loans Granted to Real Persons and Legal Entities (Gross)(*)	227,826	270,679	194,176
Provisions (-) (*)	123,120	173,967	135,296
Loans Granted to Real Persons and Legal Entities (Net)	104,706	96,712	58,880
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net)</b>	<b>151,179</b>	<b>80,911</b>	<b>65,408</b>
Loans Granted to Real Persons and Legal Entities (Gross)	177,201	125,408	165,884
Provisions (-)	26,022	44,497	100,476
Loans Granted to Real Persons and Legal Entities (Net)	151,179	80,911	65,408
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

(\*) During TFRS 9 transition period, V. Group non-performing loans amounting to TL 14,167 has been reclassified under 1.6 Non-performing Financial Assets line and the related provision amount of TL 14,167 is reclassified under 1.7 Expected Loss Provisions line (-).



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

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

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

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

### 6. *Information on financial assets measured at amortized cost*

#### 6.1 *Information on securities subject to repurchase agreement and given as collateral or blocked*

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	168,632	--
Other	--	--
<b>Total</b>	<b>168,632</b>	<b>--</b>

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

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

	Current Period	
	TL	FC
Government Bond	168,632	--
Treasury Bill	--	--
Other Debt Securities	--	--
<b>Total</b>	<b>168,632</b>	<b>--</b>

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

#### 6.3 *Information on financial assets measured at amortized cost*

	Current Period
<b>Debt instruments</b>	<b>168,632</b>
Quoted on Stock Exchange	168,632
Unquoted on Stock Exchange	--
<b>Share certificates</b>	<b>--</b>
Quoted on Stock Exchange	--
Unquoted on Stock Exchange	--
<b>Impairment provision (-)</b>	<b>--</b>
<b>Total</b>	<b>168,632</b>

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

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

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

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

	Current Period
Balance at the beginning of period	--
Foreign Exchange Difference in Monetary Assets	--
Purchases during the year (*)	168,632
Disposals through Sales and Redemptions	--
Impairment provision (-)	--
<b>Total</b>	<b>168,632</b>

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

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

### 7. Information on associates

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

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

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

### 8. Information on subsidiaries

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
6,014	5,614	263	378	--	146	88	5,614

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

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

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

### 8. Information on subsidiaries (continued)

#### *Movement of consolidated investment in subsidiaries*

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>5,445</b>	<b>5,445</b>
<b>Movements during the Period</b>		
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 (-)	--	--
<b>Balance at the End of Period</b>	<b>5,445</b>	<b>5,445</b>
<b>Capital Commitments</b>	<b>--</b>	<b>--</b>
<b>Share of Percentage at the end of Period (%)</b>	<b>99</b>	<b>99</b>

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

#### 8.1 Sectoral distribution of consolidated investments in subsidiaries

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

#### Quoted consolidated investments insubsidiaries

None.

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

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

### 10. Information on lease receivables

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

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

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

### 11. Information on derivative financial assets held for hedging purposes

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

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

### 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.

### 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 2018, the deferred tax assets amounting to TL 83,343 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2017: TL 9,472 deferred tax asset).

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

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

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

## 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 (continued)

	Current Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Loss	450,308	99,068
Financial Assets Valuation	(304,200)	(66,656)
Unearned Commission Income/Prepaid Commission Expenses	12,033	2,647
Retirement Pay and Unused Vacation Provision	20,773	4,311
Tangible Assets Base Differences	(10,603)	(2,121)
Provisions	223,255	45,394
Other	3,176	700
<b>Deferred Tax Asset/(Liability)</b>	<b>394,742</b>	<b>83,343</b>

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

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

	1 January-30 June 2018	1 January-31 December 2017
Deferred Tax Asset, 1 January	9,472	(1,374)
Deferred Tax Income / (Expense)	(35,945)	12,777
Deferred Tax Recognized Directly Under Equity	109,816	(1,931)
<b>Deferred Tax Asset/(Liability) , Period End Balance</b>	<b>83,343</b>	<b>9,472</b>

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

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

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

None.

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

None.

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

As of 30 June 2018, the Bank has TL 44,648 assets held for sale (31 December 2017: TL 23,795).

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

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

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

As of 30 June 2018, total prepaid expenses are TL 39,711 (31 December 2017: TL 30,014).

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

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

**II. Explanations and disclosures related to liabilities**

**1. Information on deposits**

**1.1 Information on maturity structure of deposits**

*Current Period*

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	92,109	--	463,794	2,432,906	320,249	213,608	177,956	--	3,700,622
Foreign Currency Deposits	343,084	--	391,805	2,569,009	162,746	105,833	166,685	--	3,739,162
Residents in Turkey	324,562	--	389,145	2,551,900	159,591	104,635	60,865	--	3,590,698
Residents Abroad	18,522	--	2,660	17,109	3,155	1,198	105,820	--	148,464
Public Sector Deposits	100,869	--	--	--	--	--	--	--	100,869
Commercial Deposits	330,654	--	96,735	1,689,859	22,052	101,152	272,963	--	2,513,415
Other Ins. Deposits	2,049	--	584	72,348	10,416	21,817	33,637	--	140,851
Precious Metal Deposits	8,742	--	--	--	--	--	--	--	8,742
Interbank Deposits	96,032	--	744,546	83,596	--	--	--	--	924,174
Central Bank of Turkey	--	--	737,752	--	--	--	--	--	737,752
Domestic Banks	170	--	2,201	--	--	--	--	--	2,371
Foreign Banks	42,753	--	4,593	83,596	--	--	--	--	130,942
Special Finan.Inst.	53,109	--	--	--	--	--	--	--	53,109
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>973,539</b>	<b>--</b>	<b>1,697,464</b>	<b>6,847,718</b>	<b>515,463</b>	<b>442,410</b>	<b>651,241</b>	<b>--</b>	<b>11,127,835</b>

*Prior Period*

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

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

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

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

	Under the Guarantee of Deposit Insurance	Exceeding the limit of Deposit Insurance
	Current Period	Current Period
Saving Deposits	1,217,986	2,468,482
Foreign Currency Saving Deposits	321,124	2,578,986
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	--	--
<b>Total</b>	<b>1,539,110</b>	<b>5,047,468</b>

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

### 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
Deposits and Accounts in Branches Abroad	--
Deposits of Ultimate Shareholders and Their Close Families	38,851
Deposits of Chairman and Members of the Board of Directors and their Close Families	16,414
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	--



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

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

### 1.4 Saving deposits that are not under the guarantee of deposit insurance fund (continued)

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

## 2. Information on derivative financial liabilities held for trading

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

	Current Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	131,067	--
Swap Transactions	787,505	--
Futures Transactions	--	--
Options	386,310	13,083
Other	--	--
<b>Total</b>	<b>1,304,882</b>	<b>13,083</b>

	Prior Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	43,928	--
Swap Transactions	484,580	--
Futures Transactions	--	--
Options	213,939	7,143
Other	--	--
<b>Total</b>	<b>742,447</b>	<b>7,143</b>

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

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

### 3. Information on banks and other financial institutions

#### 3.1 Information on banks and other financial institutions

	Current Period	
	TL	FC
Loans from Central Bank of Turkey	--	--
From Domestic Banks and Institutions	19,696	175,760
From Foreign Banks, Institutions and Funds	--	2,101,380
<b>Total</b>	<b>19,696</b>	<b>2,277,140</b>

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

#### 3.2 Maturity analysis of borrowings

	Current Period	
	TL	FC
Short Term	19,235	211,685
Medium and Long Term	461	2,065,455
<b>Total</b>	<b>19,696</b>	<b>2,277,140</b>

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

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

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

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

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

### 4. Informations related with issued instruments

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,323,040	--	--	1,029,128
Book Value	1,293,110	--	--	1,398,754

Prior Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,287,720	--	--	--
Book Value	1,255,066	--	--	--

### 5. Sundry Creditors and Other Liabilities

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

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

#### 6.1 Changes in agreements and further commitments arising

None.

#### 6.2 Obligations under financial lease

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	171	146	150	125
Between 1-4 Years	361	330	376	344
More than 4 Years	--	--	--	--
<b>Total</b>	<b>532</b>	<b>476</b>	<b>526</b>	<b>469</b>

#### 6.3 Information on operational leases and footnotes

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

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

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

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

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

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

### 7. Information on derivative financial liabilities for hedging purposes

Current Period		
Derivative financial liability held for hedging	TL	FC
Fair Value Hedge	--	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
<b>Total</b>	<b>--</b>	<b>--</b>

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

### 8. Information on provisions

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

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

#### 8.2 The specific provisions provided for unindemnified non cash loans

As of 30 June 2018, the specific provision provided for unindemnified non cash loans is TL 2,478 (31 December 2017: TL 1,677).

#### 8.3 Explanation on other provisions

##### 8.3.1 Provisions for probable losses

	Current Period	Prior Period
Provisions for probable losses	106,000	55,500

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

None (31 December 2017: None).

##### 8.3.3 Explanations on reserves for employee benefits

As of 30 June 2018, reserves for employee benefits amounting to TL 20,773 (31 December 2017: TL 21,231) comprise of TL 12,939 reserve for employee termination benefits (31 December 2017: TL 11,439), TL 4,429 unused vacation pay liability (31 December 2017: TL 2,731) and TL 3,405 personnel premium accrual (31 December 2017: TL 7,061).

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

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

### 9. Explanations on Tax Liability

#### 9.1 Explanations on current tax liability

##### 9.1.1 Explanations on tax provision

As of 30 June 2018, the Bank's current tax liability is TL 40,469 (31 December 2017: TL 42,186).

##### 9.1.2 Information on taxes payable

	Current Period
Corporate taxes payable	--
Taxation on securities	14,427
Property tax	489
Banking and Insurance Transaction Tax (BITT)	14,301
Taxes on foreign exchange transactions	--
Value added taxes payable	169
Income tax ceased from wages	6,270
Other	496
<b>Total</b>	<b>36,152</b>

	Prior Period
Corporate taxes payable	5,897
Taxation on securities	16,662
Property tax	374
Banking and Insurance Transaction Tax (BITT)	11,491
Taxes on foreign exchange transactions	--
Value added taxes payable	324
Income tax ceased from wages	3,426
Other	369
<b>Total</b>	<b>38,543</b>

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

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

### 9.1.3 Information on premium

	Current Period
Social Security Premiums- Employee	1,835
Social Security Premiums- Employer	2,101
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	127
Unemployment Insurance- Employer	254
Other	--
<b>Total</b>	<b>4,317</b>

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

### 9.2 Explanations on deferred tax liabilities

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

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

None (31 December 2017: None).

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

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

### 11. Explanations on subordinated loans

	Current Period	
	TL	FC
Debt instruments subject to common equity	--	--
Subordinated loans	--	--
Subordinated debt instruments	--	--
Debt instruments subject to Tier 2 equity	--	--
Subordinated loans	--	47,587
Subordinated debt instruments	--	1,396,853
<b>Total</b>	<b>--</b>	<b>1,444,440</b>

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

### 12. Information on shareholders' equity

#### 12.1 Paid-in capital

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

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

Registered share capital system is not applied.

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

None.

#### 12.4 Information on share capital increases from revaluation funds

None.

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

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

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

None.

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

The Bank does not have any preferred shares.

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

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

### 12. Information on shareholders' equity (continued)

#### 12.8 Common stock issue premiums, shares and equity instruments

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

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

#### 12.9 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	(5,310)	(21,845)	(13,113)	2,214
Exchange Difference	--	--	--	--
<b>Total</b>	<b>(5,310)</b>	<b>(21,845)</b>	<b>(13,113)</b>	<b>2,214</b>

#### 12.10 Information on revaluation reserve

None.

#### 12.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None.

#### 12.12 Information on legal reserves

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

#### 12.13 Information on extraordinary reserves

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

### 13. Information on minority shares

None.



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

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

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

#### 1. Information on off-balance sheet commitments

##### 1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	2,554,199	1,637,022
Credit Card Limit Commitments	102,268	123,381
Credit Card and Bank Trans. Promo. Guarantee	1	--
Commitments for Credit Allocation with the Guarantee of Usage	477,359	323,365
Export Commitments	6,340	5,070
Commitment for Cheques	251,266	211,200
Other Irrevocable Commitments	3,281	3,229
<b>Total</b>	<b>3,394,714</b>	<b>2,303,267</b>

##### 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	567,726	759,390
Letters of Guarantee FC	306,059	294,942
Letters of Credit	210,309	555,123
Bills of Exchange and Acceptances	275,654	421,539
<b>Total</b>	<b>1,359,748</b>	<b>2,030,994</b>

##### 1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	15,454	46,899
Irrevocable Letters of Guarantee	754,075	889,934
Letters of Guarantee Given in Advance	78,802	60,718
Letters of Guarantee Given to Customs	2,224	13,536
Other Letters of Guarantee	23,230	43,245
<b>Total</b>	<b>873,785</b>	<b>1,054,332</b>

#### 2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	8,229	25,171
With Original Maturity of 1 Year or Less Than 1 Year	--	2,428
With Original Maturity of More Than 1 Year	8,229	22,743
Other Non-Cash Loans	1,351,519	2,005,823
<b>Total</b>	<b>1,359,748</b>	<b>2,030,994</b>

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

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

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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**

The Bank provided provision of TL 1,147 for the legal cases pending against the Bank where the cash out flows are highly probable ( 31 December 2017: TL 1,114).

**8. Custodian and intermediary services**

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

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

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

### IV. Explanations and disclosures related to the income statement

#### 1. Interest income

##### 1.1 Information on interest on loans (\*)

	Current Period	
	TL	FC
<b>Interest on loans</b>	<b>856,917</b>	<b>170,753</b>
Short Term Loans	508,012	21,914
Medium and Long Term Loans	348,905	148,839
Interest on Non-Performing Loans	2,062	--
Premiums received from Resource Utilization Support Fund	--	--
<b>Total</b>	<b>858,979</b>	<b>170,753</b>

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

	Prior Period	
	TL	FC
<b>Interest on loans</b>	<b>620,347</b>	<b>119,657</b>
Short Term Loans	347,615	12,436
Medium and Long Term Loans	272,732	107,221
Interest on Non-Performing Loans	1,292	--
Premiums received from Resource Utilization Support Fund	--	--
<b>Total</b>	<b>621,639</b>	<b>119,657</b>

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

##### 1.2 Information on interest income received from banks

	Current Period	
	TL	FC
The Central Bank of Turkey	34,879	--
Domestic Banks	25,783	381
Foreign Banks	--	85
Branches and Head Office Abroad	--	--
<b>Total</b>	<b>60,662</b>	<b>466</b>

	Prior Period	
	TL	FC
The Central Bank of Turkey	10,307	--
Domestic Banks	25,492	263
Foreign Banks	--	115
Branches and Head Office Abroad	--	--
<b>Total</b>	<b>35,799</b>	<b>378</b>

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

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

### 1.3 *Interest received from marketable securities portfolio*

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	1,177	120
Financial Assets at Fair Value Through Other Comprehensive Income	1,557	14,783
Financial Assets Measured at Amortized Cost	7,619	--
<b>Total</b>	<b>10,353</b>	<b>14,903</b>

	Prior Period	
	TL	FC
Financial Assets Held for Trading	785	117
Financial Assets at Fair Value Through Profit or Loss	--	--
Financial Assets Available-for-Sale	8,265	16,086
Investment Securities Held-to-Maturity	--	--
<b>Total</b>	<b>9,050</b>	<b>16,203</b>

### 1.4 *Information on interest income received from associates and subsidiaries*

None (31 December 2017: None).

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

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

### 2. Interest expense

#### 2.1 Information on interest on funds borrowed (\*)

	Current Period	
	TL	FC
<b>Banks</b>	<b>704</b>	<b>29,685</b>
The Central Bank of Turkey	--	--
Domestic Banks	696	5,360
Foreign Banks	8	24,325
Branches and Head Office Abroad	--	--
<b>Other Institutions</b>	<b>--</b>	<b>63,079</b>
<b>Total</b>	<b>704</b>	<b>92,764</b>

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

	Prior Period	
	TL	FC
<b>Banks</b>	<b>557</b>	<b>13,558</b>
The Central Bank of Turkey	--	--
Domestic Banks	549	2,472
Foreign Banks	8	11,086
Branches and Head Office Abroad	--	--
<b>Other Institutions</b>	<b>--</b>	<b>33,478</b>
<b>Total</b>	<b>557</b>	<b>47,036</b>

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

#### 2.2 Information on interest expenses to associates and subsidiaries

Total interest expense given to subsidiaries is TL 522 (1 January - 30 June 2017: TL 291).

#### 2.3 Information on interest expenses to marketable securities

	Current Period	
	TL	FC
Interest Paid to Marketable Securities	91,280	34,997

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

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

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

**2.4 Information maturity structure of deposits**

Account Description		Time Deposits					Cumulative Deposit	Total
		Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year		
Turkish Lira								
Bank Deposits	--	4,758	--	--	--	--	--	4,758
Saving Deposits	--	26,475	166,360	37,594	16,653	10,962	--	258,044
Public Sector Deposits	--	--	18	--	--	--	--	18
Commercial Deposits	--	8,643	124,718	8,479	8,613	23,062	--	173,515
Other	--	100	5,002	754	1,471	2,299	--	9,626
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	39,976	296,098	46,827	26,737	36,323	--	445,961
Foreign Currency								
Foreign Currency Deposits	--	6,793	57,208	3,842	1,213	2,617	--	71,673
Bank Deposits	--	9,161	--	--	--	--	--	9,161
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	--	15,954	57,208	3,842	1,213	2,617	--	80,384
Grand Total	--	55,930	353,306	50,669	27,950	38,940	--	526,795

**3. Information on dividend income**

None (31 December 2017: None).

**4. Information on net trading income / loss**

	Current Period
<b>Income</b>	<b>1,500,865</b>
Gains on Capital Market Operations	3,738
Gains on Derivative Financial Instruments	919,802
Foreign Exchange Gains	577,325
<b>Loss (-)</b>	<b>1,489,224</b>
Losses on Capital Market Operations	692
Losses on Derivative Financial Instruments	920,195
Foreign Exchange Losses	568,337
<b>Net Trading Income / ( Loss )</b>	<b>11,641</b>

	Prior Period
<b>Income</b>	<b>953,144</b>
Gains on Capital Market Operations	3,961
Gains on Derivative Financial Instruments	482,537
Foreign Exchange Gains	466,646
<b>Loss (-)</b>	<b>943,358</b>
Losses on Capital Market Operations	404
Losses on Derivative Financial Instruments	479,108
Foreign Exchange Losses	463,846
<b>Net Trading Income / ( Loss )</b>	<b>9,786</b>

**5. Information on other operating income**

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

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

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

### 6. Provisions for Expected Losses

	Current Period
<b>Expected Credit Losses</b>	<b>193,160</b>
12 Month Expected Credit Losses (Stage 1)	6,134
Significant Increase In Credit Risk (Stage 2)	19,661
Impaired Credits (Stage 3)	167,365
<b>Impairment Losses on Marketable Securities</b>	--
Financial Assets Valued at Fair Value Through Profit or Loss	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--
<b>Impairment Losses on Associates, Subsidiaries and Joint Ventures</b>	--
Associates	--
Subsidiaries	--
Joint-Ventures	--
<b>Other (*)</b>	<b>63,670</b>
<b>Total</b>	<b>256,830</b>

(\*) TL 50,500 portion consist of provision for possible losses.

### Impairment on loans and other receivables

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

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

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

### 7. Information related to other operational expenses

	Current Period
Personnel Expenses(*)	118,050
Provision for Employee Termination Benefits	1,500
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	5,529
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	2,262
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	--
Impairment of Assets Held for Sale	58
Other Operating Expenses	60,180
<i>Operational Leases Expenses</i>	19,823
<i>Repair and Maintenance Expenses</i>	1,265
<i>Advertisement Expenses</i>	7,496
<i>Other Expenses</i>	31,596
Losses on Sale of Assets	173
Other	35,283
<b>Total</b>	<b>223,035</b>

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

	Prior Period
Personnel Expenses	93,257
Provision for Employee Termination Benefits	950
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	6,018
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	1,467
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	16
Impairment of Assets Held for Sale	--
Other Operating Expenses	41,482
<i>Operational Leases Expenses</i>	17,156
<i>Repair and Maintenance Expenses</i>	1,031
<i>Advertisement Expenses</i>	4,629
<i>Other Expenses</i>	18,666
Losses on Sale of Assets	38
Other	27,212
<b>Total</b>	<b>170,440</b>

### 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".



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

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

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

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

For the period ended as of 30 June 2018, current tax expense of the Bank is TL 3 (1 January-30 June 2017: TL 35,789 expense) and the deferred tax loss of the Bank is TL 35,945 (1 January - 30 June 2017: TL 17,660 deferred tax income).

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

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

**11. Information on net profit/loss for the period**

**11.1 *The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period***

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

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

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

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

**1.1 Current Period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	11,556	48,284
Balance at the End of the Period	--	--	--	20	281,162	50,710
Interest and Commission Income Received	--	--	--	--	16,599	54

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

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

**Prior Period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	126,939	30,871
Balance at the End of the Period	--	--	--	22	11,556	48,284
Interest and Commission Income Received	--	--	--	--	2,909	50

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

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

**1.2 Information on deposits of the Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	4,840	4,767	300,055	15,552	409,339	595,922
Balance at the End of the Period	7,447	4,840	63,292	300,055	465,727	409,339
Deposit Interest Expense	522	291	3,301	9,147	20,457	18,794

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

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

As of 30 June 2018, the amount of funds other than deposit obtained from Bank's risk group is TL 240,570 and that all funds amount has obtained from IFC, EBRD and CEB in the form of borrowings (31 December 2017: TL 171,583; that fund amount has obtained from IFC and EBRD in the form of borrowings).

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

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

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

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	--	--	--	--	899,553	863,016
Balance at the End of the Period	--	--	--	--	1,358,500	899,553
Total Income/Loss	--	--	--	--	(14,919)	(10,269)
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

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

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

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

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

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

As of 30 June 2018, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 1.86% (31 December 2017: 0.07%) and the ratio of the deposits of entities of risk group to total deposits is 4.82% (31 December 2017: 5.82%). Ratio of funds obtained from entities of risk group to total funds borrowed is 6.4% (31 December 2017: 5.2%). The distribution of 6.4% is 4.9% IFC, 0.5% EBRD and 1.0% CEB.

In current period benefits; such as salaries and bonuses; provided to the key management is TL 7,911 (1 January - 30 June 2017: TL 8,830).

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

None.

#### 2.4 Transactions accounted for under equity method

None.

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

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

**VI. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices**

**1. Information related to the Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	83	1,674			
			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**

The early redemption option for the subordinated loan amounting to USD 10 million, borrowed from the Eco Trade and Development Bank on 06/08/2013 with maturity 07/08/2023 was used and the loan was fully repaid on 02/08/2018.

**VIII. Other disclosures on activities of the Bank**

**Summary information of Bank's risk ratings by international rating agencies**

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

(\*) On 1 June 2018, Fitch Ratings placed the Bank's credit ratings on watch negative.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

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**SECTION SIX**

**EXPLANATIONS ON AUDITORS' REPORT**

**I. Explanations on the auditors' limited review report**

The Bank's publicly available financial statements and footnotes have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the independent auditors' report is presented in front of the financial statements as of August 7, 2018.

**II. Other footnotes and explanations prepared by the independent auditors**

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

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

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

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

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

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

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

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

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

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

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

Commercial Title	Share Amount (Full basis TL)	Share Ratios (%)
Fiba Holding A.Ş.	673,455,958.58	71.56%
Turk Finance B.V.	93,645,475.05	9.95%
International Finance Corporation	84,327,750.28	8.96%
European Bank for Reconstruction and Development	84,327,750.28	8.96%
Other	5,403,619.06	0.57%
<b>TOTAL</b>	<b>941,160,553.25</b>	<b>100%</b>

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

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

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

Name	Duty	Responsibility Area	Date of Appointment	Educational Status	Professional Experience
Hüsnü Mustafa Özyeğin	Chairman of the Board of Directors		27.12.2010	Graduate	43 years
Fevzi Bozer	Vice Chairman of the Board of Directors		27.12.2010	Graduate	35 years
İsmet Kaya Erdem	Member of the Board of Directors		11.02.2013	Undergraduate	67 years
Mehmet Güleşci	Member of the Board of Directors		27.12.2010	Graduate	34 years
Mevlüt Hamdi Aydın	Member of the Board of Directors		24.01.2013	Undergraduate	35 years
Memduh Aslan Akçay	Member of the Board of Directors		13.04.2016	Graduate	27 years
Selçuk Yorgancıoğlu	Member of the Board of Directors		22.09.2016	Graduate	26 years
Hülya Kefeli	Member of the Board of Directors		15.05.2017	Undergraduate	33 years
Ömer Mert	General Manager, Member of the Board of Directors		19.01.2017	Graduate	23 years
Elif Alsev Utku Özbey	Deputy General Manager	Financial Control and Financial Reporting	07.01.2011	Graduate	23 years
Adem Aykın	Assistant General Manager	Information Technologies	01.07.2011	Undergraduate	29 years
Ahu Dolu	Assistant General Manager	Financial Institutions and Project Finance	01.12.2015	Undergraduate	20 years
Turgay Hasdiker	Assistant General Manager	Credits	01.12.2015	Undergraduate	26 years
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	01.12.2015	Undergraduate	19 years
Orhan Hatipoğlu	Assistant General Manager	Banking Operations & Supporting Services	02.01.2017	Undergraduate	25 years
Ömer Rifat Gencal	Assistant General Manager	Treasury	02.02.2015	Undergraduate	26 years
Sezin Erken	Assistant General Manager	Consumer Banking & Funding Resource Management	10.08.2017	Graduate	17 years
Gerçek Önal	Assistant General Manager	Chief Legal Officer	01.02.2016	Graduate	17 years
Ahmet Cemil Borucu	Director	Board of Inspection	07.02.2011	Graduate	20 years
Ayşe Tulgar Ayça	Director	Risk Management	15.03.2011	Undergraduate	19 years
Serdal Yıldırım	Director	Legislation and Compliance	06.04.2011	Graduate	21 years
Kansu Pulular	Director	Internal Control & Operational Risk	02.01.2017	Graduate	14 years

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

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

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

Summary of Unconsolidated Balance Sheet	
	<u>30/06/18</u>
Cash and Cash Equivalents	3,598,536
Financial Assets Valued at Fair Value Through Profit or Loss	68,396
Financial Assets Valued at Fair Value Through Other Comprehensive Income	710,518
Financial Assets Measured at Amortized Cost	168,632
Derivative Financial Assets	1,618,836
Loans (Net)	15,084,515
<b>Total Assets</b>	<b>21,691,490</b>
Deposits	11,127,835
Funds Borrowed	2,296,836
Money Market Funds	572,059
Securities Issued (Net)	2,691,864
Derivative Financial Liabilities	1,317,965
Subordinated Debts	1,444,440
Shareholder's Equity	1,221,663
<b>Total Liabilities</b>	<b>21,691,490</b>

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



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

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

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

Summary of Consolidated Balance Sheet	
	<b><u>30/06/18</u></b>
Cash and Cash Equivalents	3,598,848
Financial Assets Valued at Fair Value Through Profit or Loss	68,396
Financial Assets Valued at Fair Value Through Other Comprehensive Income	710,518
Financial Assets Measured at Amortized Cost	168,632
Derivative Financial Assets	1,618,836
Loans (Net)	15,084,515
<b>Total Assets</b>	<b>21,687,339</b>
Deposits	11,123,115
Funds Borrowed	2,296,836
Money Market Funds	572,059
Securities Issued (Net)	2,691,864
Derivative Financial Liabilities	1,317,965
Subordinated Debts	1,444,440
Shareholder's Equity	1,209,831
<b>Total Liabilities</b>	<b>21,687,339</b>
Summary of Consolidated Balance Sheet	
	<b><u>31/12/17</u></b>
Cash and Balances with The Central Bank	2,487,256
Financial Assets at Fair Value Through Profit or Loss (Net)	1,344,033
Financial Assets Held for Trading	743,877
Financial Assets Designated at Fair Value	600,156
Banks	320,016
Financial Assets Available for Sale (Net)	766,163
Loans (Net)	14,488,001
<b>Total Assets</b>	<b>20,111,668</b>
Deposits	12,267,905
Derivative Financial Liabilities Held for Trading	749,590
Funds Borrowed	2,084,851
Money Market Funds	479,880
Securities Issued (Net)	1,255,066
Subordinated Debts	1,194,561
Shareholder's Equity	1,464,612
<b>Total Liabilities</b>	<b>20,111,668</b>

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

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

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

Summary of Unconsolidated Income Statement	
	<u>30/06/18</u>
Net Interest Income	379,896
Net Fees and Commission Income	34,988
Personnel Expenses	118,050
Trading Income/ Loss (Net)	11,641
Other Operating Revenues	168,578
<b>Total Operating Income</b>	<b>477,053</b>
Expected Credit Losses (-)	256,830
Other Operating Expenses (-)	104,985
<b>Net Operating Income / Loss</b>	<b>115,238</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>115,238</b>
Tax Provision for Continuing Operations	(35,948)
<b>Net Period Profit / Loss</b>	<b>79,290</b>

Summary of Unconsolidated Income Statement	
	<u>30/06/17</u>
Net Interest Income	287,742
Net Fees and Commission Income	19,318
Trading Income/ Loss (Net)	9,786
Other Operating Revenues	22,947
<b>Total Operating Income</b>	<b>339,793</b>
Provision for Losses and Other Receivables (-)	78,619
Other Operating Expenses (-)	170,440
<b>Net Operating Income / Loss</b>	<b>90,734</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>90,734</b>
Tax Provision for Continuing Operations	(18,129)
<b>Net Period Profit / Loss</b>	<b>72,605</b>

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

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

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

Summary of Consolidated Income Statement	
	<u>30/06/18</u>
Net Interest Income	380,274
Net Fees and Commission Income	36,247
Personnel Expenses	118,943
Trading Income/ Loss (Net)	11,641
Other Operating Revenues	168,533
<b>Total Operating Income</b>	<b>477,752</b>
Expected Credit Losses (-)	256,830
Other Operating Expenses (-)	105,497
<b>Net Operating Income / Loss</b>	<b>115,425</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>115,425</b>
Tax Provision for Continuing Operations	(35,989)
<b>Net Period Profit / Loss</b>	<b>79,436</b>
Summary of Consolidated Income Statement	

	<u>30/06/17</u>
Net Interest Income	288,052
Net Fees and Commission Income	20,117
Trading Income/ Loss (Net)	9,786
Other Operating Revenues	22,852
<b>Total Operating Income</b>	<b>340,807</b>
Provision for Losses and Other Receivables (-)	78,619
Other Operating Expenses (-)	171,344
<b>Net Operating Income / Loss</b>	<b>90,844</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>90,844</b>
Tax Provision for Continuing Operations	(18,151)
<b>Net Period Profit / Loss</b>	<b>72,693</b>

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

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

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

As of the first half of 2018, Fibabanka has increased the performing loan portfolio before provisions by 12% compared to the same period of year 2017 and the loan portfolio has increased by 2% compared to the end of 2017 by reaching TL 15.0 billion.

Growth in corporate, commercial, SME and agriculture loans was 7% comparing to the same period last year.

The operations on the acquisition of new customers through new channels created outside the branch (SMS, store, Web, etc.) launched in 2017 have been continuing in 2018 as well. The most important of these is the infrastructure and processes for consumer financing. The consumer financing model was cooperated particularly with the brands and stores operating in the retail sector, especially selling electronic products, and the Bank has acquired new customers and offered general purpose loan products. Accordingly Fibabanka has increased the retail sector loan portfolio by 131% compared to the same period of year 2017. In 2018, the spirit of innovation, innovative products and services will continue to be front-line.

Our Bank, has funded its growing loan portfolio mainly by customer deposits also in 2018. In this period, customer deposits amounting to TL 10.2 billion constitutes 47% of total liabilities. With an innovative marketing plan, targets are supported with deposit campaigns focused on acquiring new customers, new product launches and new sales channels.

In 2018, efforts have been made to create alternative funding sources to deposit in order to diversify the funding structure. In the first six months of the year, TRY-denominated securities with a total nominal value of TL 1.5 billion were issued in Turkey.

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

In the first half of 2018, while loan volume has been increased, loans have been diversified both in terms of maturity and sectors, portfolio was targeted with higher return and increasing commission income by increasing number of customers. In addition, the Bank's profit has been achieved a steady growth with sustainable profit by keeping operating expenses under control carefully. As a result, the Bank's realised profit before tax increased by 27% compared to the same period of the previous year to TL 115.2 million and net profit after tax amounted to TL 79.3 million. As of 30 June 2018, consolidated capital adequacy ratio of the Bank is 17.18%.

Our bank, continues to perform its structural and organizational goals as well as financial goals, offering services to our customers with 83 branches and 1,674 employees as of 30 June 2018.

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

Best regards,

**Hüsnü Mustafa Özyeğin**  
Chairman of the Board of Directors

**Ömer Mert**  
General Manager and Member of the Board of Directors

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

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

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**5. Evaluations Relating to the Bank's Financial Situation**

As of 30 June 2018, the Bank serves with 83 domestic branches and 1,674 employees.

Total assets of Fibabanka, as of first half of 2018 have increased by 14% compared to the same period of year 2017 and by 8% compared to the end of year 2017, realised as TL 21,687,339 on consolidated basis and as TL 21,691,490 on unconsolidated basis.

According to consolidated and unconsolidated financial statements, the loan volume, which was TL 15,088,157 at the end of 2017, was realised as TL 15,084,515 as of first half of the year. Share of the loans in total assets has been realised as 70%.

Credit worthiness of loans and other receivables are monitored continuously in accordance with related laws and regulations. For new credits disbursed, the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to reduce risk. According to consolidated and unconsolidated financial statements, as of first half of 2018, NPLs have been realised as TL 706,848 and provisions provided in the amount of TL 446,550. As of 30 June 2018, the share of non-performing loans in total loans realised as 4.49%.

According to unconsolidated financial statements, financial assets valued at fair value through profit or loss realised as TL 68,396, financial assets valued at fair value through other comprehensive income realised as TL 710,518 and financial assets measured at amortized cost realised as TL 168,632. Ratio of total securities portfolio to total assets has been realised as 4%.

As of first half of 2018, consolidated deposit volume has been realised as TL 11,123,115 and the unconsolidated deposit volume has been realised as TL 11,127,835.

According to the consolidated financial statements, in the first half of 2018 net profit has been increased by 9% and realised as TL 79,436 while it was TL 72,693 in first half of 2017.

As of 30 June 2018, the Bank's unconsolidated and consolidated capital adequacy ratio are 17.18%.