

*(Convenience Translation of the Independent Auditor's Report
Originally Prepared and Issued in Turkish See Note 3.1.c)*

DENİZBANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS
AND NOTES FOR THE YEAR ENDED
31 DECEMBER 2017

- I. Independent Auditor's Report
- II. Publicly Disclosed Unconsolidated Financial Report

**Convenience Translation of the Auditor's Report
Originally Issued in Turkish (See Note I in Section Three)**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Denizbank Anonim Şirketi:

Audit of Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Denizbank A.Ş (the Bank), which comprise the statement of financial position as at December 31, 2017, and the unconsolidated statement of income, unconsolidated statement of income and expenses recognized under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2017 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our *other* responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<i>Impairment of Loans and Receivables</i>	
Impairment of loans and receivables to customer is a key area of judgement for the management. There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of BRSA Accounting and Financial Reporting Legislation. Failure in determining the loans and receivables which are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Therefore, impairment of the loans and receivables is considered as a key audit matter. Related Explanations relating to the impairment of loans and receivables have been disclosed in Section Three Note VII d., Section Five Note I.e and Note II.h.1.	Our audit procedures included among others, selecting samples of loans and receivables based on our judgement and considering whether there is objective evidence that impairment exists on these loans and receivables and the assessment of impairment losses of loans and receivables were reasonably determined in accordance with the requirements of BRSA Accounting and Financial Reporting Legislation. In addition we considered, assessed and tested the relevant controls over granting, booking, monitoring and settlement, and those relating to the calculation of credit provisions, to confirm the operating effectiveness of the key controls in place, which identify the impaired loans and receivables and the required provisions against them.
<i>Derivative Financial Instruments</i>	
Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I.b.3. and Note II.b.	Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.
Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.	

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2017 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

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



Fatma Ebru Yücel SMMM
Partner

7 February 2018
İstanbul, Türkiye

DENİZBANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2017

Address of the Bank's Headquarters
Büyükdere Caddesi No:141
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Telephone and Fax Numbers
Tel : 0 212 348 20 00
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Website of the Bank
www.denizbank.com

E-mail address of the Bank
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The unconsolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

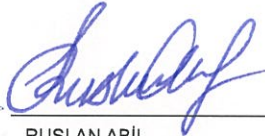
- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in Thousands of Turkish Lira.

7 February 2018



HAKAN ELVERDİ
Senior Vice President
Financial Reporting
And Accounting



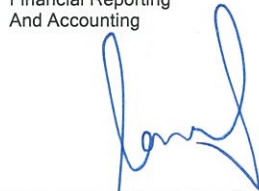
RUSLAN ABİL
Executive Vice President
Financial Affairs



HAKAN ATEŞ
Member of Board of Directors
and President and Chief
Executive Officer



HERMAN GREF
Chairman of Board of
Directors



PAVEL BARCHUGOV
Member of Board of Directors
and Audit Committee



WOUTER G.M VAN ROSTE
Member of Board of Directors
and Audit Committee



NİHAT SEVİNÇ
Member of Board of Directors
and Audit Committee

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SECTION ONE

GENERAL INFORMATION

I. The Bank's date of establishment, beginning statute, its history including changes in its statute

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Borsa İstanbul ("BIST") since 1 October 2004. 0,15% of the Bank's shares are publicly held as of 31 December 2017.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, and subsequent to the transfer of shares, Dexia Participation Belgique's ownership rate increased to 99,85%.

On 8 June 2012 Dexia Group and Sberbank of Russia ("Sberbank") have signed a sale and purchase agreement regarding the acquisition of 715.010.291,335 the Bank shares representing 99,85% of the Bank's capital. The transaction covered the Bank as well as all of its subsidiaries in Turkey, Austria and Russia. Following all the necessary regulatory authorizations in the countries in which seller and buyer operate including that of the European Commission, after the approvals of Competition Authority on 9 August 2012, the Banking Regulation and Supervision Agency on 12 September 2012 and the Capital Markets Board ("CMB") on 24 September 2012, Dexia has transferred 99,85% of shares of the Bank to Sberbank with a total consideration of TL 6.469.140.728^(*) (Euro 2.790 million) which is the Preliminary Purchase Price determined as per the sale and purchase agreement as of 28 September 2012. Following the completion of the adjustment process of the Preliminary Purchase Price to Purchase Price in accordance with the terms in the Share Purchase Agreement, an additional amount of Euro 185 million which is equivalent of TL 430.947.685^(*) was paid on 27 December 2012. Ultimately the process was completed with a total Purchase Price of TL 6.900.088.413^(*) (Euro 2.975 million).

(*)Amounts are reflected as full TL.

II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to

Current Period		
Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
Total	3.316.100.000	100,00

Prior Period		
Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
Total	3.316.100.000	100,00

Paid-in capital of the Bank was increased by a total amount of TL 1.500.000; TL39 from share premiums, TL113.097 from gains on sale of subsidiaries and associates and real estate, TL 636.864 from extraordinary reserves and TL 750.000 in cash, on 28 June 2016.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2017
(Currency: Thousands of TL - Turkish Lira)

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III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistants and shares of the Bank they possess and their areas of responsibility

Name	Title	Shares owned (%)
Chairman of the Board of Directors		
Herman Gref	Chairman	--
Board of Directors⁽⁵⁾		
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member, President and CEO	0,000002
Alexander Vedyakhin	Member	--
Deniz Ülke Arıboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev	Member	--
Derya Kumru	Member	--
Alexander Morozov	Member	--
Pavel Barchugov	Member	--
Alexander Titov ⁽¹⁾	Member	--
Igor Kolomeyskiy ⁽²⁾	Member	--
Audit Committee		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Pavel Barchugov	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil ⁽³⁾	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services and Investment Group	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Mustafa Saruhan Özel	Economic Research, Strategy and Program Management	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkiran	Payment Systems and Non-Branch Channels	--
Murat Çelik	Digital Generation Banking	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Önder Özcan	Management Reporting and Budget Planning	--
Murat Kulaksız	SME Banking	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Hakan Turan Pala	Corporate, Commercial and Medium Enterprises Credits	--
Edip Kürşad Başer	Administrative Follow-up	--
Murat Çıtak	Credit Policy and Retail, SME, Agricultural Banking	--
Verda Beril Yüzer Oğuz	Credits Allocation	--
Hayri Cansever	IT Security and Digital-Card Payment Operations	--
Umut Özdoğan ⁽⁴⁾	Financial Institutions	--
	Secretariat General and Sberbank Coordination	--
	Cash Management, Public Finance and Organization	--

⁽¹⁾Alexander Titov was appointed as a Member of the Board of the Directors at the ordinary General Assembly meeting held on 29 March 2017 and sworn in to the position on 27 April 2017 instead of Svetlana Sagaydak, who had resigned from her position as of 2 March 2017.

⁽²⁾Vadim Kulik who resigned from Sberbank of Russia on 15 February 2017, left his position at Sberbank and therefore his membership on Denizbank Board of Directors was terminated at the Ordinary General Assembly meeting held on 29 March 2017 and Mykyta Volkov was appointed instead of him as a member of the Board of Directors. Mykyta Volkov resigned from her position as of 26 April 2017. According to the Board's decision on 19 June 2017, Igor Kolomeyskiy, who has been assigned as Board member of the Bank, has started his duty on 13 July 2017.

⁽³⁾Suavi Demircioğlu, who has been serving as the Executive Vice President responsible for the Financial Affairs at the Bank, retired from the Bank as of 31 March 2017. As of 3 April 2017 he was replaced by Ruslan Abil who has been serving as Executive Vice President responsible for the Group Reporting and Asset- Liability Management Group by the decision of Board of Directors.

⁽⁴⁾As of 10 March 2017, Umut Özdoğan was appointed as Executive Vice President of Cash Management, Public Finance and Organization Group, who has served as Branch Manager of İstanbul Corporate Branch in the Bank.

⁽⁵⁾The Bank's Board member Igor Kondrashov resigned from his duty as of 25 August 2017.

IV. Explanations regarding the real person and corporate qualified shareholders at the Bank

Commercial Title	Share Amounts	Share Percentages	Paid-in Capital	Unpaid Capital
Sberbank of Russia	3.311.211	99,85 %	3.311.211	--

Sberbank is the controlling party of the Bank's capital having both direct and indirect qualified shares.

As of 31 December 2017 the capital structure of Sberbank is as follows:

Shareholders	Share Percentages
Central Bank of Russia	50,00 %
Publicly traded	50,00 %
Total	100,00 %

Central Bank of the Russian Federation holds 50%+1 share within 22.586.948.000 ordinary and preferred shares in total in Sberbank of Russia (the rate in 21.586.948.000 ordinary shares corresponds to 52,32%).

V. Type of services provided and the areas of operations of the Bank

The Bank is a private sector deposit bank which provides banking services to its customers through 696 domestic and 1 foreign branch as of 31 December 2017.

Activities of the Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities.
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations.
- Establishing domestic and/or foreign entities and participating in existing entities. Entering into loan and intelligence agreements with domestic and international financial institutions. Participating in consortiums and syndications.
- Incorporating insurance companies, operating insurance agencies, participating in insurance companies which are existing or planned to be founded.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the company are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the company will be able to implement activities after the relevant decision is made by General Assembly.

VI. Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Unconsolidated Statements of Financial Position
(Balance Sheets)
- II. Unconsolidated Statements of Off-Balance Sheet Items
- III. Unconsolidated Statements of Income
- IV. Unconsolidated Statements of Income and Expenses Recognized
Under Shareholders' Equity
- V. Unconsolidated Statements of Changes in Shareholders' Equity
- VI. Unconsolidated Statements of Cash Flows
- VII. Unconsolidated Profit Distribution Tables

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (BALANCE SHEETS)
AS OF 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

ASSETS	Footnotes	CURRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.a)	3.066.781	13.799.762	16.866.543	2.281.715	12.479.223	14.760.938
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.b)	546.654	328.495	875.149	1.043.122	482.825	1.525.947
2.1 Financial Assets Held For Trading		546.654	328.495	875.149	1.043.122	482.825	1.525.947
2.1.1 Public Sector Debt Securities		68.435	4.479	72.914	84.720	3.697	88.417
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		477.479	324.016	801.495	948.815	479.128	1.427.943
2.1.4 Other Securities		740	-	740	9.587	-	9.587
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
III. BANKS	(5.1.c)	214.756	3.791.373	4.006.129	16.278	2.950.687	2.966.965
IV. DUE FROM MONEY MARKETS		750.786	-	750.786	3.001.396	-	3.001.396
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		750.786	-	750.786	3.001.396	-	3.001.396
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.d)	5.760.627	952.083	6.712.710	5.421.996	1.139.562	6.561.558
5.1 Share Certificates		3.956	59.159	63.115	3.930	37.779	41.709
5.2 Public Sector Debt Securities		5.756.671	657.574	6.414.245	5.418.066	885.253	6.303.319
5.3 Other Securities		-	235.350	235.350	-	216.530	216.530
VI. LOANS AND RECEIVABLES	(5.1.e)	60.817.690	15.287.608	76.105.298	49.038.709	12.781.675	61.820.384
6.1 Loans and Receivables		60.004.033	15.287.608	75.291.641	48.094.511	12.781.675	60.876.186
6.1.1 Loans Utilized to the Bank's Risk Group		879.555	127.060	1.006.615	95.449	118.443	213.892
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		59.124.478	15.160.548	74.285.026	47.999.062	12.663.232	60.662.294
6.2 Loans under Follow-Up		3.625.484	-	3.625.484	3.292.211	-	3.292.211
6.3 Specific Provisions (-)		2.811.827	-	2.811.827	2.348.013	-	2.348.013
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.f)	3.555.857	1.656.779	5.212.636	3.339.895	1.561.104	4.900.999
8.1 Public Sector Debt Securities		3.555.857	1.656.779	5.212.636	3.339.895	1.561.104	4.900.999
8.2 Other Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.g)	9.340	-	9.340	8.654	-	8.654
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		9.340	-	9.340	8.654	-	8.654
9.2.1 Financial Associates		15	-	15	15	-	15
9.2.2 Non-Financial Associates		9.325	-	9.325	8.639	-	8.639
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.h)	953.436	6.505.866	7.459.302	786.042	4.506.890	5.292.932
10.1 Unconsolidated Financial Subsidiaries		937.011	6.505.866	7.442.877	769.617	4.506.890	5.276.507
10.2 Unconsolidated Non-Financial Subsidiaries		16.425	-	16.425	16.425	-	16.425
ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.i)	2.800	-	2.800	2.800	-	2.800
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800	2.800	-	2.800
XII. LEASE RECEIVABLES (Net)	(5.1.j)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.l)	440.538	21	440.559	430.281	4	430.285
XV. INTANGIBLE ASSETS (Net)	(5.1.m)	168.711	-	168.711	188.762	-	188.762
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		167.842	-	167.842	187.893	-	187.893
XVI. INVESTMENT PROPERTIES (Net)	(5.1.n)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.o)	171.853	-	171.853	150.194	-	150.194
17.1 Current Tax Assets		-	-	-	67.090	-	67.090
17.2 Deferred Tax Assets		171.853	-	171.853	83.104	-	83.104
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.p)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.q)	1.276.787	989.681	2.266.468	1.048.686	498.327	1.547.013
TOTAL ASSETS		77.736.616	43.311.668	121.048.284	66.758.530	36.400.297	103.158.827

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (BALANCE SHEETS)
AS OF 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.ii.a)	41.973.199	33.272.606	75.245.805	35.124.709	28.066.219	63.190.928
1.1 Deposits of the Bank's Risk Group		173.162	3.679.865	3.853.027	278.399	2.951.661	3.230.060
1.2 Others		41.800.037	29.592.741	71.392.778	34.846.310	25.114.558	59.960.868
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.ii.b)	680.734	696.403	1.377.137	553.627	387.561	941.188
III. FUNDS BORROWED	(5.ii.c)	792.557	13.091.488	13.884.045	844.231	9.906.366	10.750.597
IV. DUE TO MONEY MARKETS		3.586.064	391.047	3.977.111	5.397.576	-	5.397.576
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Repurchase Agreements		3.586.064	391.047	3.977.111	5.397.576	-	5.397.576
V. SECURITIES ISSUED (Net)	(5.ii.d)	1.464.617	-	1.464.617	1.152.633	-	1.152.633
5.1 Bills		1.216.074	-	1.216.074	737.553	-	737.553
5.2 Asset Backed Securities		248.543	-	248.543	415.080	-	415.080
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		1.652.822	253.006	1.905.828	1.390.447	460.976	1.851.423
VIII. OTHER EXTERNAL RESOURCES	(5.ii.e)	1.081.146	1.580.444	2.661.590	1.057.281	887.790	1.945.071
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.ii.f)	9.561	-	9.561	18.493	-	18.493
10.1 Financial Lease Payables		10.228	-	10.228	20.923	-	20.923
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		667	-	667	2.430	-	2.430
XI. HEDGING PURPOSE DERIVATIVES	(5.ii.g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.ii.h)	2.175.311	13.880	2.189.191	1.682.263	12.010	1.694.273
12.1 General Provisions		1.476.199	-	1.476.199	1.277.781	-	1.277.781
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		124.938	-	124.938	105.342	-	105.342
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		574.174	13.880	588.054	299.140	12.010	311.150
XIII. TAX LIABILITIES	(5.ii.i)	258.971	-	258.971	171.472	-	171.472
13.1 Current Tax Liability		258.971	-	258.971	171.472	-	171.472
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(5.ii.k)	-	5.261.523	5.261.523	-	5.483.501	5.483.501
XVI. SHAREHOLDERS' EQUITY	(5.ii.l)	12.836.190	(23.285)	12.812.905	10.671.309	(109.637)	10.561.672
16.1 Paid-In Capital		3.316.100	-	3.316.100	3.316.100	-	3.316.100
16.2 Supplementary Capital		(1.569.407)	(23.285)	(1.592.692)	(934.554)	(109.637)	(1.044.191)
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(424.114)	(23.285)	(447.399)	(445.696)	(109.637)	(555.333)
16.2.4 Revaluation Fund on Tangible Assets	(5.ii.l)	127.181	-	127.181	38.273	-	38.273
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		778	-	778	81	-	81
16.2.8 Hedging Funds (Effective Portion)		(1.277.553)	-	(1.277.553)	(542.082)	-	(542.082)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		4.286	-	4.286	14.855	-	14.855
16.3 Profit Reserves		7.653.013	-	7.653.013	5.323.790	-	5.323.790
16.3.1 Legal Reserves		251.816	-	251.816	181.352	-	181.352
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		5.628.510	-	5.628.510	4.356.547	-	4.356.547
16.3.4 Other Profit Reserves		1.772.687	-	1.772.687	785.891	-	785.891
16.4 Profit or Loss		3.436.484	-	3.436.484	2.965.973	-	2.965.973
16.4.1 Prior Periods' Profits / Losses		1.556.692	-	1.556.692	1.556.692	-	1.556.692
16.4.2 Current Period Profit / Loss		1.879.792	-	1.879.792	1.409.281	-	1.409.281
16.5 Minority Shares	(5.ii.l)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		66.511.172	54.537.112	121.048.284	58.064.041	45.094.786	103.158.827

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF
OFF-BALANCE SHEET ITEMS
AS OF 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL- Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

	Footnotes	CURRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)							
		76.542.953	86.758.810	163.301.763	56.951.168	81.317.679	138.268.847
I. GUARANTEES	(5.III.a)	11.193.835	16.584.504	27.778.339	10.087.461	18.434.569	28.522.030
1.1. Letters of Guarantee		11.178.261	11.248.307	22.426.568	10.075.754	11.560.516	21.636.270
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	82.929	161.950	79.021	90.776	169.797
1.1.3. Other Letters of Guarantee		11.099.240	11.165.378	22.264.618	9.996.733	11.469.740	21.466.473
1.2. Bank Acceptances		4.773	199.768	204.541	5.498	251.332	256.830
1.2.1. Import Letter of Acceptance		4.773	199.768	204.541	5.498	251.332	256.830
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	2.644.460	2.644.460	42	2.312.534	2.312.576
1.3.1. Documentary Letters of Credit		-	1.894.664	1.894.664	42	1.625.364	1.625.406
1.3.2. Other Letters of Credit		-	749.796	749.796	-	687.170	687.170
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 Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		10.801	2.491.969	2.502.770	6.167	4.310.187	4.316.354
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	31.054.695	3.490.790	34.545.485	28.323.856	4.655.442	32.979.298
2.1. Irrevocable Commitments		28.369.992	3.490.790	31.860.782	25.004.358	4.655.442	29.659.800
2.1.1. Asset Purchase and Sale Commitments		530.844	1.425.282	1.956.126	405.787	2.967.707	3.373.494
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		11.104.113	-	11.104.113	9.475.667	-	9.475.667
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		2.375.880	-	2.375.880	2.111.130	-	2.111.130
2.1.8. Tax and Fund Obligations from Export Commitments		1.451	-	1.451	2.415	-	2.415
2.1.9. Commitments for Credit Card Limits		14.216.415	-	14.216.415	12.764.645	-	12.764.645
2.1.10. Commitments for Promotional Operations Re-Credit		-	-	-	-	-	-
Cards and Banking Services		2.856	-	2.856	1.416	-	1.416
Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.11. Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		138.433	2.065.508	2.203.941	243.298	1.687.735	1.931.033
2.2. Revocable Commitments		2.684.703	-	2.684.703	3.319.498	-	3.319.498
2.2.1. Revocable Loan Granting Commitments		2.684.144	-	2.684.144	3.318.939	-	3.318.939
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.b)	34.294.423	66.683.516	100.977.939	18.539.851	58.227.668	76.767.519
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		34.294.423	66.683.516	100.977.939	18.539.851	58.227.668	76.767.519
3.2.1. Forward Foreign Currency Purchases/Sales		2.494.623	5.509.202	8.003.825	1.713.300	5.529.056	7.242.356
3.2.1.1. Forward Foreign Currency Purchases		1.262.919	2.750.766	4.013.685	879.079	2.740.754	3.619.833
3.2.1.2. Forward Foreign Currency Sales		1.231.704	2.758.436	3.990.140	834.221	2.788.302	3.622.523
3.2.2. Currency and Interest Rate Swaps		23.728.165	52.250.662	75.978.827	13.002.971	45.306.219	58.309.190
3.2.2.1. Currency Swaps-Purchases		3.354.265	18.224.701	21.578.966	2.927.550	13.589.466	16.517.016
3.2.2.2. Currency Swaps-Sales		11.973.900	8.621.245	20.595.145	8.455.421	6.053.631	14.509.052
3.2.2.3. Interest Rate Swaps-Purchases		4.200.000	12.702.358	16.902.358	810.000	12.831.561	13.641.561
3.2.2.4. Interest Rate Swaps-Sales		4.200.000	12.702.358	16.902.358	810.000	12.831.561	13.641.561
3.2.3. Currency, Interest Rate and Security Options		8.071.635	6.658.244	14.729.879	3.823.580	5.299.658	9.123.238
3.2.3.1. Currency Options-Purchases		2.776.904	3.662.687	6.439.591	1.947.257	2.529.225	4.476.482
3.2.3.2. Currency Options-Sales		3.694.731	2.880.717	6.575.448	1.876.323	2.643.805	4.520.128
3.2.3.3. Interest Rate Options-Purchases		800.000	57.420	857.420	-	63.314	63.314
3.2.3.4. Interest Rate Options-Sales		800.000	57.420	857.420	-	63.314	63.314
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures-Sales		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		-	2.265.408	2.265.408	-	2.092.735	2.092.735
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		475.432.585	114.565.293	589.997.878	399.449.855	93.781.365	493.231.220
IV. ITEMS HELD IN CUSTODY		88.975.224	2.357.319	91.332.543	90.113.164	1.945.577	92.058.741
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		87.459.529	1.511.039	88.970.568	89.040.303	1.006.875	90.047.178
4.3. Checks Received for Collection		439.065	656.708	1.095.773	254.257	600.368	854.625
4.4. Commercial Notes Received for Collection		1.076.630	92.216	1.168.846	818.604	254.541	1.073.145
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	97.356	97.356	-	83.793	83.793
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		386.183.787	110.955.604	497.139.391	308.952.187	91.001.085	399.953.272
5.1. Securities		3.079.543	12.259	3.091.802	3.071.806	616	3.072.422
5.2. Guarantee Notes		271.955.458	45.280.793	317.236.251	215.141.042	38.740.795	253.881.837
5.3. Commodities		16.002.073	5.554.934	21.557.007	13.702.267	3.683.797	17.386.064
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		76.377.535	39.355.607	115.733.142	68.699.488	33.499.122	102.198.610
5.6. Other Pledged Items		18.769.178	20.752.011	39.521.189	8.337.584	15.055.000	23.392.584
5.7. Pledged Items-Depository		-	-	-	-	21.755	21.755
VI. ACCEPTED GUARANTEES AND WARRANTIES		273.574	1.252.370	1.525.944	384.504	834.703	1.219.207
TOTAL OFF BALANCE SHEET ITEMS (A+B)		551.975.538	201.324.103	753.299.641	456.401.023	175.099.044	631.500.067

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

INCOME AND EXPENSE ITEMS			CURRENT PERIOD (01/01-31/12/2017)	PRIOR PERIOD (01/01-31/12/2016)
I.	INTEREST INCOME	(5.IV.a)	10.591.583	8.304.669
1.1	Interest from Loans		9.148.814	7.213.918
1.2	Interest from Reserve Deposits		101.420	56.689
1.3	Interest from Banks		141.688	8.059
1.4	Interest from Money Market Transactions		18.278	10.377
1.5	Interest from Securities Portfolio		1.089.486	952.939
1.5.1	Trading Securities		16.785	3.582
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available for Sale Securities		566.523	632.681
1.5.4	Held to Maturity Securities		506.178	316.676
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		91.897	62.687
II.	INTEREST EXPENSE	(5.IV.b)	5.733.161	4.285.033
2.1	Interest on Deposits		4.562.911	3.212.722
2.2	Interest on Funds Borrowed		727.509	578.286
2.3	Interest on Money Market Transactions		186.018	346.122
2.4	Interest on Securities Issued		156.250	111.063
2.5	Other Interest Expense		100.473	36.840
III.	NET INTEREST INCOME (I - II)		4.858.422	4.019.636
IV.	NET FEES AND COMMISSION INCOME /EXPENSE		1.507.989	1.188.964
4.1	Fees and Commissions Received		2.007.952	1.589.481
4.1.1	Non-Cash Loans		221.762	174.386
4.1.2	Other	(5.IV.I)	1.786.190	1.415.095
4.2	Fees and Commissions Paid		499.963	400.517
4.2.1	Non-Cash Loans		712	757
4.2.2	Other	(5.IV.I)	499.251	399.760
V.	DIVIDEND INCOME	(5.IV.c)	1.084	58
VI.	TRADING INCOME/LOSS (Net)	(5.IV.d)	(874.629)	(515.969)
6.1	Profit / Loss on Securities Trading		(42.088)	(6.061)
6.2	Profit / Loss on Derivative Financial Transactions		(738.090)	302.541
6.3	Foreign Exchange Gains / Losses		(94.451)	(812.449)
VII.	OTHER OPERATING INCOME	(5.IV.e)	511.142	566.302
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		6.004.008	5.258.991
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5.IV.f)	1.886.159	1.711.644
X.	OTHER OPERATING EXPENSES (-)	(5.IV.g)	2.843.203	2.599.065
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.274.646	948.282
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		952.410	699.372
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.h)	2.227.056	1.647.654
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.i)	(347.264)	(238.373)
16.1	Current Tax		(221.047)	(98.535)
16.2	Deferred Tax		(126.217)	(139.838)
XVII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.j)	1.879.792	1.409.281
XVIII.	PROFIT FROM DISCONTINUED OPERATIONS		-	-
18.1	Assets Held for Sale		-	-
18.2	Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other		-	-
XX.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.i)	-	-
21.1	Current Tax		-	-
21.2	Deferred Tax		-	-
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT / LOSS (XVII+XXII)	(5.IV.k)	1.879.792	1.409.281
23.1	Group's Profit / Loss		1.879.792	1.409.281
23.2	Minority Shares		-	-
	Earnings / Losses per Share (Per thousand share)		0,57	0,50

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF
INCOME AND EXPENSES RECOGNIZED
UNDER SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01-31/12/2017)	PRIOR PERIOD (01/01-31/12/2016)
I.	ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	120.648	(90.439)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	31.445	30.371
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	986.796	610.418
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	616	2.949
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(961.055)	(533.388)
VII.	THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	(13.703)	(8.388)
IX.	DEFERRED TAXES OF VALUATION DIFFERENCES	205.997	121.534
X.	NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	370.744	133.057
XI.	CURRENT PERIOD PROFIT/LOSS	1.879.792	1.409.281
1.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(48.436)	74.680
1.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(300)	(2.752)
1.3	Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4	Other	1.928.528	1.337.353
XII.	TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X+XI)	2.250.536	1.542.338

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c*

CHANGES IN SHAREHOLDERS' EQUITY		Paid-In Capital	Inflation Adjustments to Paid-In Capital (*)	Share Premium	Share Cancellation Profit	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tangible Assets	Bonus Shares Obtained from Associates	Hedging Reserves	Val Diff. Related to Assets Held for Sale/Disposal	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
I. PRIOR PERIOD 01/01-31/12/2016																			
Balance at the Beginning of Period		1,816,100	-	39	-	143,220	-	4,278,319	197,038	782,645	1,558,692	(479,788)	113,097	81	(118,124)	-	8,269,319	-	8,269,319
Changes in the Period																			
II.	Increase / Decrease Related to Mergers	(S.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Differences of Securities	(S.V.g)	-	-	-	-	-	-	-	-	-	(123,812)	-	-	-	-	(123,812)	-	(123,812)
IV.	Hedging Transactions (Effective Portion)	(S.V.h)	-	-	-	-	-	-	-	-	-	-	-	-	(423,968)	-	(423,968)	-	(423,968)
4.1.	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2.	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	2,752	-	2,752	-	2,752
V.	Revaluation Fund of Tangible Assets	(S.V.i)	-	-	-	-	-	-	-	-	-	-	28,852	-	(426,710)	-	(426,710)	-	(426,710)
VI.	Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,852	-	28,852
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	(S.V.j)	-	-	-	-	-	-	610,418	-	-	-	-	-	-	-	610,418	-	610,418
IX.	Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	48,267	-	-	-	-	48,267	-	48,267
XII.	The Effect of Capital Increase	(S.V.a)	1,500,000	(38)	-	-	-	(636,864)	-	-	-	-	(113,087)	-	-	-	750,000	-	750,000
12.1	Cash		750,000	(38)	-	-	-	(636,864)	-	-	-	-	(113,087)	-	-	-	750,000	-	750,000
12.2	Internal Resources		750,000	(39)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuance of Capital Stock	(S.V.b)	-	15	-	-	-	-	-	-	-	-	-	-	-	-	15	-	15
XIV.	Share Cancellation Profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	(6,710)	-	-	-	-	-	-	-	(6,710)	-	(6,710)
XVII.	Current Period Net Profit / Loss		-	-	-	-	-	-	-	1,409,281	-	-	-	-	-	-	1,409,281	-	1,409,281
XVIII.	Profit Distribution	(S.V.e)	-	-	-	-	38,132	715,092	-	(762,645)	-	-	-	9,421	-	-	-	-	-
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfer to Reserves	(S.V.k)	-	-	-	-	38,132	715,092	-	(762,645)	-	-	-	9,421	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of Period (I+II+III+...+XVI+XVII+XVIII)		3,316,100	-	15	-	181,352	-	4,356,547	800,746	1,409,281	1,558,692	(565,333)	38,273	81	(542,062)	-	10,561,672	-	10,561,672
I. CURRENT PERIOD 01/01-31/12/2017																			
Balance at the Beginning of Period		3,316,100	-	15	-	181,352	-	4,356,547	800,746	1,409,281	1,558,692	(565,333)	38,273	81	(542,062)	-	10,561,672	-	10,561,672
Changes in the Period																			
II.	Increase / Decrease Related to Mergers	(S.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Differences of Securities	(S.V.g)	-	-	-	-	-	-	-	-	-	102,920	-	-	-	-	102,920	-	102,920
IV.	Hedging Transactions (Effective Portion)	(S.V.h)	-	-	-	-	-	-	-	-	-	-	-	-	(735,471)	-	(735,471)	-	(735,471)
4.1.	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2.	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	616	-	616	-	616
V.	Revaluation Fund of Tangible Assets	(S.V.i)	-	-	-	-	-	-	-	-	-	-	22,054	-	(736,087)	-	(736,087)	-	(736,087)
VI.	Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,054	-	22,054
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	697	-	-	697	-	697
VIII.	Foreign Exchange Differences	(S.V.j)	-	-	-	-	-	-	988,796	-	-	-	-	-	-	-	988,796	-	988,796
IX.	Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	5,014	-	-	-	-	5,014	-	5,014
XII.	The Effect of Capital Increase	(S.V.a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuance of Capital Stock	(S.V.b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	(10,569)	-	-	-	-	-	-	-	(10,569)	-	(10,569)
XVII.	Current Period Net Profit / Loss		-	-	-	-	-	-	-	1,879,792	-	-	-	-	-	-	1,879,792	-	1,879,792
XVIII.	Profit Distribution	(S.V.e)	-	-	-	-	70,464	1,271,963	-	(1,409,281)	-	-	-	66,854	-	-	-	-	-
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfer to Reserves	(S.V.k)	-	-	-	-	70,464	1,271,963	-	(1,409,281)	-	-	-	66,854	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of Period (I+II+III+...+XVI+XVII+XVIII)		3,316,100	-	15	-	251,816	-	5,628,510	1,776,973	1,879,792	1,558,692	(447,389)	127,181	778	(1,277,553)	-	12,812,905	-	12,812,905

(*) The amount stated in the column "Paid-in Capital Inflation Adjustment Difference" and the amount stated in the column "Other Reserves" amounting to TL (15.371) relating to the "actuarial loss/profit" calculated as per TAS 19 "Employee Benefits" and its proportion at an amount of TL 19.657 related to "equity method" as a result of amendments in TAS 27 "Individual Financial Tables" Communiqué are stated under "Other Capital Reserves" in financial statements.

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED
31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.I.c

	Footnotes	CURRENT PERIOD (01/01-31/12/2017)	PRIOR PERIOD (01/01-31/12/2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)		2.697.721	653.785
1.1.1 Interest Received (+)		9.815.134	7.682.394
1.1.2 Interest Paid (-)		5.447.722	4.170.230
1.1.3 Dividend Received (+)		1.084	58
1.1.4 Fees And Commissions Received (+)		1.914.876	1.568.990
1.1.5 Other Income (+)		434.048	535.539
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		917.432	791.761
1.1.7 Payments to Personnel and Service Suppliers (-)		1.280.988	1.137.617
1.1.8 Taxes Paid (-)		237.413	308.542
1.1.9 Other (+/-)	(5.VI.c)	(3.418.730)	(4.308.568)
1.2 Changes in Operating Assets and Liabilities		(4.949.851)	2.772.013
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		14.684	(64.670)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		(75.980)	30.887
1.2.4 Net (Increase) Decrease in Loans (+/-)		(15.146.666)	(10.327.529)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(3.460.853)	(2.033.627)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		2.408.743	2.195.225
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		9.484.753	14.338.622
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		2.329.320	36.517
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.c)	(503.852)	(1.403.412)
I. Net Cash (Used In)/Provided from Banking Operations (+/-)		(2.252.130)	3.425.798
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from / (Used In) Investing Activities (+/-)		(182.613)	989.444
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		209.094	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		-	-
2.3 Fixed Assets Purchases (-)		199.146	185.264
2.4 Fixed Assets Sales (+)		130.676	53.739
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		816.142	1.967.276
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		863.132	3.088.245
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)		47.961	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from / (Used In) Financing Activities (+/-)		(398.204)	318.693
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		9.297.224	5.692.112
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		9.684.736	6.111.668
3.3 Capital Increase (+)		-	750.000
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		10.692	11.751
3.6 Other (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	(5.VI.c)	982.577	858.680
V. Net Increase / (Decrease) in Cash and Cash Equivalents		(1.850.370)	5.592.615
VI. Cash and Cash Equivalents at the Beginning of Period (+)	(5.VI.a)	11.983.748	6.391.133
VII. Cash and Cash Equivalents at the End of Period	(5.VI.a)	10.133.378	11.983.748

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLES
FOR THE PERIODS ENDED
31 DECEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c

	CURRENT PERIOD ⁽³⁾ (01/01-31/12/2017)	PRIOR PERIOD ⁽³⁾ (01/01-31/12/2016)
I. DISTRIBUTION OF CURRENT YEAR INCOME ⁽¹⁾		
1.1 CURRENT YEAR INCOME	2.227.056	1.647.654
1.2 TAXES AND DUTIES PAYABLE (-)	(347.264)	(238.373)
1.2.1 Corporate Tax (Income tax)	(221.047)	(98.535)
1.2.2 Income withholding tax	--	--
1.2.3 Other taxes and duties ⁽²⁾	(126.217)	(139.838)
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.879.792	1.409.281
1.3 PRIOR YEARS LOSSES (-)	--	--
1.4 FIRST LEGAL RESERVES (-)	--	70.464
1.5 OTHER STATUTORY RESERVES (-)	--	66.854
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.879.792	1.271.963
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	--	--
1.6.1 To owners of ordinary shares	--	--
1.6.2 To owners of preferred shares	--	--
1.6.3 To owners of preferred shares (preemptive rights)	--	--
1.6.4 To profit sharing bonds	--	--
1.6.5 To holders of profit and loss sharing certificates	--	--
1.7 DIVIDENDS TO PERSONNEL (-)	--	--
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	--	--
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	--	--
1.9.1 To owners of ordinary shares	--	--
1.9.2 To owners of preferred shares	--	--
1.9.3 To owners of preferred shares (preemptive rights)	--	--
1.9.4 To profit sharing bonds	--	--
1.9.5 To holders of profit and loss sharing certificates	--	--
1.10 SECOND LEGAL RESERVES (-)	--	--
1.11 STATUTORY RESERVES (-)	--	--
1.12 GENERAL RESERVES	--	1.271.963
1.13 OTHER RESERVES	--	--
1.14 SPECIAL FUNDS	--	--
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	--	--
2.2 SECOND LEGAL RESERVES (-)	--	--
2.3 DIVIDENDS TO SHAREHOLDERS (-)	--	--
2.3.1 To owners of ordinary shares	--	--
2.3.2 To owners of preferred shares	--	--
2.3.3 To owners of preferred shares (preemptive rights)	--	--
2.3.4 To profit sharing bonds	--	--
2.3.5 To holders of profit and loss sharing certificates	--	--
2.4 DIVIDENDS TO PERSONNEL (-)	--	--
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	--	--
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	0,006	0,004
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,6	0,4
3.3 TO OWNERS OF PRIVILEGED SHARES	--	--
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	--	--
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	--	--
4.2 TO OWNERS OF ORDINARY SHARES (%)	--	--
4.3 TO OWNERS OF PRIVILEGED SHARES	--	--
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	--	--

- 1) Distribution of dividend has not been decided yet since the General Assembly meeting of the Bank has not been held as of the date on which the financial statements are published.
(2) BRSA scrutinize that income amounts related to deferred tax assets cannot be considered as cash or internal source and therefore cannot be included in distribution of net period profit. The Bank has a deferred tax expense of TL 126.217 as of 31 December 2017 (31 December 2016: TL 139.838 deferred tax expenses).
(3) It includes impacts of TAS 27 standard.

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

a. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents

The unconsolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Authority ("BRSA") within the framework of the provisions of the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Document Keeping published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the annexes and commentaries relating to these Standards (hereinafter collectively referred to as "Turkish Accounting Standards" or "TAS") if there are no specific regulations made by BRSA. The form and content of the unconsolidated financial statements which have been drawn up and which will be disclosed to public have been prepared in accordance with the "Communiqué on the financial Statements to be Disclosed to the Public by Banks and the Related Explanations and Footnotes", "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and as well as the communiqués that introduce amendments and additions to those Communiqués. The parent shareholder Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Law and Turkish Tax legislation.

Unconsolidated financial statements have been prepared based on historical cost principle, except the financial assets and liabilities indicated at their fair values.

The amounts in the unconsolidated financial statements and explanations and footnotes relating to these statements have been denoted in Thousand Turkish Liras unless otherwise stated.

In the preparation of unconsolidated financial statements according to TAS, the management of the parent shareholder Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet. These assumptions and estimations are reviewed regularly, the necessary corrections are made and the effects of these corrections are reflected in the income statement. The assumptions and estimations used are explained in the related foot notes.

The accounting policies followed and revaluation principles used in the preparation of unconsolidated financial statements have been determined and implemented in accordance with the regulations, communiqués, explanations and circulars published by BRSA with respect to accounting and financial reporting principles and principles covered by TAS/TFRS in cases where there were no specific regulations made by BRSA except the change in accounting policy as described under "Accounting policies and valuation principles used" in the preparation of the financial statements below and they are consistent with accounting policies implemented in annual unconsolidated financial statements prepared for the year ending on 31 December 2016.

These accounting policies and valuation principles are disclosed between the footnotes numbered II through XXIV. The amendments to TAS/TFRS effective from 1 January 2018, except for the effects of TFRS 9 Financial Instruments that are explained below, do not have a significant impact on the Bank's accounting policies, financial position and performance.

Disclosures of TFRS 9 Financial Instruments Standard

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and general hedge accounting.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. Additionally, the Bank will calculate deferred tax assets on expected credit losses related to Stage 1 and Stage 2 loans, which will also be reflected to the opening retained earnings.

Classification and measurement of financial assets

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and interest (SPPI).

Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Impairment of financial assets

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the 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, method of provisions for impairment as set out in accordance with the related legislation of BRSA will be changed by applying the expected credit loss model under TFRS 9as of 31 December 2017.

These financial assets will be 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.

The effects of TFRS 9 on the prior period financial statements are under review and it is expected that there will be 1% to 3% positive effect on the shareholders' equity. The impact of implementation for this standard is based on the assessments made so far. As of the transition date, revisions are still ongoing on the accounting policies, relevant processes and internal controls. Accordingly, there might be changes in the anticipated impact of TFRS 9 on the financials until announcement of the first time adoption financial statement including the opening balance sheet as of 1 January 2018.

b. Accounting policies and valuation principles used in the preparation of the financial statements

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force with "Communique on amending the Communique on TAS27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321 to be applied for accounting periods after 1 January 2016.

Entities have the opportunity to recognize their investments in associates, subsidiaries and joint ventures with equity method in their separate financial statements in line with the amendment while it is stated for entities preparing separate financial statements before the amendment in communique to recognize their investments in associates, subsidiaries and joint ventures in accordance with cost value or TAS39 Financial Instruments standard.

The Bank recognized its subsidiaries, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its non-consolidated financial tables with the 2nd quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, amendments and errors in Accounting Estimates Standard.

Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz

GYO) and CR Erdberg Eins GmbH & Co KG (CR Erdberg), in which the Bank has direct or indirect shares, are associates which are recognized according to equity method in separate financial statements and included in scope of full consolidation in financial statements in accordance with the Communiqué.

On the other hand, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ("Intertech") and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ("Deniz Kültür"), which are associates of the Bank, and Deniz Kartlı Ödeme Sistemleri A.Ş. and Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş., which are associates of Intertech, and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş"), which is jointly controlled entity of Bank, and Deniz Immobilien Service GmbH ("Deniz Immobilien"), which is an associate of Denizbank AG are not included in consolidation and are recognized with cost value according to TAS 27 since they are non-financial associates.

c. Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Regulation the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies

a. Strategy for the use of financial instruments

Denizbank A.Ş.'s ("The Bank") external sources of funds are comprised of deposits with various maturity periods, and short-term borrowings. These funds are fixed rate in general and are utilized in high yield financial assets. The majority of the funds are allocated to high yield, floating rate instruments, such as Turkish Lira and foreign currency government securities and Eurobonds, and to loans provided to customers on a selective basis in order to increase revenue and support liquidity. The liquidity structure that insures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of placements at market conditions and adopts a high yield policy in long-term placements.

The Bank assumes risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and market conditions.

These positions are closely monitored by the Risk Management System of the Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration.

The asset-liability balance is monitored on a daily basis in accordance with their maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

No risks are taken as far as possible on foreign currencies other than US Dollar and Euro. Transactions are made under the determined limits to cover the position.

b. Transactions denominated in foreign currencies

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of the balance sheet date are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into TL by using foreign currency exchange rates of the Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates are as follows.

	31 December 2017	31 December 2016
US Dollar	3,7719 TL	3,5192 TL
Euro	4,5155 TL	3,7099 TL

Foreign exchange gains and losses included in the income statement

Net foreign exchange loss included in the income statement amounts to TL 94.451 as of 31 December 2017 (1 January - 31 December 2016: net foreign exchange loss of TL 812.449).

Total amount of valuation fund arising from foreign currency exchange rate differences

TL 46.163 (31 December 2016: TL 36.673), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 1.726.524, (31 December 2016: TL 749.218) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.220 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

III. Explanations on investments in associates, subsidiaries, joint ventures

Associates, jointly controlled entities and non-financial associates, included in non-consolidated financial tables, are recognized according to cost value in accordance with the "TAS 27 Separate Financial Statements".

Subsidiaries, which are treated in an active market, are reflected to financial statements with their fair values through taking their recorded prices in the aforementioned market. Subsidiaries and joint controlled entities, which are not treated in an active market, are monitored over their acquisition costs and shown in financial statements with their cost values after deducting impairment charges, if available.

Financial associates are recognized in accordance with equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in non-consolidated financial statements.

Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in associate as quota per participant from change amount occurring in period in the shareholder's equity of the participated partnership and to deduct/set off dividends received from participated associate from the amended value of the associate.

IV. Explanations on forward transactions, options and derivative instruments

The Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts.

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "trading purpose" transactions. Derivative transactions are recorded with their fair values at contract date. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

The derivative transactions are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in the "Positive Value of Trading Purpose Derivatives" and "Negative Value of Trading Purpose Derivatives" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value are recognized in the income statement. Fair values of derivatives are calculated using either discounted cash flow model or market value.

V. Explanations on interest income and expenses

Interest income and expenses are recognized as they are accrued taking into account the internal rate of return method. Interest accrual is not made for non-performing loans until non-performing loans become performing and are classified as performing loans or until collection in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside", published in the Official Gazette No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

VI. Explanations on fees and commissions

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are either recognized on an accrual basis over the period the service is provided or received or recognized as income or expense when collected or paid depending on their nature.

VII. Explanations on financial assets

Financial assets include cash; acquisition right of cash or acquisition right of other financial asset or bilateral exchange right of financial assets or equity instrument transactions with the counterpart. Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investments held-to-maturity, and loans and receivables.

a. Financial assets at fair value through profit or loss

Financial assets held for trading

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making.

Trading financial assets are recognized at their fair value in the balance sheet and remeasured at their fair value after recognition.

All gains and losses arising from valuations of trading financial assets are reflected in the income statement. In accordance with descriptions of the uniform chart of accounts, favorable difference between acquisition cost of a financial asset and its discounted value are recognized in "Interest Income"; and in the case of fair value of asset is above its discounted value, favorable difference between them are recognized in "Capital Market Transactions Profits" account, in the case of fair value is below discounted value, unfavorable difference between them are recognized in "Capital Market Transactions Losses" account. In the case that the financial asset is sold before its maturity, consisted gains or losses are accounted with the same principals.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

Financial assets at fair value through profit or loss

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

b. Investment securities available-for-sale

Available-for-sale assets are financial assets that are not loans and receivables, held to maturity investments and financial assets at fair value through profit or loss.

After the recognition, financial assets available for sale are remeasured at fair value. Interest income arising from available for sale calculated with "Effective interest method" and dividend income from equity securities are reflected to the income statement. Unrealized gains and losses arising from the differences of fair value of securities classified as available for sale and that is representing differences between amortized cost calculated with effective interest method and fair value of financial assets are recognized under the account of "Marketable securities valuation differences" under shareholder's equity. Unrealized profits and losses are not reclassified to the income statement until these securities are sold or matured the related fair value differences accumulated in the shareholders' equity are then transferred to the income statement.

c. Investment securities held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale; and those that meet the definition of loans and receivables.

Held to maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflects the fair value of the those instruments and subsequently recognized at amortized cost by using effective interest rate method.

Interest income obtained from held to maturity financial assets are presented in the line of "interest received from securities portfolio - investment securities held-to-maturity" in the unconsolidated statement of income.

There are no financial assets that are banned from being classified as investment securities held-to maturity for two years due to the violation of the tainting rule.

The Bank has government securities with a maturity of 5-10 years and indexed to CPI in the 3 months real coupon ratios that remain constant throughout the maturity in the available for sell and held to maturity securities portfolios. As stated by Secretary of Treasury in CPI indexed investor guide, the reference indexes used in calculating the actual coupon payment amounts of these securities are based on the CPI indexes of 2 months ago. The Bank predicts the inflation rate in parallel to those.

d. Loans and specific provisions

Loans and receivables are non-derivative financial assets that are not classified as either financial assets at fair value through profit or loss or financial assets available for sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables are carried initially by adding acquisition cost to transaction costs which reflect fair value and subsequently recognized at the discounted value calculated using the "Effective interest method".

Foreign currency loans are subject to evaluation and currency exchange differences arising from such re-measurements are reflected in "Foreign Exchange Gains/Losses" account in the unconsolidated income statement. Foreign currency-indexed loans are initially recognized in their Turkish Lira equivalents; repayments are calculated with exchange rate at payment date, and currency exchange differences occurred are reflected in profit/loss accounts.

Specific and general allowances are calculated in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette numbered 26333 dated 1 November 2006.

When collections are made from loans that have been provided for, they are credited to the income statement accounts "Provision for Loan Losses or Other Receivables" if the provision was made in the current year, otherwise such collections are credited to "Other Operating Income" account with respect to allowances made in prior years. The interest income recovered is booked in "Other Interest Income" account.

VIII. Explanations on impairment of financial assets

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest method" and its carrying value. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-d of Section Three.

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 transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are classified according to purpose of being held into portfolio on the assets side of the accompanying unconsolidated balance sheet within "Financial Assets Held for Trading", "Investment Securities Available for Sale" and "Investment Securities Held to Maturity" and are measured according to valuation principles of relating portfolio. Funds obtained from repurchase agreements are presented on the liability side of the unconsolidated balance sheet within the account of "Funds Provided under Repurchase Agreements". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Reverse Repurchase Agreements" account in liability part of the unconsolidated balance sheet.

Securities received with resale commitments are presented under "Reverse Repurchase Agreements" line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the "Effective interest method". The Bank has no securities which are subject to borrowing activities.

XI. Explanations on assets held for sale and discontinued operations

An asset is regarded as "Asset held for resale" only when the sale is highly probable and the asset 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. Various events and conditions can prolong completion period of sale transaction to more than 1 year. This loss of time is realized due to events and conditions out of control of an enterprise and in the position of competent evidence about sales plan of an enterprise for sale of relevant asset continuing, assets mentioned continuing to be classified as assets held for sale.

The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single balance.

A discontinued operation is a division of a bank that is either disposed or held for sale and represents a separate major line of business or geographical area of operations; or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

As 31 December 2017, The Bank does not have non-current assets held for sale and discontinued operations (31 December 2016: None).

XII. Explanations on goodwill and other intangible assets

a. Goodwill

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the unconsolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles. Assets of the acquired company which are not presented on financial statements but separated from goodwill represented with fair values of tangible assets (credit card brand equity, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with "TFRS 3 - Business Combinations", the goodwill is not amortized. It is tested yearly or if there is any indication of impairment according to "Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets".

b. Other intangible assets

Intangible assets are initially measured at acquisition cost and other costs which are required for activation of the financial asset in accordance with TAS 38 "Intangible Assets" standard. Intangible assets are evaluated over excess value of net cost that derived from accumulated depreciation and accumulated impairment after recognition period.

The Bank's intangible assets consist of software, license rights, data/telephone line, total values of credit cards and personal loans portfolio.

Intangible assets purchased before 1 January 2003 and after 31 December 2006 are amortized on a straight-line basis; and those purchased between the aforementioned dates are amortized by using the double-declining method. Useful life of an asset is estimated by assessment of the expected life span, technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

Maintenance costs associated with the computer software that are in use are expensed at the period of occurrence.

XIII. Explanations on tangible assets

The Bank has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use as of 31 December 2016 while it tracks all of its remaining tangible fixed assets bu cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licenced valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the income statement.

	Estimated Economic Life (Year)	Depreciation Rate
Movables		
- Office machinery	4 YEARS	10 % - 50 %
- Furniture and fixtures	5 YEARS	10 %- 50 %
- Motor vehicles	5 YEARS	20 %- 50 %
- Other equipment	10 YEARS	2,50 %- 50 %
Real estate	50 YEARS	2 %- 3,03 %

Maintenance and repairs costs that are routinely made on tangible assets are expensed. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no restrictions such as pledges and mortgages on tangible assets or no purchase commitments.

XIV. Explanations on investment properties

None.

XV. Explanations on leasing activities

The maximum period of the lease contracts is mostly 4 years. Fixed assets acquired through financial leasing are recognized in tangible assets and depreciated in line with fixed assets group they relate to. The obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

The Bank does not have finance lease transactions as "lessor".

XVI. Explanations on provisions and contingent liabilities

Provisions other than specific and general provisions for loans and other receivables and free provisions for probable risks, contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured reliably, a provision is recognized. If the amount of the obligation cannot be measured reliably or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the footnotes.

Based on the representations of the Bank's attorneys, there are 5.529 lawsuits against The Bank with total risks amounting to TL 162.753, US Dollar 3.063.070 and Euro 764.523 as of 31 December 2017. There are also 13.650 follow-up cases amounting to TL 533.655, US Dollar 2.441.671 and Euro 96.700 in total that are filed by The Bank and are at courts. The Bank booked a provision amounting to TL 23.429 for the continuing lawsuits (31 December 2016: TL 14.025).

XVII. Explanations on obligations for employee benefits

Provision for employee benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

The Bank in accordance with existing legislation in Turkey, is required to make retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to the this extents, the Bank is required to make severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords by fourteenth clause of Labour Law.

The Bank, in accordance with TAS 19 "Employee Benefits" realized provision registry under the condition of prediction of present value of possible liability in the future related to employee termination benefits. Losses and gains which occur after 1 January 2013 are adjusting under the Equity Accounts in accordance with updated TAS 19 Standard.

The Bank has recognized vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

XVIII. Explanations on taxation

a. Current taxes

In accordance with the Corporate Tax Law No: 5520 published in the Official Gazette numbered 26205 dated 21 June 2006, the corporate tax rate is levied at 20% beginning from 1 January 2006.

Companies file their corporate tax returns between the 1st and 25th days of the following four months period after to which they relate and the payments are made until the end of that month.

The provision for corporate tax for the period is reflected as the "Current Tax Liability" in the liabilities and "Current Tax Provision" in the income statement.

In accordance with the Corporate Tax Law, tax losses can be carried forward for five years. The tax authorities can inspect tax returns and the related accounting records back to a maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the institutions residing in Turkey is 15%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

By the provisional article added to Corporate Tax Law no.5520 by the Clause 91 of law no.7061, current tax rate is declared to be 22% for corporations in 2018, 2019 and 2020 taxation periods.

Tax effects of items that are accounted for under the shareholders' equity are also recorded under equity accounts.

b. Deferred taxes

In accordance with TAS 12 "Income Taxes", the Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities of the Bank have been offset in the balance sheet. As a result of offsetting, as of 31 December 2017 deferred tax assets of TL 171.853(31 December 2016: TL 83.104) have been recognized in the accompanying financial statements.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

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 is not computed over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

By the provisional article added to Corporate Tax Law no.5520 by the Clause 91 of law no.7061, current tax rate is declared to be 22% for corporations in 2018, 2019 and 2020 taxation periods.

c. Transfer pricing

In the framework of the provisions on "Disguised Profit Distribution Through Transfer Pricing" regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, "General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and "General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

Corporate taxpayers are obliged to fill in the "The Form on Transfer Pricing, Controlled Foreign Corporation and Thin Capital" regarding the purchases or sales of goods or services they perform with related parties during a fiscal period and submit it to their tax office in the attachment of the corporate tax return.

Furthermore, the taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the "Annual Transfer Pricing Report" in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection.

XIX. Additional explanations on borrowings

Borrowings are initially recognized at cost representing their fair value and remeasured at amortized cost based on the internal rate of return at next periods. Foreign currency borrowings have been translated using the foreign currency buying rates of the Bank at the balance sheet date. Interest expense incurred for the period has been recognized in the accompanying financial statements.

General hedging techniques are used for borrowings against liquidity and currency risks. The Bank, if required, borrows funds from domestic and foreign institutions. The Bank also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

XX. Explanations on issuance of share certificates

Transactions related to issuance of share certificates are explained in Note II-I-8 of Section Five. No dividends have been declared subsequent to the balance sheet date.

XXI. Explanations on acceptances

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

As of the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. Explanations on government grants

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

XXIII. Explanations on segment reporting

Segment reporting is presented in Note XII of Section Four.

XXIV. Explanations on other matters

None (31 December 2016: None).

SECTION FOUR

FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations related to the consolidated shareholders' equity

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Bank is TL 17.925.043 (31 December 2016 : TL 15.425.649), while its capital adequacy standard ratio is 19,50% (31 December 2016 : 17,52%) as of 31 December 2017.

a. Components of unconsolidated capital

	Current Period 31 December 2017	Amounts subject to treatment before 1/1/2014	Prior Period 31 December 2016	Amounts subject to treatment before 1/1/2014
Common Equity Tier 1 capital				
Directly issued qualifying common share capital plus related stock surplus	3.316.100		3.316.100	
Share premium	15		15	
Legal reserves	5.880.326		4.537.899	
Projected gains to shareholders' equity of the accounting standards in Turkey	1.964.631		904.300	
Profit	3.436.484		2.965.973	
Net current period profit	1.879.792		1.409.281	
Prior period profit	1.556.692		1.556.692	
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	778		81	
Common Equity Tier 1 capital before regulatory adjustments	14.598.334		11.724.368	
Common Equity Tier 1 capital: regulatory adjustments				
Prudential valuation adjustments	--		--	
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Turkey	1.785.429		1.162.080	
Development cost of operating lease	108.823		89.732	
Goodwill (net of related tax liability)	523	869	522	869
Other intangibles other than mortgage-servicing rights (net of related tax liability)	134.446	167.842	112.735	187.893
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--		--	
Cash-flow hedge reserve	--		--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--		--	
Gains from securitisation transactions	--		--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--		--	
Defined-benefit pension fund net assets	--		--	
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	--		--	
Reciprocal cross-holdings in common equity	--		--	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	--		--	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	--		--	
Mortgage servicing rights (amount above 10% threshold)	--		--	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	--		--	
Amount exceeding the 15% threshold	--		--	
of which: significant investments in the common stock of financials	--		--	
of which: mortgage servicing rights	--		--	
of which: deferred tax assets arising from temporary differences	--		--	
National specific regulatory adjustments	--		--	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	--		--	
Total regulatory adjustments to Common equity Tier 1	2.029.221		1.365.069	
Common Equity Tier 1 capital (CET1)	12.569.113		10.359.299	

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Additional Tier 1 capital: instruments		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	--	--
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	--	--
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	--	--
Additional Tier 1 capital before regulatory adjustments		
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	--	--
Reciprocal cross-holdings in Additional Tier 1 instruments	--	--
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	--	--
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	--	--
National specific regulatory adjustments	--	--
The process of transition will continue to reduce from Tier 1 Capital		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	33.742	75.505
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub paragraph of the Provisional Article 2 of the Regulation on Banks Own Funds (-)	--	--
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	--	--
Total regulatory adjustments to Additional Tier 1 capital	33.742	75.505
Additional Tier 1 capital (AT1)	(33.742)	(75.505)
Tier 1 capital (T1 = CET1 + AT1)	12.535.371	10.283.794
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	4.479.778	4.262.567
Directly issued qualifying Tier 2 instruments plus related stock surplus	--	140.768
Provisions	1.048.960	1.016.387
Tier 2 capital before regulatory adjustments	5.528.738	5.278.954
Tier 2 capital: regulatory adjustments		
Investments in own Tier 2 instruments (-)	--	--
Reciprocal cross-holdings in Tier 2 instruments	--	--
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	--	--
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	--	--
National specific regulatory adjustments (-)	123.339	115.081
Total regulatory adjustments to Tier 2 capital	123.339	115.081
Tier 2 capital (T2)	5.405.399	5.163.873
Total capital (TC = T1 + T2)	17.940.770	15.447.667
Total risk weighted assets		
Loans extended being non compliant with articles 50 and 51 of the Law	--	--
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired in Exchange of Loans and Receivables According to the Article 57 of the Banking Law and have not been Disposed yet After 5 Years After Foreclosure	--	9.826
National specific regulatory adjustments	15.727	12.192
The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital		
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	--	--
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	--	--
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	--	--
Capital		
Total capital	17.925.043	15.425.649
Total risk weighted items	91.940.335	88.069.544
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13,67	11,76
Tier 1 Capital Adequacy Ratio (%)	13,63	11,68
Capital Adequacy Standard Ratio (%)	19,50	17,52

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BUFFERS		
Institution specific buffer requirement	1,368	0,669
Capital conservation buffer requirement (%)	1,250	0,625
Bank specific countercyclical buffer requirement (%)	0,118	0,044
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	--	--
Amounts below the thresholds for deduction (before risk weighting)	0,048	0,048
Non-significant investments in the capital of other financials	--	--
Significant investments in the common stock of financials	--	--
Mortgage servicing rights (net of related tax liability)	--	--
Deferred tax assets arising from temporary differences (net of related tax liability)	--	--
Applicable caps on the inclusion of provisions in Tier 2	--	--
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	--	--
Cap on inclusion of provisions in Tier 2 under standardised approach	1.476.199	1.277.781
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1.048.960	1.016.387
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	--	--
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	--	--
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

(*) There are no credits included in Tier 2 capital related to "Temporary Article 4".

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b. Information on debt instruments included in the calculation of equity

Issuer	SBERBANK OF RUSSIA Subordinated Loans	SBERBANK OF RUSSIA Subordinated Loans	SBERBANK OF RUSSIA Subordinated Loans	SBERBANK OF RUSSIA Subordinated Loans	SBERBANK OF RUSSIA Subordinated Loans	DEXIA GREENT LOCAL PARIS Subordinated Loans
Universal Identifier (in CUSIP, ISIN or Bloomberg Identifier for certain placements) Governing law(s) of the instrument	"Regulations on Banks' Equity" dated 5 September 2015	"Regulations on Banks' Equity" dated 5 September 2015	"Regulations on Banks' Equity" dated 5 September 2015	"Regulations on Banks' Equity" dated 5 September 2015	"Regulations on Banks' Equity" dated 1 November 2006	"Regulations on Banks' Equity" dated 1 November 2006
Regulatory treatment	Subject to 15% deduction as of 1/1/2015	Subject to 15% deduction as of 1/1/2015	Subject to 15% deduction as of 1/1/2015	Subject to 15% deduction as of 1/1/2015	Subject to 15% deduction as of 1/1/2015	Subject to 15% deduction as of 1/1/2015
Eligible at origination/ongoing	Eligible at origination/ongoing	Eligible at origination/ongoing	Eligible at origination/ongoing	Eligible at origination/ongoing	Eligible at origination/ongoing	Eligible at origination/ongoing
Instrument type	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	519	519	519	519	519	519
Par value of instrument (Currency in mil)	519	519	519	519	519	519
Accounting classification	3470102	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30.09.2014	30.09.2014	30.09.2014	30.09.2014	30.09.2014	30.09.2014
Original maturity date	10 years	10 years	10 years	10 years	10 years	10 years
Global maturity date	10 years	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes
Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at least 5 years after the loan is given.
Optional call date, contingent call dates and redemption amount	None	None	None	None	None	None
Subsequent call dates, if applicable	None	None	None	None	None	None
Dividend/Coupon Payments	Fixed or floating interest/coupon	Fixed or floating interest/coupon	Fixed or floating interest/coupon	Fixed or floating interest/coupon	Fixed or floating interest/coupon	Fixed or floating interest/coupon
Coupon rate and any related index	First five year 6.2%, after six - 5.64	First five year 7.35%, after six - 6.12	First five year 7.35%, after six - 6.12	First five year 7.35%, after six - 6.12	First five year 7.35%, after six - 6.12	First five year 7.35%, after six - 6.12
Existence of a dividend trigger	None	None	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Existence of step up or other (re-)pricing mechanism	None	None	None	None	None	None
Noncumulative or cumulative	None	None	None	None	None	None
Convertible or non-convertible	None	None	None	None	None	None
If convertible, conversion trigger (s)	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.	May be fully or partially converted into principal amount and interest payments at the discretion of the issuer in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an accounting reclassification that the Bank may be transferred to the Fund.
If convertible, may or partially convertible	Convertible fully	Convertible fully	Convertible fully	Convertible fully	Convertible fully	Convertible fully
If convertible, conversion rate	1:1	1:1	1:1	1:1	1:1	1:1
If convertible, conversion period	None	None	None	None	None	None
If convertible, specify instrument type convertible into	None	None	None	None	None	None
If convertible, specify issuer of instrument it converts into	None	None	None	None	None	None
Write-down features	None	None	None	None	None	None
If write-down, write-down triggers	None	None	None	None	None	None
If write-down, full or partial or temporary	None	None	None	None	None	None
If temporary write-down, description of write-up mechanism	None	None	None	None	None	None
Provision in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	None	None	None	None	None	None
Whether conditions which stand in article 7 and 8 of Banks' shareholder equity law are possessed or not	None	None	None	None	None	None
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	None	None	None	None	None	None
Whether conditions which stand in article 7 and 8 of Banks' shareholder equity law are possessed or not	None	None	None	None	None	None
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	None	None	None	None	None	None

- c. Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in the unconsolidated balance sheet arise from general provisions and subordinated loans. The portion of main amount to credit risk of general provision up to 1,25% and subordinated credits are considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over 5 years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

II. Explanations related to the credit risk and risk management

- a. **Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals**

Credit risk is the risk and losses likely to incur due to the counterparties of the Bank not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a weekly basis.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

The Bank targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities, bills of exchange and sureties of the persons and companies.

Descriptions of past due and impaired loans as per the accounting practices

Loans which were transferred to second group loans based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside" and whose principal and interest payments were not realized at the relevant due dates are regarded as past due loans by the Bank. Loans whose principal and interest payments were late for more than 90 days and the loans whose debtors have suffered deterioration in their creditworthiness as per the Bank's evaluations are regarded as impaired loans.

Methods and approaches regarding valuation adjustments and provisions

Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside" the Bank calculates general provision for past due loans and specific provision for impaired loans.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types

Risk Classification	Current Period (*)	Average (**)	Prior Period (*)	Average (**)
1 Receivables from central governments and Central Banks	26.840.819	25.674.212	24.479.544	22.571.655
2 Receivables from regional or local governments	361.094	404.941	490.682	599.819
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	1
4 Receivables from multilateral development banks	--	--	--	--
5 Receivables from international organizations	--	--	--	--
6 Receivables from banks and brokerage houses	7.697.286	6.422.154	5.863.312	3.941.564
7 Receivables from corporate portfolio	37.235.871	35.282.701	33.850.795	32.970.460
8 Receivables from retail portfolio	44.290.157	41.915.667	34.127.937	27.554.783
9 Receivables secured by residential mortgages	4.489.819	4.842.066	5.068.023	4.778.779
10 Receivables secured by commercial mortgages	7.898.190	7.754.481	7.428.560	6.298.227
11 Past due receivables	852.622	926.464	1.019.509	820.098
12 Receivables defined in high risk category by BRSA	--	--	--	789.084
13 Securities collateralized by mortgages	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--
15 Investments similar to collective investment funds	219	193	2.255	1.995
16 Other receivables	3.802.591	3.814.082	3.627.025	7.621.347
17 Equity investments	7.637.911	6.569.953	5.308.316	442.360
18 Total	141.106.579	133.606.914	121.265.958	108.390.172

(*) Includes risk amounts in banking book before the effect of credit risk mitigation but after the credit conversions.

(**) Arithmetical average of the quarterly reported amounts.

- b. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Bank has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

- c. Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

- d. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not**

Indemnified non-cash loans are treated as having the same risk weight as past-due loans.

Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are accepted as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

e. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

There is no significant credit risk since the Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market

Being an active participant in the international banking transactions market, the Bank does not have significant credit risk as compared to other financial institutions.

f. The Bank's

1. The share of the top 100 and 200 cash loan customers in the total cash loans portfolio

The share of the top 100 and 200 cash loan customers comprises 16% and 19% of the total cash loans portfolio (31 December 2016: 20%, 24%).

2. The share of the top 100 and 200 non-cash loan customers in the total non-cash loans portfolio

The share of the top 100 and 200 non-cash loan customers comprises 43% and 54% of the total non-cash loans portfolio (31 December 2016: 46%, 58%).

3. The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in the total assets and off-balance sheet items

The share of the total cash and non-cash loans from its top 100 and 200 loan customers comprise 13% and 17% of the total assets and off-balance sheet items (31 December 2016: 15%, 20%).

g. The Bank's general loan provision for its loans

As at 31 December 2017, The Bank's general loan provision amounts to TL 1.476.199 (31 December 2016: TL 1.277.781).

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h. Profile of significant exposures in major regions

Current Period	1	2	3	4	5	6	7	8	Risk Classifications (C)(**)									17	Total
Domestic	26,750,867	351,010	--	--	--	1,123,096	21,655,231	41,131,657	4,195,786	7,068,476	803,334	--	--	--	--	166,469	107,048,387		
European Union Countries	--	--	--	--	--	3,542,703	282,550	60,714	34,032	3,616	7,688	--	--	--	--	3,802,461	3,931,303		
OECD Countries	--	--	--	--	--	21,702	--	3,289	2,899	--	611	--	--	--	--	--	28,501		
Off-Shore Banking Regions	--	--	--	--	--	--	36,521	3,120	966	1,458	--	--	--	--	--	--	42,336		
USA, Canada	--	--	--	--	--	271	--	3,120	966	1,458	--	--	--	--	--	--	42,336		
Other Countries	--	--	--	--	--	307,399	--	2,657	1,530	115	37	--	--	--	--	--	311,738		
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	444,855	221,562	32,977	56,162	4,605	2,046	--	--	--	130	--	762,337		
Unallocated Assets/Liabilities	89,952	10,084	--	--	--	--	--	--	--	--	--	--	--	--	--	7,471,442	7,471,442		
Total	26,840,819	361,094	--	--	--	2,257,260	15,040,007	3,055,743	198,444	819,920	38,906	--	--	219	--	21,510,535	141,106,579		

Prior Period	Risk Classifications (%)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	24,300,514	481,440	--	--	--	807,587	16,414,054	31,408,716	4,807,121	6,635,122	938,780	--	--	--	1,187	3,624,335	3,930	89,420,766
European Union Countries	--	--	--	--	--	2,465,810	288,678	61,991	37,472	1,182	23,034	--	--	--	--	2,641	--	2,890,808
OECD Countries	--	--	--	--	--	20,076	25	4,510	2,774	--	13	--	--	--	--	--	--	27,398
Off-Shore Banking Regions	--	--	--	--	--	--	8,037	3,264	2,307	466	--	--	--	--	--	--	--	14,198
USA, Canada	--	--	--	--	--	124,066	--	2,934	1,524	115	39	--	--	--	--	--	--	128,678
Other Countries	--	--	--	--	--	395,426	449,952	44,253	50,026	9,966	1,555	--	--	--	--	49	--	951,227
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	179,030	9,242	--	--	--	2,050,223	16,690,049	2,602,269	166,799	781,709	58,108	--	--	--	1,068	--	--	22,538,497
Total	24,479,544	490,682	--	--	--	5,863,312	33,850,795	34,127,937	5,068,023	7,428,560	1,019,509	--	--	--	2,255	3,627,025	5,308,316	121,265,958

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks;

- 1: Receivables from central governments and Central Banks
- 2: Receivables from regional or local governments
- 3: Receivables from administrative bodies and non-commercial enterprises
- 4: Receivables from multilateral development banks
- 5: Receivables from international organizations
- 6: Receivables from banks and brokerage houses
- 7: Receivables from corporate portfolio
- 8: Receivables from retail portfolio
- 9: Receivables secured by residential mortgages
- 10: Receivables secured by commercial mortgages
- 11: Past due receivables
- 12: Receivables defined in high risk category by BRSA
- 13: Securities collateralized by mortgages
- 14: Short-term receivables from banks, brokerage houses and corporates
- 15: Investments similar to collective investment funds
- 16: Other receivables
- 17: Equity investments

(**) OECD countries except for EU countries, USA and Canada

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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i. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2017	Risk Classifications (*) (**)																	Total			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		TL	FC	
Agricultural	-	-	-	-	-	-	612,534	10,132,370	158,540	1,474,130	68,633	-	-	-	-	-	1	-	12,142,015	304,193	12,446,208
Farming and Cattle	-	-	-	-	-	-	610,488	10,121,974	158,405	1,472,877	63,655	-	-	-	-	-	1	-	12,126,621	300,779	12,427,400
Forestry	-	-	-	-	-	-	-	5,517	123	991	29	-	-	-	-	-	-	-	5,577	1,083	6,660
Fishing	-	-	-	-	-	-	2,046	4,879	12	262	4,949	-	-	-	-	-	-	-	9,817	2,331	12,148
Manufacturing	77,970	-	-	-	-	-	12,389,511	2,273,122	174,432	918,101	117,070	-	-	-	-	-	4	-	4,959,637	10,990,573	15,950,210
Mining	-	-	-	-	-	-	2,936,824	156,539	8,976	43,405	15,757	-	-	-	-	-	-	-	389,990	2,771,411	3,161,401
Production	77,970	-	-	-	-	-	7,311,030	2,102,655	158,705	841,105	51,570	-	-	-	-	-	3	-	3,997,751	10,543,038	15,543,038
Electric, Gas, Water	-	-	-	-	-	-	2,141,657	13,928	6,851	33,591	49,743	-	-	-	-	-	1	-	571,896	1,673,875	2,245,771
Construction	-	-	-	-	-	-	6,368,060	1,457,617	325,794	882,762	98,566	-	-	-	-	-	-	-	5,383,260	3,752,339	9,135,599
Services	15,063,594	5,429	-	-	-	-	13,110,474	8,243,719	694,578	3,613,780	376,137	-	-	-	-	44	128	7,413,259	22,083,463	34,011,025	56,004,488
Wholesale and Retail Trade	-	-	-	-	-	-	3,606,779	6,432,727	453,234	1,352,929	198,253	-	-	-	-	-	125	-	9,628,315	2,415,732	12,044,047
Hotel and Restaurant	-	-	-	-	-	-	3,051,917	271,374	85,461	1,586,597	97,802	-	-	-	-	-	-	-	1,932,603	3,160,548	5,093,151
Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and telecommunication	-	-	-	-	-	-	3,125,648	1,114,860	92,139	305,715	60,408	-	-	-	-	-	1	-	2,329,487	2,369,284	4,698,771
Financial institution	15,063,594	8	-	-	-	-	1,369,230	77,163	9,729	36,145	5,232	-	-	-	44	-	2	7,413,259	5,986,463	25,561,289	31,547,752
Real estate and letting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
services	-	810	-	-	-	-	202,082	115,467	21,968	18,891	2,412	-	-	-	-	-	-	-	275,069	86,561	361,630
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	-	4,611	-	-	-	-	837,492	109,155	16,423	188,647	1,762	-	-	-	-	-	-	-	1,119,686	38,404	1,158,090
Health and social services	-	-	-	-	-	-	917,326	122,973	15,624	124,856	10,268	-	-	-	-	-	-	-	811,840	379,207	1,191,047
Other	11,689,255	355,685	-	-	-	-	123,940	4,755,292	22,183,329	3,136,475	1,009,417	-	-	-	175	3,802,458	-	221,852	41,111,098	6,368,976	47,480,074
Total	26,840,819	361,094	-	-	-	-	7,697,286	37,235,871	44,290,157	4,489,619	7,898,190	852,622	-	-	219	3,802,591	7,637,911	85,679,473	55,427,106	141,106,579	

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks;

- 1: Receivables from central governments and Central Banks
- 2: Receivables from regional or local governments
- 3: Receivables from administrative bodies and non-commercial enterprises
- 4: Receivables from multilateral development banks
- 5: Receivables from international organizations
- 6: Receivables from banks and brokerage houses
- 7: Receivables from corporate portfolio
- 8: Receivables from retail portfolio
- 9: Receivables secured by residential mortgages
- 10: Receivables secured by commercial mortgages
- 11: Past due receivables
- 12: Receivables defined in high risk category by BRSA
- 13: Securities collateralized by mortgages
- 14: Short-term receivables from banks, brokerage houses and corporates
- 15: Investments similar to collective investment funds
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(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Prior Period:31 December 2016	Risk Classifications (%)																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agriculture	--	--	--	--	--	--	407,586	7,456,918	137,078	887,862	56,651	--	--	--	--	--	--	8,786,790	159,307	8,946,097
Farming and Cattle	--	--	--	--	--	--	403,854	7,443,546	136,788	886,572	56,422	--	--	--	--	--	--	8,777,527	149,636	8,927,163
Forestry	--	--	--	--	--	--	--	3,042	241	779	74	--	--	--	--	--	--	3,368	788	4,136
Fishing	--	--	--	--	--	--	--	10,330	50	511	155	--	--	--	--	--	--	5,895	8,883	14,778
Manufacturing	83.163	--	--	--	--	--	12,447,042	1,803,601	222,729	917,139	139,743	--	--	--	--	13	--	4,667,825	10,945,608	15,613,433
Mining	--	3	--	--	--	--	2,645,653	116,518	13,790	61,662	8,373	--	--	--	--	--	--	483,510	2,362,489	2,845,999
Production	83.163	--	--	--	--	--	7,929,378	1,677,275	202,617	832,084	68,317	--	--	--	--	11	--	3,596,016	7,196,829	10,792,845
Electric, Gas, Water	--	--	--	--	--	--	1,872,011	9,808	6,322	23,393	63,053	--	--	--	--	2	--	588,299	1,386,290	1,974,589
Construction	--	2,721	--	--	--	--	6,089,200	1,041,897	368,464	864,351	79,832	--	--	--	--	--	--	4,748,685	3,697,790	8,446,475
Services	13,006,739	7,132	--	--	--	5,863,312	9,890,876	6,637,616	821,010	3,732,792	374,807	--	--	--	--	2,793	5,294,747	18,597,322	27,034,502	45,631,824
Wholesale and Retail Trade	--	--	--	--	--	--	3,730,288	5,071,729	507,563	1,263,405	265,583	--	--	--	--	132	--	8,285,760	2,552,940	10,838,700
Hotel and Restaurant Services	--	--	--	--	--	--	1,294,682	238,997	112,243	1,644,190	26,814	--	--	--	--	--	--	1,414,654	1,902,272	3,316,926
Transportation and telecommunication	--	--	--	--	--	--	2,920,621	965,449	133,726	376,244	61,183	--	--	--	--	3	2,800	2,345,997	2,114,029	4,460,026
Financial institution	13,006,739	26	--	--	--	5,863,312	563,976	65,080	9,535	139,742	5,096	--	--	--	--	2,654	5,291,947	4,857,386	20,090,721	24,948,107
Real estate and leasing services	--	1,512	--	--	--	--	85,748	107,899	23,923	13,651	3,428	--	--	--	--	1	--	205,406	30,756	236,162
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	5,594	--	--	--	--	533,181	69,146	19,940	153,922	3,976	--	--	--	--	--	--	741,375	44,384	785,759
Health and social services	--	--	--	--	--	--	762,380	119,316	14,080	141,638	8,727	--	--	--	--	3	--	746,744	299,400	1,046,144
Other	11,389,642	480,826	--	--	--	--	5,016,091	17,187,905	3,518,741	1,026,416	368,476	--	--	--	2,255	3,624,208	13,569	35,076,165	7,551,964	42,628,129
Total	24,479,544	490,682	--	--	--	5,863,312	33,850,795	34,127,937	5,068,023	7,428,560	1,019,509	--	--	--	2,255	3,627,025	5,308,316	71,876,787	49,389,171	121,265,958

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- 1: Receivables from central governments and Central Banks
- 2: Receivables from regional or local governments
- 3: Receivables from administrative bodies and non-commercial enterprises
- 4: Receivables from multilateral development banks
- 5: Receivables from international organizations
- 6: Receivables from banks and brokerage houses
- 7: Receivables from corporate portfolio
- 8: Receivables secured by residential mortgages
- 9: Receivables secured by commercial mortgages
- 10: Receivables secured by commercial mortgages
- 11: Past due receivables
- 12: Receivables defined in high risk category by BRSA
- 13: Securities collateralized by mortgages
- 14: Short-term receivables from banks, brokerage houses and corporates
- 15: Investments similar to collective investment funds
- 16: Other receivables
- 17: Equity investments

(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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j. Analysis of maturity-bearing exposures according to remaining maturities

Current Period

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Receivables from central governments and Central Banks	2.568.859	12.566.417	137.785	385.815	270.566	10.911.377
2 Receivables from regional or local governments	--	1.578	621	2.615	52.334	303.946
3 Receivables from administrative bodies and non-commercial Enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	1.041.128	4.850.357	86.104	416.683	163.483	1.139.531
7 Receivables from corporate portfolio	59.159	4.535.212	2.934.688	2.184.609	4.950.411	22.571.792
8 Receivables from retail portfolios	--	8.079.842	1.593.661	2.523.077	6.470.564	25.623.013
9 Receivables secured by residential mortgages	--	146.478	166.378	195.338	245.899	3.735.726
10 Receivables secured by commercial mortgages	--	349.007	344.800	349.799	859.722	5.994.862
11 Past due receivables	849.500	148	6	--	--	2.968
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	174	45	--	--	--
16 Other receivables	3.802.591	--	--	--	--	--
17 Equity investments	7.637.911	--	--	--	--	--
18 Total	15.959.148	30.529.213	5.264.088	6.057.936	13.012.979	70.283.215

(*) Amounts without determined maturities are included.

Prior Period

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Receivables from central governments and Central Banks	2.885.359	10.300.402	50.590	--	--	11.243.193
2 Receivables from regional or local governments	--	255	3.256	9.197	21.830	456.144
3 Receivables from administrative bodies and non-commercial Enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	899.487	3.045.312	193.916	311.456	100.460	1.312.681
7 Receivables from corporate portfolio	62.590	5.190.022	2.180.309	2.277.529	4.857.209	19.283.136
8 Receivables from retail portfolios	1.777	6.579.422	1.482.913	2.236.471	5.957.525	17.869.829
9 Receivables secured by residential mortgages	--	207.093	143.312	200.917	296.865	4.219.836
10 Receivables secured by commercial mortgages	--	530.735	457.224	422.521	594.706	5.423.374
11 Past due receivables	1.002.325	3.900	2	3	6	13.273
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	2.089	--	--	166	--
16 Other receivables	3.627.025	--	--	--	--	--
17 Equity investments	5.308.316	--	--	--	--	--
18 Total	13.786.879	25.859.230	4.511.522	5.458.094	11.828.767	59.821.466

(*) Amounts without determined maturities are included.

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k. Risk Classifications

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from Central Governments or Central Bank, receivables from Banks and Brokerage Houses as being limited with those residing abroad and Corporate receivables from residing abroad.

Current Period

Credit Quality Grade	Risk Rating		Risk Classifications		
	Fitch		Receivables from Central Governments or Central Banks	Receivables from Banks and Brokerage Houses Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months Corporate Receivables
1	AAA		0%	20%	20%
	AA+				
	AA				
	AA-				
2	A+		20%	20%	50%
	A				
	A-				
	BBB+				
3	BBB		50%	20%	50%
	BBB-				
	BB+				
	BB				
4	BB-		100%	50%	100%
	B+				
	B				
	B-				
5	CCC		100%	50%	100%
	CC				
	C				
	D				
6			150%	150%	150%

Prior Period

Credit Quality Grade	Risk Rating			Risk Classifications		
	Fitch	Moodys	S&P	Receivables from Central Governments or Central Banks	Receivables from Banks and Brokerage Houses Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months Corporate Receivables
1		AAA		0%	20%	20%
		AA+				
		AA				
		AA-				
2		A+		20%	20%	50%
		A				
		A-				
		BBB+				
3		BBB		50%	20%	50%
		BBB-				
		BB+				
		BB				
4		BB-		100%	50%	100%
		B+				
		B				
		B-				
5		CCC		100%	50%	100%
		CC				
		C				
		D				
6				150%	150%	150%

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I. Exposures by risk weights

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	26.278.108	--	4.743.826	--	2.153.022	50.078.968	57.564.835	115.967	--	171.853	--	2.202.029
Exposures after Credit Risk Mitigation	35.244.788	--	4.247.053	4.283.543	7.902.329	39.089.782	47.227.992	--	--	171.853	--	2.202.029

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	12.192.857	--	3.303.775	--	17.584.405	39.971.681	47.948.103	182.033	--	83.104	--	1.577.673
Exposures after Credit Risk Mitigation	12.995.350	--	3.303.741	5.026.738	23.973.289	32.845.562	41.132.507	179.037	--	83.104	--	1.577.673

m. Information by major sectors and type of counterparties

Impaired Loans; are the loans either overdue for more than 90 days or loans regarded as impaired due to their creditworthiness. For such loans, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Loans; are the loans those are overdue up to 90 days but not impaired. For such loans, "general provisions" are allocated as per the Provisioning Regulation.

Current Period: 31 December 2017

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions(**)
	Impaired	Past Due		
Agricultural	202.865	771.314	14.314	134.533
Farming and Cattle	195.366	770.123	14.295	131.989
Forestry	157	98	2	130
Fishing	7.342	1.093	17	2.414
Manufacturing	338.921	167.318	28.288	225.901
Mining	45.069	32.326	424	29.602
Production	211.801	120.427	27.649	162.542
Electric, Gas, Water	82.051	14.565	215	33.757
Construction	209.742	238.013	4.493	134.378
Services	1.313.814	1.786.881	334.212	946.151
Wholesale and Retail Trade	799.743	496.790	7.131	608.230
Hotel and Restaurant Services	147.199	503.807	204.590	49.810
Transportation & telecommunication	255.576	729.418	121.802	196.125
Financial institution	9.640	5.178	64	4.455
Real estate and letting services	10.761	12.123	190	8.491
Self-employment services	--	--	--	--
Education services	18.449	21.836	253	16.741
Health and social services	72.446	17.729	182	62.299
Other	1.560.142	2.506.963	66.274	1.370.864
Total	3.625.484	5.470.489	447.581	2.811.827

(*) Representing the general and free provision of past due loans.

(**) Representing specific provision amounts.

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Prior Period: 31 December 2016

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions(**)
	Impaired	Past Due		
Agricultural	176.447	602.684	10.174	121.770
Farming and Cattle	173.778	601.564	10.109	119.306
Forestry	242	144	6	175
Fishing	2.427	976	59	2.289
Manufacturing	299.439	310.924	20.567	170.503
Mining	30.620	24.608	1.578	22.678
Production	186.677	243.298	18.288	127.285
Electric, Gas, Water	82.142	43.018	701	20.540
Construction	197.016	144.616	7.232	136.937
Services	1.082.879	1.291.457	89.677	730.039
Wholesale and Retail Trade	721.972	474.126	18.493	473.365
Hotel and Restaurant Services	37.850	230.435	46.353	14.111
Transportation and telecommunication	208.386	543.229	12.212	148.123
Financial institution	9.353	6.687	7.991	4.362
Real estate and letting services	9.431	7.776	217	6.109
Self-employment services	--	--	--	--
Education services	19.645	2.461	89	15.784
Health and social services	76.242	26.743	4.322	68.185
Other	1.536.430	2.389.469	132.695	1.188.764
Total	3.292.211	4.739.150	260.345	2.348.013

(*) Representing the general and free provision of past due loans.

(**) Representing specific provision amounts.

Movements in valuation adjustments and provisions

	Opening Balance	Charge fort he period	Releases for provisions	Other Adjustments(*)	Ending Balance
Current Period: 31 December 2017					
Specific Provisions	2.348.013	1.381.465	(243.797)	(673.854)	2.811.827
General Provisions	1.277.781	198.418	--	--	1.476.199

(*) Representing sales from the non-performing loans portfolio.

	Opening Balance	Charge fort he period	Releases for provisions	Other Adjustments(*)	Ending Balance
Prior Period: 31 December 2016					
Specific Provisions	1.953.381	1.183.916	(236.382)	(552.902)	2.348.013
General Provisions	984.209	293.572	--	--	1.277.781

(*) Representing sales from the non-performing loans portfolio.

n. Risk involved in counter-cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	70.251.432	740	70.252.172
Austria	6.335.647	--	6.335.647
Malta	326.744	--	326.744
The United Arab Emirates	186.425	--	186.425
Other	754.956	--	754.956

Prior Period

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	66.359.794	8.399	66.368.193
Austria	4.371.443	--	4.371.443
Malta	302.051	--	302.051
Cyprus	298.203	--	298.203
Other	839.382	--	839.382

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o. Distribution of credit risk according to the operational segments

Current Period: 31 December 2017	Commercial Loans (*)	Consumer Loans	Credit Cards	Total
Standard Loans	44.571.381	14.998.261	5.830.718	65.400.360
Closely Monitored Loans	8.152.330	1.347.718	391.233	9.891.281
Non-performing Loans	2.459.136	728.343	438.005	3.625.484
Specific Provisions(-)	1.679.540	694.574	437.713	2.811.827
Total	53.503.307	16.379.748	6.222.243	76.105.298

(*) Commercial loans include commercial, corporate and SME loans.

Prior Period: 31 December 2016	Commercial Loans (*)	Consumer Loans	Credit Cards	Total
Standard Loans	37.737.654	12.083.662	4.801.357	54.622.673
Closely Monitored Loans	4.777.672	1.190.519	285.322	6.253.513
Non-performing Loans	1.978.571	842.254	471.386	3.292.211
Specific Provisions(-)	1.306.918	648.231	392.864	2.348.013
Total	43.186.979	13.468.204	5.165.201	61.820.384

(*)Commercial loans include commercial, corporate and SME loans.

The loans of The Bank amounting to TL 47.194.817 (31 December 2016: TL 38.309.143) are collateralized by cash, mortgage, cheques and notes obtained from customers.

III. Explanations related to the foreign exchange rate risk

a. Foreign exchange rate risk the Bank is exposed to, related impact estimations, and the limits set by the Board of Directors of the Bank for positions which are monitored daily

Foreign currency exchange rate risk can be taken by the Bank within defined position and value at risk limits. Measurable and manageable risks are taken within legal limits.

Foreign exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with "Regulation on Bank's Internal Systems and Internal Capital Adequacy Assessment Process". Value at Risk approach is used to measure the exchange rate risk for trading positions and calculations are made on a daily basis.

Based on general economic environment and market conditions the Bank's Board of Directors reviews the risk limits and makes changes where necessary.

b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.220 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

c. Foreign currency risk management strategy

Foreign exchange risk can be taken by the Bank within defined position and value at risk limits. Measurable and manageable risks are taken within legal limits.

d. The Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date

US Dollar purchase rate as at the balance sheet date	TL 3,7719
Euro purchase rate as at the balance sheet date	TL 3,5155

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2017	3,8087	4.5205
26 December 2017	3,8029	4.5116
27 December 2017	3,8197	4.5385
28 December 2017	3,8104	4.5478
29 December 2017	3,7719	4.5155

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- e. The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days prior to the balance sheet date

The arithmetical average US Dollar and Euro purchase rates for December 2017 are TL 3,8417 and TL 4,5496 respectively.

- f. Information on currency risk

Current Period	EUR	USD	Other FC ⁽⁴⁾	Total
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	2.423.311	8.166.365	3.210.086	13.799.762
Due from Banks and Other Financial Institutions	2.978.594	685.628	127.151	3.791.373
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	161.714	57.596	1	219.311
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	258.644	693.439	--	952.083
Loans ⁽²⁾	7.730.617	10.312.387	798.750	18.841.754
Investments in Subsidiaries and Associates	6.329.913	175.953	--	6.505.866
Investment Securities Held-to-Maturity	--	1.656.779	--	1.656.779
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	--	21	--	21
Intangible Assets	--	--	--	--
Other Assets ⁽³⁾	571.956	297.356	88.218	957.530
Total Assets	20.454.749	22.045.524	4.224.206	46.724.479
Liabilities				
Bank Deposits	3.079.714	1.783.234	931.907	5.794.855
Foreign Currency Deposits	8.561.442	17.785.655	1.130.654	27.477.751
Interbank Money Markets	--	391.047	--	391.047
Funds Borrowed from Other Financial Institutions	4.038.951	13.343.441	970.619	18.353.011
Marketable Securities Issued	--	--	--	--
Miscellaneous Payables	175.717	55.583	21.706	253.006
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities ⁽⁵⁾	390.470	1.409.912	55	1.800.437
Total Liabilities	16.246.294	34.768.872	3.054.941	54.070.107
Net "On Balance Sheet Position"	4.208.455	(12.723.348)	1.169.265	(7.345.628)
Net "Off-Balance Sheet Position" ⁽⁶⁾	(3.980.505)	14.009.831	(1.173.254)	8.856.072
Financial Derivatives (Assets)	8.863.601	28.755.242	863.592	38.482.435
Financial Derivatives (Liabilities)	(12.844.106)	(14.745.411)	(2.036.846)	(29.626.363)
Net Position	227.950	1.286.483	(3.989)	1.510.444
Non-Cash Loans	7.801.338	8.400.226	382.940	16.584.504
Prior Period				
Total Assets	16.488.399	20.398.034	2.941.604	39.828.037
Total Liabilities	17.806.949	25.683.776	1.539.026	45.029.751
Net "On Balance Sheet Position"	(1.318.550)	(5.285.742)	1.402.578	(5.201.714)
Net "Off-Balance Sheet Position"	1.779.276	5.419.879	(1.401.528)	5.797.627
Financial Derivatives (Assets)	11.405.186	21.147.643	943.672	33.496.501
Financial Derivatives (Liabilities)	(9.625.910)	(15.727.764)	(2.345.200)	(27.698.874)
Net Position	460.726	134.137	1.050	595.913
Non-Cash Loans	6.928.290	11.115.471	390.808	18.434.569

(1) : Foreign currency differences of derivative assets amounting to TL 109.184 are excluded.

(2) : Foreign currency indexed loans amounting to TL 3.554.146 are included.

(3) : Prepaid expenses amounting to TL 32.151 are excluded.

(4) : There are gold amounts in total assets amounting to TL 3.951.408 and in total liabilities amounting to TL 2.512.480

(5) : Not including the exchange rate difference of TL 490.290 pertaining to derivative financial loans and the FX equity of TL (23.285).

(6) : Net amount of receivables and liabilities from financial derivatives is shown on the table. FX swap transactions that are reported under the "Financial Assets Purchase Pledges" is included in "Net Off-Balance Sheet Position".

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g. Informations on currency risk exposure

The table below demonstrates prospective increase and decrease in equities and the statement of income as of 31 December 2017 and 2016 (excluding tax effect) on condition that 10 percent devaluation of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit Loss	Equity	Period Profit Loss	Equity
USD Dollar	47.217	42.189	9.188	(1.375)
Euro	17.915	18.713	47.701	47.268
Total (Net)	65.132	60.902	56.889	45.893

IV. Explanations related to the interest rate risk

a. Interest rate sensitivity of the assets, liabilities and off-balance sheet items

Sensitivity calculations based on standard shock method and value at risk method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

b. The expected effects of the fluctuations of market interest rates on the Bank's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates

The Bank relies on sensitivity in determining limits against negative market conditions and monitors the risk within this context. Sensitivity calculations are made and limits are monitored on a weekly basis. Market interest rates are monitored daily and interest rates are revised where necessary.

c. The precautions taken for the interest rate risk the Bank was exposed to during the current year and their expected effects on net income and capital in the future periods

The Bank uses sensitivity analysis, historical stress-testing and value at risk methods to analyze and take precautions against interest rate risk faced during current period. Interest sensitivity limits have been defined and limits are being monitored on a weekly basis.

"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	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with the Central Bank of the Republic of Turkey	4.572.370	--	--	--	--	12.294.173	16.866.543
Due from Banks and Other Fin. Inst.	3.552.622	--	182.759	--	--	270.748	4.006.129
Financial Assets at Fair Value Through Profit or Loss	98.564	76.661	311.902	203.599	183.682	741	875.149
Interbank Money Market Placements	750.786	--	--	--	--	--	750.786
Investment Securities Av.-for-Sale	299.270	550.779	1.810.059	2.421.950	1.567.537	63.115	6.712.710
Loans	12.626.323	5.967.707	8.907.948	36.365.529	11.424.134	813.657	76.105.298
Investment Securities Held-to-Mat.	1.800.713	387.207	638.299	910.721	1.475.696	--	5.212.636
Other Assets (*)	--	--	--	--	--	10.519.033	10.519.033
Total Assets	23.700.648	6.982.354	11.850.967	39.901.799	14.651.049	23.961.467	121.048.284
Liabilities							
Bank Deposits	4.318.061	267.678	1.457.261	--	--	39.694	6.082.694
Other Deposits	43.212.717	9.555.804	3.860.367	32.137	--	12.502.086	69.163.111
Interbank Money Market Placements	3.977.111	--	--	--	--	--	3.977.111
Miscellaneous Payables	--	--	--	--	--	1.905.828	1.905.828
Marketable Securities Issued	256.970	667.494	540.153	--	--	--	1.464.617
Funds Borrowed from Other Fin. Inst.	3.072.276	6.472.316	4.742.092	340.717	4.518.167	--	19.145.568
Other Liabilities (**)	341.593	120.870	216.323	520.411	187.501	17.922.657	19.309.355
Total Liabilities	55.178.728	17.084.162	10.816.196	893.265	4.705.668	32.370.265	121.048.284
On Balance Sheet Long Position	--	--	1.034.771	39.008.534	9.945.381	--	49.988.686
On Balance Sheet Short Position	(31.478.080)	(10.101.808)	--	--	--	(8.408.798)	(49.988.686)
Off-Balance Sheet Long Position	4.873.004	2.678.134	6.258.237	3.176.076	3.664.803	--	20.650.254
Off-Balance Sheet Short Position	(2.904.585)	(5.622.927)	(3.350.892)	(4.217.443)	(4.649.295)	--	(20.745.142)
Total Interest Sensitivity Gap	(29.509.661)	(13.046.601)	3.942.116	37.967.167	8.960.889	(8.408.798)	(94.888)

(*)Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 440.559, TL 168.711, TL 9.340, TL 171.853, TL 7.459.302, TL 2.800, TL 129.707 and TL 2.136.761 respectively.

(**)Other liabilities/non-interest bearings include; Shareholders' Equity, Other External Resources, Provisions, Tax Liabilities with balances of TL 12.812.905, TL 2.661.590, TL 2.189.191, and TL 258.971 respectively.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with the Central Bank of the Republic of Turkey	3.690.408	--	--	--	--	11.070.530	14.760.938
Due from Banks and Other Fin. Inst.	2.517.135	--	130.405	--	--	319.425	2.966.965
Financial Assets at Fair Value Through Profit or Loss	455.140	202.715	270.278	379.738	208.489	9.587	1.525.947
Interbank Money Market Placements	3.001.396	--	--	--	--	--	3.001.396
Investment Securities Av.-for-Sale	155.210	572.961	1.177.057	1.845.210	2.769.411	41.709	6.561.558
Loans	11.460.439	4.571.198	9.121.418	24.635.474	11.087.657	944.198	61.820.384
Investment Securities Held-to-Mat.	1.612.284	290.784	329.400	443.349	2.225.182	--	4.900.999
Other Assets (*)	--	--	--	--	--	7.620.640	7.620.640
Total Assets	22.892.012	5.637.658	11.028.558	27.303.771	16.290.739	20.006.089	103.158.827
Liabilities							
Bank Deposits	2.425.918	795.851	365.707	--	--	78.813	3.666.289
Other Deposits	34.996.980	8.524.166	4.159.941	34.603	--	11.808.949	59.524.639
Interbank Money Market Placements	5.397.576	--	--	--	--	--	5.397.576
Miscellaneous Payables	--	--	--	--	--	1.851.423	1.851.423
Marketable Securities Issued	111.342	403.964	374.035	263.292	--	--	1.152.633
Funds Borrowed from Other Fin. Inst.	2.511.540	4.901.146	2.923.570	1.554.736	4.343.106	--	16.234.098
Other Liabilities (**)	131.045	67.201	92.070	479.037	190.328	14.372.488	15.332.169
Total Liabilities	45.574.401	14.692.328	7.915.323	2.331.668	4.533.434	28.111.673	103.158.827
On Balance Sheet Long Position	--	--	3.113.235	24.972.103	11.757.305	--	39.842.643
On Balance Sheet Short Position	(22.682.389)	(9.054.670)	--	--	--	(8.105.584)	(39.842.643)
Off-Balance Sheet Long Position	3.281.977	3.160.110	2.450.357	4.068.624	4.273.732	--	17.234.800
Off-Balance Sheet Short Position	(2.591.356)	(5.676.746)	(3.397.900)	(2.165.234)	(2.910.824)	--	(16.742.060)
Total Interest Sensitivity Gap	(21.991.768)	(11.571.306)	2.165.692	26.875.493	13.120.213	(8.105.584)	492.740

(*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Deferred Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 430.285, TL 188.762, TL 8.654, TL 150.194, TL 5.292.932, TL 2.800, TL 121.513 and TL 1.425.500 respectively.

(**) Other liabilities/non-interest bearings include; Shareholders' Equity, Other External Resources, Provisions, Tax Liabilities with balances of TL 10.561.672, TL 1.945.071, TL 1.694.273, and TL 171.472 respectively.

d. Average interest rates applied to monetary financial instruments

Current Period: 31 December 2017	EUR %	USD %	JPY %	TL %
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	--	1,29	--	4,00
Due from Banks and Other Financial Institutions	0,46	1,25	--	12,77
Financial Assets at Fair Value Through Profit or Loss	2,17	4,85	--	14,50
Interbank Money Market Placements	--	--	--	12,75
Investment Securities Available-for-Sale	2,89	4,46	--	9,35
Loans	5,29	6,25	5,52	17,27
Investment Securities Held-to-Maturity	--	5,05	--	12,52
Liabilities				
Bank Deposits	0,54	2,24	--	13,60
Other Deposits	1,67	3,48	0,85	13,95
Interbank Money Market Placements	--	3,14	--	10,76
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	13,10
Funds Borrowed from Other Financial Institutions	1,05	3,29	--	10,00

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Prior Period: 31 December 2016	EUR %	USD %	JPY %	TL %
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	--	0,49	--	5,00
Due from Banks and Other Financial Institutions	0,06	0,63	--	9,38
Financial Assets at Fair Value Through Profit or Loss	1,33	4,95	--	11,22
Interbank Money Market Placements	--	--	--	8,49
Investment Securities Available-for-Sale	2,92	4,46	--	9,06
Loans	5,17	5,90	5,39	16,40
Investment Securities Held-to-Maturity	--	4,68	--	9,52
Liabilities				
Bank Deposits	0,50	1,70	--	11,11
Other Deposits	1,66	2,82	0,30	10,74
Interbank Money Market Placements	--	--	--	8,47
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	9,89
Funds Borrowed from Other Financial Institutions	0,54	2,59	--	9,74

e. Interest rate risk on banking book

Nature of interest rate risk resulted from banking book, major assumptions including also early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

Interest rate risk resulting from banking book is due to repricing maturity differences of assets and liabilities. Considering repricing maturities, average maturity of asset items is higher than the average maturity of liability items.

Interest rate risk resulting from banking book is evaluated weekly considering size, developments at maturity structure and interest movements relating to asset and liability items. Interest rate sensitivity analyses based on maturity breakdown of assets and liabilities are performed for monitoring interest rate risk.

Limits are set by the Board of Directors within the "Risk Appetite Statement" based on the impact of interest rate risk resulting from banking book on economic value, interest income and capital. Interest rate risk exposed by the bank is managed centrally by the Asset and Liability Committee (ALCO) in accordance with the risk appetite set by the Board of Directors. Decisions and actions on the management of interest rate risk are taken in weekly ALCO meetings and risk mitigation is carried out using interest rate derivatives when necessary.

Economic value differences resulting from interest rate movements and prepared based on the Bank's non-consolidated financial statements according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulting from Banking Book as per Standard Shock Method

In addition to internal approaches, the impact of potential interest rate changes on net present value is calculated in accordance with the Regulation on the Measurement and Assessment of Interest Rate Risk Resulting from Banking Book as per Standard Shock Method and reported monthly.

Calculations using the Standard Shock Method are performed for on and off balance assets and liabilities based on the "Banking Book" scope defined in regulations.

The maturity assumption regarding non-maturity deposits are reviewed annually based on a historical data of minimum 5 years. The stable part of non-maturity deposits that are insensitive to interest rate changes and external factors, and the maturity breakdown of potential cash outflows are determined with the analysis.

The Bank's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2017.

Current Period: 31 December 2017 Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity -Losses/Equity
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1	TL	(+) 500 baz puan	(2.016.683)	(11,25%)
2	TL	(-) 400 baz puan	1.852.464	10,33%
3	Euro	(+) 200 baz puan	(250.642)	(1,40%)
4	Euro	(-) 200 baz puan	350.365	1,95%
5	US Dollar	(+) 200 baz puan	(6.354)	(0,04%)
6	US Dollar	(-) 200 baz puan	24.672	0,14%
Total (of positive shocks)			(2.273.679)	(12,69%)
Total (of negative shocks)			2.227.501	12,42%

Prior Period: 31 December 2016		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1	TL	(+) 500 bps	(2.092.692)	(13,57%)
2	TL	(-) 400 bps	2.052.408	13,31%
3	Euro	(+) 200 bps	(83.094)	(0,54%)
4	Euro	(-) 200 bps	136.536	0,89%
5	US Dollar	(+) 200 bps	(74.706)	(0,48%)
6	US Dollar	(-) 200 bps	106.189	0,69%
Total (of positive shocks)			(2.250.492)	(14,59%)
Total (of negative shocks)			2.295.133	14,89%

V. Position risk of equity shares on banking book

a. Comparison of carrying, fair and market values of equity shares

The Bank does not have associates and subsidiaries traded at BIST markets and presented at fair value in unconsolidated financial statements as of 31 December 2017 (31 December 2016: None).

b. Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capital

None (31 December 2016: None).

VI. Explanations related to the liquidity risk

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

Within the Bank, the procedures and principles regarding liquidity risk management are determined by the "Liquidity Risk Management Policy" approved by the Board of Directors. This policy includes the basic duties and principles of liquidity risk management within the Bank including the related methods, procedures, controls, and reporting framework. The "Liquidity Emergency Action Plan" was established within the Liquidity Risk Management Policy, enclosing possible precautions which can be taken against unexpected liquidity squeezes.

The securities portfolio of the Bank carried in order to liquidity risk management is structured in a way to consist of sovereign securities issued by Treasury of Turkey in order to reduce liquidity risk sourcing from market to minimum level. Criteria and principles related to security investments which shall be received to this portfolio are committed on paper and approved by the related committee.

Management of risk sourcing from funding presents the fundamental of liquidity management activities of the Bank. Main funding source of the Bank is deposits since it is a more stable funding source compared to other sources and it provides a diversified source of funding.. Additionally, security issuance and borrowing activities are performed in order to extend the maturity of funding.

A large majority of Bank's liabilities consist of TL, US Dollar, Euro and gold. The main foreign currency funding source of the Parent Bank is deposit and borrowings provided from credit agencies. Foreign currency liquidity risk is at a low level since the foreign currency sources of the Parent Bank are at a higher level and have longer maturity than assets.

"Risk Appetite Statement" is reviewed annually in order to manage risks in accordance with the Bank's strategy and its financial power. Risk Appetite Statement includes limits towards liquidity risks besides other risk limits. Risk appetite limits are reported to senior management monthly in scope of risk management activities.

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Short-term liquidity management of the Bank is under the responsibility of Treasury Group. Treasury Group weekly reports to Assets and Liabilities Committee (ALCO) related to liquidity structure. ALCO has an active role in establishing related systems and monitoring and decision making processes regarding liquidity risk management. ALCO is also responsible and authorized for monitoring current liquidity position and legal and internal liquidity indicators and taking decisions related to liquidity management taking risk appetite framework into consideration.

Liquidity risk management is performed as par consolidated and non-consolidated. In this context, liquidity monitoring and management in subsidiaries are performed by the related subsidiary and monitored closely by the Bank.

Scenario analyses, including specific conditions having significance with respect to liquidity which have been experienced or which shall possibly be experienced, are performed in order to measure liquidity level under stress conditions. A liquidity level at a sufficient amount to meet all liabilities even under stress conditions is aimed in scope of this scenario analyses through evaluating measures which can be taken. Assumptions related to liquidity stress tests are reviewed annually at minimum. Periodical stress tests are performed within the determined scenarios and liquidity situation is monitored.

Liquidity coverage rates calculated in accordance with the Regulation on Calculation of Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Unconsolidated foreign currency rate calculated for the last three months is at the lowest level in the week of 8 December 195,80 and at the highest level in the week of 10 November 298,85 while the liquidity coverage rate is at the lowest level in the week of 8 December 107,62 and at the highest level in the week of 27 October 125,41.

a. Liquidity coverage ratio

Current Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			24.105.694	14.814.661
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	47.782.878	16.144.691	4.212.610	1.614.469
3 Stable deposits	11.313.555	--	565.678	--
4 Less stable deposits	36.469.323	16.144.691	3.646.932	1.614.469
5 Unsecured wholesale funding, of which	24.796.299	14.657.775	14.376.140	8.835.528
6 Operational deposits	4.240.201	2.262.947	1.060.050	565.737
7 Non-operational deposits	16.873.349	10.808.144	9.637.346	6.685.874
8 Unsecured debt	3.682.749	1.586.684	3.678.744	1.583.917
9 Secured wholesale funding			174.122	168.363
10 Additional requirements of which	5.782.640	10.198.065	2.671.797	7.343.946
11 Outflows related to derivative exposures and other collateral requirements	1.156.352	5.955.490	1.156.352	5.955.490
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	4.626.288	4.242.575	1.515.445	1.388.456
14 Other contractual funding obligations	1.263.086	975.577	1.262.554	975.577
15 Other contingent funding obligations	56.502.535	13.990.132	4.245.491	1.365.472
16 TOTAL CASH OUTFLOWS			26.942.714	20.303.355
CASH INFLOWS				
17 Secured lending	29.027	--	--	--
18 Inflows from fully performing exposures	8.101.076	3.929.152	6.073.460	3.458.911
19 Other cash inflows	299.503	10.992.303	299.503	10.992.303
20 TOTAL CASH INFLOWS	8.429.606	14.921.455	6.372.963	14.451.214
			Total adjusted value	
21 TOTAL HQLA			24.105.694	14.814.661
22 TOTAL NET CASH OUTFLOWS			20.569.751	5.852.141
23 LIQUIDITY COVERAGE RATIO (%)			117,3	252,8

(*) Average of liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months.

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Prior Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			16.356.991	8.958.244
CASH OUTFLOWS				
Retail deposits and deposits from small business customers, of which				
2 Stable deposits	33.632.490	11.372.473	3.123.369	1.137.247
3 Less stable deposits	4.797.613	---	239.881	---
4 Unsecured wholesale funding, of which	28.834.877	11.372.473	2.883.488	1.137.247
5 Operational deposits	21.003.971	9.079.953	10.991.923	4.995.925
6 Non-operational deposits	4.932.393	2.269.416	1.233.098	567.354
7 Unsecured debt	13.242.375	5.538.354	6.929.622	3.156.388
8 Secured wholesale funding	2.829.203	1.272.183	2.829.203	1.272.183
9 Additional requirements of which			57.850	55.495
10 Outflows related to derivative exposures and other collateral requirements	4.883.559	6.700.421	2.216.773	4.313.308
11 Outflows related to loss of funding on debt products	971.069	3.214.091	971.069	3.214.091
12 Credit and liquidity facilities	---	---	---	---
13 Other contractual funding obligations	3.912.490	3.486.330	1.245.704	1.099.217
14 Other contingent funding obligations	3.929.139	929.917	1.475.065	929.917
15	49.980.388	14.229.419	4.166.822	1.425.048
16 TOTAL CASH OUTFLOWS			22.031.802	12.856.940
CASH INFLOWS				
17 Secured lending	303.922	---	---	---
18 Inflows from fully performing exposures	7.536.059	4.009.737	5.645.237	3.741.423
19 Other cash inflows	382.256	5.109.177	382.256	5.109.177
20 TOTAL CASH INFLOWS	8.222.237	9.118.914	6.027.493	8.850.600
			Total adjusted value	
21 TOTAL HQLA			16.356.991	8.958.244
22 TOTAL NET CASH OUTFLOWS			16.004.309	4.006.340
23 LIQUIDITY COVERAGE RATIO (%)			102,7	209,8

(*) Average of liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months.

Calculation table of liquidity coverage rate is reported to BRSA weekly and monitored daily in the Bank.

High quality liquid assets consist of cash assets, reserves kept in Central Bank of Republic of Turkey and unrestricted marketable securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other liabilities without a certain maturity. Additionally, several bank borrowings are shown as cash outflow regardless of their maturity since they include contingent early payment condition. Cash inflows consist of credits having maturity less than 30 days and a certain payment due date and receivables from banks and derivative products.

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b. Presentation of assets and liabilities according to their residual maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets								
Cash and Balances with the Central Bank of the Republic of Turkey	5,444.021	11,422.522	--	--	--	--	--	16,866.543
Due from Banks and Other Fin.Inst.	270.748	3,552.622	--	182.759	--	--	--	4,006.129
Financial Assets at Fair Value Through Profit or Loss	741	84.852	49.238	295.212	261.424	183.682	--	875.149
Interbank Money Market Placements	--	750.786	--	--	--	--	--	750.786
Investment Securities Av.-for-Sale	63.115	9.626	3.688	374.499	4,299.485	1,962.297	--	6,712.710
Loans	--	10,578.876	3,586.932	13,161.477	36,537.233	11,427.123	813.657	76,105.298
Investment Securities Held-to-Maturity	--	--	117.538	270.566	3,348.836	1,475.696	--	5,212.636
Other Assets	2,072.787	--	--	--	--	--	8,446.246	10,519.033
Total Assets	7,851.412	26,399.284	3,757.396	14,284.513	44,446.978	15,048.798	9,259.903	121,048.284
Liabilities								
Bank Deposits	39.695	4,318.060	267.678	1,457.261	--	--	--	6,082.694
Other Deposits	12,502.086	43,154.244	9,549.287	3,906.139	51.355	--	--	69,163.111
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	--	1,772.282	4,228.837	6,916.918	1,327.283	4,900.248	--	19,145.568
Interbank Money Market Placements	--	3,977.111	--	--	--	--	--	3,977.111
Marketable Securities Issued	--	256.970	667.494	540.153	--	--	--	1,464.617
Miscellaneous Payables	1,905.828	--	--	--	--	--	--	1,905.828
Other Liabilities	1,259.640	550.502	186.400	1,553.971	518.391	187.502	15,052.949	19,309.355
Total Liabilities	15,707.249	54,029.169	14,899.696	14,374.442	1,897.029	5,087.750	15,052.949	121,048.284
Net Liquidity Gap	(7,855.837)	(27,629.885)	(11,142.300)	(89.929)	42,549.949	9,961.048	(5,793.046)	--
Net "Off-Balance Sheet Position"								
Financial Derivatives (assets)	--	(251.852)	(906.082)	830.607	(241.256)	--	--	(568.583)
Financial Derivatives (liabilities)	--	17,963.929	5,693.226	10,527.937	8,076.068	7,943.518	--	50,204.678
Non-Cash Loans	--	(18,215.781)	(6,599.308)	(9,697.330)	(8,317.324)	(7,943.518)	--	(50,773.261)
Net "Off-Balance Sheet Position"	--	329.771	148.954	118.244	(174.798)	--	--	422.171
Financial Derivatives (assets)	--	13,796.602	6,108.878	4,465.281	7,042.618	7,181.466	--	38,594.845
Financial Derivatives (liabilities)	--	(13,466.831)	(5,959.304)	(4,347.037)	(7,217.416)	(7,181.466)	--	(38,172.674)
Net "Off-Balance Sheet Position"	--	1,774.649	2,598.212	7,163.301	4,219.993	12,765.875	--	28,522.030
Prior Period								
Total Assets	6,269.034	25,696.344	2,968.736	12,959.706	30,667.372	17,291.553	7,306.082	103,158.827
Total Liabilities	14,927.653	44,090.929	12,185.274	10,513.474	4,157.465	5,028.088	12,255.944	103,158.827
Net Liquidity Gap	(8,658.619)	(18,394.585)	(9,216.538)	2,446.232	26,509.907	12,263.465	(4,949.862)	--
Net "Off-Balance Sheet Position"								
Financial Derivatives (assets)	--	329.771	148.954	118.244	(174.798)	--	--	422.171
Financial Derivatives (liabilities)	--	13,796.602	6,108.878	4,465.281	7,042.618	7,181.466	--	38,594.845
Non-Cash Loans	--	(13,466.831)	(5,959.304)	(4,347.037)	(7,217.416)	(7,181.466)	--	(38,172.674)
Net "Off-Balance Sheet Position"	--	1,774.649	2,598.212	7,163.301	4,219.993	12,765.875	--	28,522.030

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non-performing loans (net) and prepaid expenses are included in this column.

c. Financial liabilities according to contractual maturities

The table below represents the Bank's maturity distribution of the financial liabilities other than derivatives according to their contractual maturities. Accrued interest payable are distributed based on the related instruments' maturities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	60,599.954	9,965.189	5,506.735	54.457	--	76,126.335
Funds borrowed	1,814.902	4,462.444	7,392.055	2,534.128	4,859.423	21,062.952
Interbank Money markets	3,978.297	--	--	--	--	3,978.297
Securities issued	258.855	689.302	552.049	--	--	1,500.206
Total	66,652.008	15,116.935	13,450.839	2,588.585	4,859.423	102,667.790
Prior Period						
Liabilities						
Deposits	49,370.740	9,410.046	4,648.169	61.512	--	63,490.467
Funds borrowed	715.712	2,382.364	5,864.633	4,815.582	4,815.683	18,593.974
Interbank Money markets	5,398.898	--	--	--	--	5,398.898
Securities issued	111.783	423.263	415.827	256.403	--	1,207.276
Total	55,597.133	12,215.673	10,928.629	5,133.497	4,815.683	88,690.615

VII. Explanations related to leverage ratio

Information on matters causing difference between leverage ratios of current period and previous period:

Leverage ratio of Bank is 6,76% as of 31 December 2017 (31 December 2016: 6,61%). This ratio is over minimum ratio. Difference between leverage ratios of current and previous period mainly sources from increase in risk amounts regarding assets on balance sheet.

Leverage ratio common disclosure template:

	Current Period (*)	Prior Period (*)
On-balance sheet exposures		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	118.607.930	95.669.014
2 (Assets deducted in determining Basel III Tier 1 capital)	(261.045)	(266.427)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	118.346.885	95.402.587
Derivative exposures		
4 Replacement cost	1.024.352	1.342.291
5 Add-on amount	423.202	447.238
6 Total derivative exposures (sum of 4 and 5 lines)	1.447.554	1.789.529
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	220.745	207.857
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	220.745	207.857
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	62.783.636	57.826.184
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	62.783.133	57.825.681
Capital and total exposures		
13 Tier 1 capital	12.347.692	10.261.981
14 Total exposures (sum of 3,6,9 and 12 lines)	182.798.317	155.225.654
Leverage ratio		
15 Leverage ratio	6,76	6,61

(*) Average amounts over the quarter.

VIII. Explanations on Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Standard Approach is used in calculating the Bank's capital adequacy, the tables to be prepared under the Internal Rating Based Approach (IRB) have not been presented yet as of 31 December 2017.

The risk management disclosures were prepared as to comply with the internal control process that is approved by the Board of Directors.

a. Risk management and overview of risk weighted assets

1. Disclosures related to the risk management approach

Risks, exposed as a result of business model of the Bank, are determined on a consolidated basis through risk definition and materiality assessment of the Bank. Risk mitigation factors and monitoring activities are established for significant risks which are determined. Limits are identified for risks, considered to be significant, in Risk Appetite Declaration of the Bank and those limits are approved by the Board of Directors. Developments with respect to risk limits determined in Risk Appetite Declaration are monitored on a monthly basis and actions which are pre-determined in risk appetite declaration if those limits are exceeded.

Denizbank Risk Management Group Directorate is an internal systems unit responsible for carrying out risk management activities working subject to Board of Directors. It directly reports to Board of Directors. Risk Management Group is responsible to carry out processes such as definition and measurement of risks, establishment and application of risk policies and implementation procedures, analysis, monitoring and reporting of risks in the framework of principles determined by Senior Management of the Bank and Risk Management Group and approved by Board of Directors.

Delegation levels of groups, formed by client and clients at the Bank, are determined in accordance with risk categories established according to limit and credit grade components within the body of the Bank.

Rating process executed by Credit Analysis department and reviews of Credit Allocation department are periodically audited by Credit Risk Control in scope of determined rules and related outputs are presented to Rating Committee.

Informative contents are presented in order to extend risk culture within the body of the Bank and questionnaires towards reviewing of risk perception are performed. Risk sensitivity developments of employees are monitored in line with outputs of aforementioned questionnaires and required actions are taken through identifying weaker aspects. Training plans are established in this scope and it is aimed to provide contribution to developments of employees in determined matters.

Main components of risk measurement systems and its scope

Identification of risks:

The Bank has a comprehensive risk definition process including its subsidiaries. The process aims to determine significant risks specific to the Bank based on a broad list including inherent risks of banking and it is performed on an annual basis. Opinions and reviews of expert individuals within the body of the Bank during the determination of materiality level of risks. Review outputs are used in reports and form a basis to internal capital assessment processes of the Bank.

Measurement of risks:

The purpose of the studies made in scope of measurement of risks includes measuring of financial risks exposed by the Bank and its subsidiaries in order to prepare internal and legal reports and form a relation between carried risks and estimated profitability and evaluation of validity of parameters and assumptions used in risk measurement.

Controlling, reporting and management of risks:

It determines which type of reports shall be prepared as consolidated and unconsolidated. It ensures to establish an effective internal audit system which shall prevent to take risk exceeding targeted risk level and limits determined by regulatory authority. Risk limits, approved by Board of Directors for each type of risk types, are taken into account while controlling and reporting of risks.

Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit Committee, ALCO and Rating Committees.

Audit Committee holds quarterly meetings in ordinary situations. Activities and risk indicators performed by Risk Management Group are presented to the Committee.

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

Rating Committee: Rating Committee holds meetings on a quarterly basis. It is the Committee to which the Risk Management presents its evaluation, analysis and findings regarding Internal Rating processes

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.

Disclosures on Stress Test

The Bank performs stress test studies evaluating its capital adequacy in scope of ICAAP. The stress tests, using the scenarios determined by regulatory authority and bank and based on budget plan of the Bank for the next three years projection, helps to identify additional capital need and buffer.

Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite declaration are taken, if required.

In addition, emergency plan related to capital adequacy in order to meet its strategic aims considering stress conditions of the Bank.

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2. Overview of RWA

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	82.518.951	79.535.237	6.601.516
2 <i>Standardised approach (SA)</i>	82.518.951	79.535.237	6.601.516
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	1.396.867	1.765.074	111.749
5 <i>Standardised approach for counterparty credit risk (SA-CCR)</i>	1.396.867	1.765.074	111.749
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	959	10.654	77
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	767.063	725.975	61.365
17 <i>Standardised approach (SA)</i>	767.063	725.975	61.365
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	7.256.495	6.032.604	580.520
20 <i>Basic Indicator Approach</i>	7.256.495	6.032.604	580.520
21 <i>Standart Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	91.940.335	88.069.544	7.355.227

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b. Linkages between financial statements and exposures

1. Amounts valued in accordance with TAS in financial statements and matching

Current Period	a	c	d	e	f	g
	Carrying values of items under scope of TAS					Not subject to capital requirements or subject to deduction from capital
	Carrying values as reported in published financial statements	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets						
Cash and balances at central bank	16.866.543	16.866.543	--	--	--	--
Financial assets held for trading	875.149	--	801.495	--	73.654	--
Financial assets designated at fair value through profit or loss	--	--	--	--	--	--
Banks	4.006.129	4.006.129	--	--	--	--
Receivables from money markets	750.786	--	750.786	--	--	--
Available for sale financial assets (net)	6.712.710	6.712.710	--	--	--	--
Loans and receivables	76.105.298	76.105.298	--	--	--	139.066
Factoring receivables	--	--	--	--	--	--
Held to maturity investments (net)	5.212.636	5.212.636	--	--	--	--
Investments in associates (net)	9.340	9.340	--	--	--	--
Investments in subsidiaries (net)	7.459.302	7.459.302	--	--	--	--
Investments in joint ventures (net)	2.800	2.800	--	--	--	--
Leasing receivables	--	--	--	--	--	--
Derivative financial assets held for hedges	--	--	--	--	--	--
Tangible assets (net)	440.559	440.559	--	--	--	108.823
Intangible assets (net)	168.711	168.711	--	--	--	168.711
Investment properties (net)	--	--	--	--	--	--
Tax assets	171.853	171.853	--	--	--	--
Non-current assets and disposal groups classified as held for sale (net)	--	--	--	--	--	--
Other assets	2.266.468	2.266.468	--	--	--	--
Total assets	121.048.284	119.422.349	1.552.281	--	73.654	416.600
Liabilities						
Deposits	75.245.805	--	--	--	--	75.245.805
Derivative financial liabilities held for trading	1.377.137	--	--	--	--	1.377.137
Loans	13.884.045	--	--	--	--	13.884.045
Debt to money markets	3.977.111	--	3.977.111	--	--	3.977.111
Debt securities in issue	1.464.617	--	--	--	--	1.464.617
Funds	--	--	--	--	--	--
Various debts	1.905.828	--	--	--	--	1.905.828
Other liabilities	2.661.590	--	--	--	--	2.661.590
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	9.561	--	--	--	--	9.561
Derivative financial liabilities held for hedges	--	--	--	--	--	--
Provisions	2.189.191	--	--	--	--	2.189.191
Tax liability	258.971	--	--	--	--	258.971
Liabilities included in disposal groups classified as held for sale (net)	--	--	--	--	--	--
Subordinated debts	5.261.523	--	--	--	--	5.261.523
Equity	12.812.905	--	--	--	--	12.812.905
Total liabilities	121.048.284	--	3.977.111	--	--	121.048.284

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Prior Period	a	c	d	e	f	g
	Carrying values of items under scope of TAS					Not subject to capital requirement or subject to deduction from capital
	Carrying values as reported in published financial statements	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets						
Cash and balances at central bank	14.760.938	14.760.938	--	--	--	--
Financial assets held for trading	1.525.947	--	1.427.943	--	98.004	--
Financial assets designated at fair value through profit or loss	--	--	--	--	--	--
Banks	2.966.965	2.966.965	--	--	--	--
Receivables from money markets	3.001.396	--	3.001.396	--	--	--
Available for sale financial assets (net)	6.561.558	6.561.558	--	--	--	--
Loans and receivables	61.820.384	61.820.384	--	--	--	127.273
Factoring receivables	--	--	--	--	--	--
Held to maturity investments (net)	4.900.999	4.900.999	--	--	--	--
Investments in associates (net)	8.654	8.654	--	--	--	--
Investments in subsidiaries (net)	5.292.932	5.292.932	--	--	--	--
Investments in joint ventures (net)	2.800	2.800	--	--	--	--
Leasing receivables	--	--	--	--	--	--
Derivative financial assets held for hedges	--	--	--	--	--	--
Tangible assets (net)	430.285	430.285	--	--	--	89.732
Intangible assets (net)	188.762	188.762	--	--	--	188.762
Investment properties (net)	--	--	--	--	--	--
Tax assets	150.194	150.194	--	--	--	--
Non-current assets and disposal groups classified as held for sale (net)	--	--	--	--	--	--
Other assets	1.547.013	1.547.013	--	--	--	9.826
Total assets	103.158.827	98.631.484	4.429.339	--	98.004	415.593
Liabilities						
Deposits	63.190.928	--	--	--	--	63.190.928
Derivative financial liabilities held for trading	941.188	--	--	--	--	941.188
Loans	10.750.597	--	--	--	--	10.750.597
Debt to money markets	5.397.576	--	5.397.576	--	--	5.397.576
Debt securities in issue	1.152.633	--	--	--	--	1.152.633
Funds	--	--	--	--	--	--
Various debts	1.851.423	--	--	--	--	1.851.423
Other liabilities	1.945.071	--	--	--	--	1.945.071
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	18.493	--	--	--	--	18.493
Derivative financial liabilities held for hedges	--	--	--	--	--	--
Provisions	1.694.273	--	--	--	--	1.694.273
Tax liability	171.472	--	--	--	--	171.472
Liabilities included in disposal groups classified as held for sale (net)	--	--	--	--	--	--
Subordinated debts	5.483.501	--	--	--	--	5.483.501
Equity	10.561.672	--	--	--	--	10.561.672
Total liabilities	103.158.827	--	5.397.576	--	--	103.158.827

2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements

Current Period	a	b	c	d	E
	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	121.048.284	119.422.349	--	1.552.281	73.654
2 Liabilities carrying value amount under TAS	--	--	--	3.977.111	--
3 Total net amount	121.048.284	119.422.349	--	5.529.392	73.654
4 Off-balance sheet amounts (**)	60.374.355	20.134.248	--	--	--
5 Differences in valuations	--	--	--	--	--
6 Differences due to different netting rules, other than those already included in row 2	--	--	--	--	--
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences due to prudential filters	--	--	--	--	693.409
9 Differences resulted from considering of the financial guarantees	--	(2.939.240)	--	--	--
10 Risk exposures	181.422.639	136.617.357	--	5.529.392	767.063

(*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

(**) It includes risk which are included in credit risk calculation.

	a	b	c	d	E
Prior Period	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	103.158.827	98.631.484	--	4.429.339	98.004
2 Liabilities carrying value amount under TAS		--	--	5.397.576	--
3 Total net amount	103.158.827	98.631.484	--	9.826.915	98.004
4 Off-balance sheet amounts (**)	58.145.630	20.909.526	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules, other than those already included in row 2		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	627.971
9 Differences resulted from considering of the financial guarantees		(1.726.630)	--	--	--
10 Risk exposures	161.304.457	117.814.380	--	9.826.915	725.975

(*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

(**) It includes risk which are included in credit risk calculation.

3. Disclosures on differences between amounts valued in accordance with TAS and risk exposures

Differences between valued amounts in accordance with TAS and risk exposures:

It is obtained through addition of potential risk exposures according to type of transaction and maturity to risk exposure renewal costs in derivative transactions included in counterparty credit risk and through offsetting of cash amount subject to amount adjusted with volatility made to related security in repo and reverse repo transactions.

Amounts of items which are value in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

Disclosures on controls performed and systems used in order to ensure prudence and reliability of valuations estimates of the Bank in accordance with prudential valuation principles and procedures included in accompanying Annex-3 to Communique on Measurement and Evaluation of Bank's Capital Adequacy:

If the financial instruments recognized through fair value have an active and deep market, valuation is performed based on prices included in market in question. Reliability of market data used in valuations is examined periodically. The Bank does not operate in markets which do not have a depth. Discounted cash flow model is mainly used in the evaluation of derivative instruments and generally accepted valuation models are used for derivative transactions including optionality. Accuracy of market data and model outputs used in valuations are periodically controlled and differences between counterparty valuations and bank's evaluations are monitored regularly.

c. Credit Risk

1. General qualitative information about credit risk

How does the business model of the Bank transform to components in its credit risk portfolio

Credit risk within the body of the Bank is managed in the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

In this direction, main limitations related to credit risk are determined in Risk Appetite Statement approved annually by Board of Directors and reported throughout the year by Risk Management Department. Concentration limits on the basis of sector, customer segment and risk groups are determined. Actions which shall be taken in case of a possible overflow are also determined in this document.

In this scope, credit portfolio of the Bank draws a dispersed view with respect to customer segments and sectors.

Criteria and approach used while determining credit risk policy and credit risk limits

Risk limits defined to all counterparties in monitoring of credit risks are tracked on the basis of products, customers and risk groups separately by systems and it is not permitted to take risks exceeding determined limits. Many factors such as ability to pay, features of the sector and possible impacts of geographical and economic conditions are taken into consideration while determining the credit limits of counterparty. If deemed appropriate, it is tried to reduce possible losses of the Bank to minimum through applying required risk mitigation techniques. All documents required by the related legislation should be taken into account during credit examinations. Credit worthiness of counterparty is periodically controlled for limits provided for multi-use and limits are revised considering changes and requirements in the credit worthiness of counterparty. Customers/transactions are classified based on their credit worthiness by credit allocation officers and respective classes are changed, if required.

Structure and organization of credit risk management and control function

Credit allocation and monitoring is performed in accordance with segregation of duties and therefore, the credit can be reviewed in an objective manner during its economic life. Risk models are used in order to measure credit risk of customers in both allocation and monitoring groups in an accurate and objective manner. Early Warning Systems are used for the monitoring of credit customers and signals received are regularly tracked by Monitoring groups and pre-determined action plans are taken with allocation groups if pre-determined triggers are detected

Relation between credit risk management, risk control, legal compliance and internal audit functions

The newly developed credit risk models undergo validation process before its implementation, after the approval of The Bank's Model Risk Management and Validation Committee, they are used in the risk management processes. Validation of Credit risk models in use are repeated at least on an annual basis and the results are presented to the Model Risk Management and Validation Committee.

Credit Risk Control periodically presents analysis and results of execution of internal rating systems, evolution of credit rating grades, documentation of changes made in credit grade and compliance to internal limitations to Rating Committee. Compliance of Credit Risk Control activities to intra-bank arrangements and regulations and guides is periodically audited by internal audit departments of the Bank and issue requiring to be developed are monitored following their identification.

Scope and main content of reporting which shall be made to senior management and members of board of directors regarding credit risk management function and exposed credit risk

Board of Directors determines policy of the Bank in credit management field and ensures establishment of required conditions to perform determined policies in an effective manner. In this scope, it defines sections related to measurement and management of credit quality and approves documents having primary importance related to credit risk such as Risk Appetite Statement.

2. Credit quality of assets

	A	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values (a+b-c)
1 Loans	3.625.484	75.291.641	4.514.405	74.402.720
2 Debt Securities	--	11.862.229	1.160	11.861.069
3 Off-balance sheet exposures (*)	183.626	57.499.369	204.037	57.478.958
4 Total	3.809.110	144.653.239	4.719.602	143.742.747

(*) It doesn't include revocable commitments and Forward Asset Purchase -Sales Commitments.

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Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)			Net values (a+b-c)
	Defaulted Exposures	Non-defaulted exposures	Allowances/ impairments	
1 Loans	3.292.211	60.876.186	3.690.886	60.477.511
2 Debt Securities	--	11.420.850	1.159	11.419.691
3 Off-balance sheet exposures (*)	252.392	54.555.944	189.253	54.619.083
4 Total	3.544.603	126.852.980	3.881.298	126.516.285

(*) It doesn't include revocable commitments and Forward Asset Purchase -Sales Commitments.

3. Changes in stock of impaired loans and debt securities

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	3.292.211	2.682.048
2 Loans and debt securities that have impaired since the last reporting period	1.874.797	1.901.506
3 Receivables that returned to non-impaired status	59.000	43.516
4 Amounts written off (**)	673.764	552.902
5 Other changes	(808.760)	(694.925)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	3.625.484	3.292.211

(*) It doesn't include off-balance sheet receivables.

(**) It indicates sales made from non-performing loans portfolio.

4. Additional disclosure related to the credit quality of assets

(i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for purposes of accounting

The Bank considers loans that have overdue principal and interest payments and are classified as second group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans.

(ii) Part of overdue receivables (over 90 days) which are not considered as "Provisioned" and reasons for the implementation in question.

Loans that have overdue principal and interest payments for more than 90 days after the maturity date are transferred to "Nonperforming loans" accounts and the Bank calculates "specific provisions" for such loans in compliance with the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(iii) Definitions of methods used while determining amount of provision

The Bank calculates general credit provision for overdue credits and specific provision for impaired credits in scope of "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made"

(iv) Definitions of restructured receivables.

The Bank can restructure both of its first and second group credits and its nonperforming credit and receivables. Restructuring in first and second group of credits and in other receivables are made in order to improve repayment ability of the customer as well as including changes made in contract terms with the request of the customer independent from credit risk of the customer. Restructurings made in nonperforming claims and receivables are changes made in payment plan of the credit towards ensuring of collection of the receivable.

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(v) Breakdown of receivables by geographical area

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	3.551.947	74.423.137	--	11.862.229	183.614	54.595.509	2.748.672	673.764
2 EU Countries	70.074	497.788	--	--	12	353.492	62.386	--
3 OECD Countries	657	6.187	--	--	--	765.545	46	--
4 Off Shore Zones	--	42.065	--	--	--	11.116	--	--
5 USA, Canada	72	4.302	--	--	--	17.644	35	--
6 Other Countries	2.734	318.162	--	--	--	1.756.063	688	--
7 Total	3.625.484	75.291.641	--	11.862.229	183.626	57.499.369	2.811.827	673.764

(*) It indicates sales made from non-performing loans portfolio

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	3.203.443	59.794.432	--	11.420.850	252.390	42.973.552	2.283.850	551.279
2 EU Countries	86.547	498.470	--	--	2	466.498	63.548	--
3 OECD Countries	33	7.309	--	--	--	791.318	19	--
4 Off Shore Zones	--	14.074	--	--	--	3.220	--	1.623
5 USA, Canada	52	4.572	--	--	--	111.186	13	--
6 Other Countries	2.136	557.329	--	--	--	10.210.170	583	--
7 Total	3.292.211	60.876.186	--	11.420.850	252.392	54.555.944	2.348.013	552.902

(*) It indicates sales made from non-performing loans portfolio

(vi) Breakdown of receivables by sectors

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	202.865	11.977.499	--	--	2.534	2.991.635	134.533	3.623
Farming and Cattle	195.366	11.966.982	--	--	2.398	2.976.848	131.989	3.436
Forestry	157	4.108	--	--	15	8.046	130	98
Fishing	7.342	6.409	--	--	121	6.741	2.414	89
Manufacturing	338.921	8.433.401	--	--	20.755	11.022.137	225.901	26.437
Mining	45.069	2.924.873	--	--	1.809	474.012	29.602	2.889
Production	211.801	4.019.202	--	--	13.308	9.699.068	162.542	23.495
Electric, Gas, Water	82.051	1.489.326	--	--	5.638	849.057	33.757	53
Constuction	209.742	4.888.561	--	--	78.246	8.030.703	134.378	10.957
Services	1.313.814	20.828.771	--	235.350	68.045	16.187.822	946.151	183.083
Wholesale and Retail Trade	799.743	9.042.706	--	--	57.835	10.425.323	608.230	152.889
Hotel and Restaurant	147.199	4.468.895	--	--	2.366	932.277	49.810	4.802
Services	255.576	3.667.914	--	--	5.383	2.201.617	196.125	21.838
Transportation and telecommunication	9.640	1.437.928	--	235.350	170	1.857.600	4.455	829
Financial institution	10.761	329.797	--	--	654	139.610	8.491	1.556
Real estate and letting services	--	--	--	--	--	--	--	--
Self-employment services	18.449	1.033.387	--	--	975	279.819	16.741	547
Education services	72.446	848.144	--	--	662	351.576	62.299	622
Health and social services	1.560.142	29.163.409	--	11.626.879	14.046	19.267.072	1.370.864	449.664
Total	3.625.484	75.291.641	--	11.862.229	183.626	57.499.369	2.811.827	673.764

(*) It indicates sales made from non-performing loans portfolio.

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Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /Impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	176.447	8.669.251	--	--	3.714	1.837.547	121.770	4.117
Farming and Cattle	173.778	8.652.957	--	--	3.635	1.829.868	119.306	4.057
Forestry	242	2.843	--	--	17	3.672	175	32
Fishing	2.427	13.451	--	--	62	4.007	2.289	28
Manufacturing	299.439	7.456.296	--	--	30.760	11.662.772	170.503	11.324
Mining	30.620	2.541.541	--	--	1.765	704.850	22.678	2.221
Production	186.677	3.780.552	--	--	23.348	10.020.335	127.285	9.088
Electric, Gas, Water	82.142	1.134.203	--	--	5.647	937.587	20.540	15
Construction	197.016	3.706.469	--	--	75.177	9.505.455	136.937	17.386
Services	1.082.879	16.405.101	--	212.546	106.752	12.412.588	730.039	84.493
Wholesale and Retail Trade	721.972	7.766.959	--	--	94.767	7.853.848	473.365	72.003
Hotel and Restaurant Services	37.850	2.817.847	--	--	3.719	789.735	14.111	2.353
Transportation and telecommunication	208.386	3.512.547	--	--	5.627	1.903.596	148.123	8.205
Financial institution	9.353	657.107	--	212.546	141	1.250.300	4.362	569
Real estate and letting services	9.431	216.382	--	--	555	78.642	6.109	614
Self-employment services	--	--	--	--	--	--	--	--
Education services	19.645	748.185	--	--	884	85.607	15.784	221
Health and social services	76.242	686.074	--	--	1.059	450.860	68.185	528
Other	1.536.430	24.639.069	--	11.208.304	35.989	19.137.582	1.188.764	435.582
Total	3.292.211	60.876.186	--	11.420.850	252.392	54.555.944	2.348.013	552.902

(*) It indicates sales made from non-performing loans portfolio.

(vii) Breakdown of receivables by outstanding maturity

Current Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	1 year and more	Total
Non-defaulted receivables	--	37.667.715	6.706.408	7.140.596	15.708.408	77.430.112	144.653.239
1 Credits	--	10.189.437	3.596.631	3.875.756	9.363.573	48.266.244	75.291.641
2 Debt Instruments	--	--	--	--	--	11.862.229	11.862.229
3 Off-balance sheet receivables	--	27.478.278	3.109.777	3.264.840	6.344.835	17.301.639	57.499.369
Defaulted receivables	3.809.110	--	--	--	--	--	3.809.110
1 Credits	3.625.484	--	--	--	--	--	3.625.484
2 Debt Instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	183.626	--	--	--	--	--	183.626
Specific Provisions	2.811.827	--	--	--	--	--	2.811.827
Total	997.283	37.667.715	6.706.408	7.140.596	15.708.408	77.430.112	145.650.522

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	1 year and more	Total
Non-defaulted receivables	26.250	22.582.103	5.879.234	7.221.398	24.946.561	66.197.434	126.852.980
1 Credits	--	9.552.149	2.735.488	3.739.295	8.906.736	35.942.518	60.876.186
2 Debt Instruments	2	--	50.590	--	--	11.370.258	11.420.850
3 Off-balance sheet receivables	26.248	13.029.954	3.093.156	3.482.103	16.039.825	18.884.658	54.555.944
Defaulted receivables	3.544.603	--	--	--	--	--	3.544.603
1 Credits	3.292.211	--	--	--	--	--	3.292.211
2 Debt Instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	252.392	--	--	--	--	--	252.392
Specific Provisions	2.348.013	--	--	--	--	--	2.348.013
Total	1.222.840	22.582.103	5.879.234	7.221.398	24.946.561	66.197.434	128.049.570

(viii) Aging analysis of overdue receivables

Current Period	1-30 days	31-60 days	61-90 days	Total
Credits	3.226.448	1.047.860	1.196.181	5.470.489
Debt Instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Credits	2.832.957	1.011.064	895.489	4.739.150
Debt Instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

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(ix) **Breakdown of restructured receivables according to their provisioning status**

	31 December 2017	31 December 2016
Loans having standard nature and restructured from other receivables	1.630.960	1.376.210
Loans in close follow-up and restructured from other receivables	4.577.399	2.914.008
Restructured from non-performing assets	298.597	150.334

5. Credit risk mitigation techniques

The Bank can demand collateral in order to mitigate risk level of the credit. Each type of collaterals and collateral processes approved in credit risk calculations are defined with Bank procedures. Insurance and evaluation approach off properties or goods subject to collateral are regulated in internal documents of the Bank prepared in accordance with Turkish Banking Legislation.

The Bank performs credit risk mitigation according to comprehensive financial collateral method in accordance with "Communique on Credit Risk Mitigation Techniques". Exchange mismatch between receivable and collateral and cut-off rates based on type of collateral are considered through inspecting standard cut-off ratios mentioned in annex of the communique while maturity mismatch between receivable and collateral is taken into account in accordance with method mentioned in the Article 40.

Bank establishes compliant provisions to Turkish Banking Legislation and BRSA Regulations in order to cover expected loss resulting from occurrence of credit risk.

6. Credit risk mitigation techniques - overview

Current Period		a	b	c	d	e	f	g
		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	48.385.093	17.269.198	12.135.026	8.748.429	7.448.899	--	--
2	Debt Securities	11.861.069	--	--	--	--	--	--
3	Total	60.246.162	17.269.198	12.135.026	8.748.429	7.448.899	--	--
4	Of which defaulted (*)	3.252.870	556.240	211.635	--	--	--	--

(*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

Prior Period		a	b	c	d	e	f	g
		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	47.004.104	13.473.407	11.917.730	--	--	--	--
2	Debt Securities	11.419.691	--	--	--	--	--	--
3	Total	58.423.795	13.473.407	11.917.730	--	--	--	--
4	Of which defaulted (*)	3.278.524	266.079	191.763	--	--	--	--

(*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

7. Disclosures on rating grades used while calculating credit risk with standard approach

Ratings provided by international rating agency Fitch are used for the determination of risk weights which shall be applied in the calculation of capital adequacy. The scope, in which the credit rating grades are taken into consideration, covers receivables from governments or central banks and receivables from banks and intermediary institutions and corporate receivables for those having residence abroad.

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8. Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects

Current Period	a		b		c		d		e		f	
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density			
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density		
Risk classifications												
1 Exposures to central governments or central banks	26.750.868	383.437	34.199.768	1.607.731	2.452.716	6,85%						
2 Exposures to regional governments or local authorities	351.010	21.036	349.410	8.617	179.013	50,00%						
3 Exposures to public sector entities	--	--	--	--	--	0,00%						
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%						
5 Exposures to international organisations	--	--	--	--	--	0,00%						
6 Exposures to institutions	5.440.025	2.565.498	4.943.252	2.255.653	3.023.698	42,00%						
7 Exposures to corporates	22.195.863	27.363.517	18.898.141	13.178.789	32.076.930	100,00%						
8 Retail exposures	41.234.414	29.716.747	36.820.041	2.641.974	29.689.580	75,24%						
9 Exposures secured by residential property	4.291.375	393.033	4.099.862	183.681	1.499.240	35,00%						
10 Exposures secured by commercial real estate	7.078.271	1.148.270	5.982.836	705.663	3.789.813	56,66%						
11 Past-due loans	813.657	98.068	813.251	37.950	819.906	96,32%						
12 Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%						
13 Exposures in the form of covered bonds	--	--	--	--	--	0,00%						
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%						
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	219	--	219	219	100,00%						
16 Other assets	3.802.591	--	3.802.591	--	1.905.349	50,11%						
17 Investments in equities	7.637.911	--	7.637.911	--	7.895.691	103,38%						
18 Total	119.595.985	61.689.825	117.547.063	20.620.277	83.332.155	60,31%						

Prior Period	a		b		c		d		e		f	
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density			
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density		
Risk classifications												
1 Exposures to central governments or central banks	24.300.514	688.695	25.083.273	198.759	7.110.087	28,12%						
2 Exposures to regional governments or local authorities	481.439	19.368	481.317	8.671	244.994	50,00%						
3 Exposures to public sector entities	--	--	--	--	--	0,00%						
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%						
5 Exposures to international organisations	--	--	--	--	--	0,00%						
6 Exposures to institutions	3.813.088	2.372.780	3.813.055	2.048.296	1.971.679	33,64%						
7 Exposures to corporates	17.160.467	29.572.870	16.242.539	16.103.902	32.346.439	100,00%						
8 Retail exposures	31.525.444	25.647.719	30.746.238	2.429.463	24.964.339	75,25%						
9 Exposures secured by residential property	4.901.223	332.318	4.863.692	163.046	1.759.358	35,00%						
10 Exposures secured by commercial real estate	6.646.851	1.160.079	6.622.264	780.811	4.190.626	56,61%						
11 Past-due loans	961.382	188.172	959.586	56.821	939.462	92,43%						
12 Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%						
13 Exposures in the form of covered bonds	--	--	--	--	--	0,00%						
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%						
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	1.187	1.068	1.187	1.068	2.255	100,00%						
16 Other assets	3.627.024	--	3.627.024	--	1.812.194	49,96%						
17 Investments in equities	5.308.315	--	5.308.315	--	5.308.315	100,00%						
18 Total	98.726.934	59.983.069	97.748.490	21.790.837	80.649.748	67,47%						

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9. Standardised Approach - Exposures by asset classes and risk weights

Current Period	A	b	c	k	d	l	e	f	g	h	i	J
Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF ve CRM)
1 Exposures to central governments or central banks	33.354.783	--	--	--	--	--	--	2.452.716	--	--	--	35.807.499
2 Exposures to regional governments or local authorities	--	--	--	--	--	358.027	--	--	--	--	--	358.027
3 Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to institutions	--	--	4.238.022	--	--	1.569.579	--	1.391.304	--	--	--	7.198.905
7 Exposures to corporates	--	--	--	--	--	--	--	32.076.930	--	--	--	32.076.930
8 Retail exposures	--	--	--	--	--	--	39.089.740	372.275	--	--	--	39.462.015
9 Exposures secured by residential property	--	--	--	4.283.543	--	--	--	--	--	--	--	4.283.543
10 Exposures secured by commercial real estate	--	--	--	--	--	5.797.372	--	891.127	--	--	--	6.688.499
11 Past-due loans	--	--	--	--	--	177.351	--	673.850	--	--	--	851.201
12 Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13 Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	219	--	--	--	219
16 Investments in equities	--	--	--	--	--	--	--	7.466.058	--	--	171.853	7.637.911
17 Other assets	1.890.005	--	9.031	--	--	--	42	1.903.513	--	--	--	3.802.591
18 Total	35.244.788	--	4.247.053	4.283.543	--	7.902.329	39.089.782	47.227.992	--	--	171.853	138.167.340

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Prior Period	A	b	c	k	d	l	e	f	g	h	i	j
Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF ve CRM)
1 Exposures to central governments or central banks	11.061.862	--	--	--	--	14.220.170	--	--	--	--	--	25.282.032
2 Exposures to regional governments or local authorities	--	--	--	--	--	489.988	--	--	--	--	--	489.988
3 Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to institutions	--	--	3.296.301	--	--	2.505.263	--	59.787	--	--	--	5.861.351
7 Exposures to corporates	--	--	--	--	--	--	--	32.346.441	--	--	--	32.346.441
8 Retail exposures	--	--	--	--	--	--	32.845.382	330.319	--	--	--	33.175.701
9 Exposures secured by residential property	--	--	--	5.026.738	--	--	--	--	--	--	--	5.026.738
10 Exposures secured by commercial real estate	--	--	--	--	6.424.900	--	--	978.175	--	--	--	7.403.075
11 Past-due loans	--	--	--	--	332.965	--	--	504.405	179.037	--	--	1.016.407
12 Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13 Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	2.255	--	--	--	2.255
16 Investments in equities	--	--	--	--	--	--	--	5.308.315	--	--	--	5.308.315
17 Other assets	1.933.488	--	7.440	--	3	--	180	1.602.809	--	--	83.104	3.627.024
18 Total	12.995.350	--	3.303.741	5.026.738	6.757.868	17.215.421	32.845.562	41.132.506	179.037	--	83.104	119.539.327

d. Counterparty Credit Risk

1. Counterparty credit risk (CCR) explanations

Counterparty credit risk is determined according to type of counterparty and the transaction. Counterparties are divided into segments as financial institutions, corporate-commercial customers, SME-Micro-Gold-Agriculture customers and individual customers. Transaction types are grouped as derivative financial products and repo transactions.

Compliance test is applied in line with production information, financial position and transaction frequency of the customer in order to determine products and services provided to customers.

Credit worthiness of counterparty is analysed before the transactions causing counterparty credit risk and periodically reviewed. Reviewing frequency is increased if required.

Limits, in line with risk appetite, policy and strategies of the Bank are determined for the transactions in scope of CCR. Those limits are approved by Board of Directors for banks. Approval authorizations determined in scope of credit allocation process are applied for parties apart from banks. Limits are reviewed at least annually. If the market conditions get worse or credit qualities of certain counterparties decline, limits are reviewed and required changes are made. Approved limits are blocked with the approval of Credit Committee/Credit Allocation Department, if required.

Risk mitigation methods such as netting contracts, collateral and margin contracts are used in counterparty credit risk management related to financial institutions. Collateralization principles and procedures are applied in scope of credit policy and procedures currently applied within the Bank for counterparties apart from financial institutions.

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Potential and current risk amounts of transactions are calculated/determined in order to determine counterparty credit risk. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

2. Analysis of counterparty credit risk exposure by approach

Current Period	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)(*)	801.538	612.672		-	1.383.536	730.563
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					408.040	81.682
6 Total						812.245

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Prior Period	a	b	c	d	E	F
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives) (*)	1.427.941	505.353		--	1.853.391	1.008.071
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					392.667	95.785
5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6 Total						1.103.856

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

3. Credit valuation adjustment (CVA) capital charge

Current Period	a	B
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	1.383.536	584.622
4 Total subject to the CVA capital charge	1.383.536	584.622

Prior Period	a	B
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	1.853.391	661.218
4 Total subject to the CVA capital charge	1.853.391	661.218

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4. Standard approach - Counterparty credit risk with respect to risk classes and weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Diğer	Total credit exposure (*)
Claims from central governments and central banks	5.560	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	756.028	735.971	--	--	--	--	519.191
Corporates	--	--	--	--	--	289.947	--	--	289.947
Retail portfolios	--	--	--	--	3.850	--	--	--	2.888
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	219	--	--	219
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets(**)	--	--	--	--	--	--	--	--	--
Total	5.560	--	756.028	735.971	3.850	290.166	--	--	812.245

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Diğer	Total credit exposure (*)
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	663.200	1.220.357	--	--	--	--	742.819
Corporates	--	--	--	--	--	355.581	--	--	355.581
Retail portfolios	--	--	--	--	5.851	--	--	--	4.388
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.068	--	--	1.068
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets(**)	--	--	--	--	--	--	--	--	--
Total	--	--	663.200	1.220.357	5.851	356.649	--	--	1.103.856

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

5. Collaterals used for counterparty credit risk

Current Period	a	b	c	d	e	F
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Given Guarantees		Received Guarantees		Given	Received
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	--	--	--	--	750.891	3.922.038
Cash-Foreign Currency	30.673	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	30.673	--	--	--	750.891	3.922.038

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Prior Period	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Given Guarantees		Received Guarantees		Given	Received
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	--	--	--	--	3.001.396	5.628.366
Cash-Foreign Currency	79.903	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	79.903	--	--	--	3.001.396	5.628.366

6. Credit derivatives

None.

7. Exposures to central counterparties (CCP)

None.

e. Securitization

1. Disclosures on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

4. Securitization positions in banking positions and capital requirements related to those whose sponsorship or founder is the bank

None.

5. Securitization positions in banking positions and capital requirements related to those- in which the Bank is an investor

None.

f. Market risk

1. Explanations on market risk

Within the scope of financial risk management, market risk management activities are defined in accordance with the "Regulation on the Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and necessary measures are taken in order to avoid excessive market risk.

Standard method and internal model are used for the measurement of market risk. The principals of standard method are defined by BRSA and calculation is performed monthly for the consolidated and non consolidated scope. Risk measurement with the internal model is performed on a daily basis and risk indicators such as value at risk, interest rate sensitivity and option sensitivities are monitored. The "Trading Book" classification defined by the regulation is used for market risk measurement. Limits based on risk indicators and stop-loss limits are set by the Board of Directors in order to control the market risk exposure.

2. Standardised approach

	Current Period RMT	Prior Period RMT
Outright products		
1 Interest rate risk (general and specific)	36.738	26.813
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	655.262	620.437
4 Commodity risk	71.563	50.287
Options		
5 Simplified approach	--	--
6 Delta-plus method	3.500	28.438
7 Scenario approach	--	--
8 Securitisation	--	--
9 Total	767.063	725.975

3. Information on market risk calculated as of month-ends during the period

	Current Period: 31 December 2017			Prior Period: 31 December 2016		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	2.937	5.693	1.700	1.658	2.802	1.078
Stock Risk	--	--	--	--	--	--
Currency Risk	41.325	60.786	17.516	39.738	53.414	10.748
Emtia Risk	4.093	6.336	2.509	1.105	4.023	257
Settlement Risk	--	--	--	--	--	--
Option Risk	1.223	4.569	87	2.177	3.642	956
Counterparty Risk	--	--	--	--	--	--
Total Risk Exposure Value	619.724	864.000	299.150	558.467	744.938	200.238

g. Explanations related to the operational risk

1. Disclosures on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2016, 2015 and 2014 of the Bank belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

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2. Standard method

	31.12.2014	31.12.2015	31.12.2016	Total/Positive GI year number	Ratio(%)	Total
Gross Income	3.248.811	3.513.707	4.847.874	3.870.131	15	580.520
Amount Subject to Operational Risk						7.256.495

IX. Presentation of financial assets and liabilities at their fair value

a. Calculation of financial assets and liabilities at their fair value

The fair value of held-to-maturity assets are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair value of the overnight deposits and floating rate placements represent their carrying value. The expected fair value of the fixed rate deposits are determined by calculating the discounted cash flows using the market interest rates of similar instruments.

Fair value of credits are calculated by discounting cash flow with current market interest rate.

The expected fair value of fixed rate loans and receivables are determined by calculating the discounted cash flows using the current market interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value. Estimated fair value of banks, funds provided from other financial entities, issued securities and deposits is calculated through determination of discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	92.787.559	79.251.302	91.564.985	78.491.087
Interbank Money Market Placements	750.786	3.001.396	750.786	3.001.396
Banks	4.006.129	2.966.965	4.004.297	2.966.814
Investment Securities Available-For-Sale	6.712.710	6.561.558	6.712.710	6.561.558
Investment Securities Held-To-Maturity	5.212.636	4.900.999	5.176.799	4.801.372
Loans and Other Receivables	76.105.298	61.820.384	74.920.393	61.159.947
Financial Liabilities	101.738.929	87.826.658	101.540.914	87.383.563
Bank Deposits	6.082.694	3.666.289	6.073.726	3.665.126
Other Deposits	69.163.111	59.524.639	69.160.587	59.535.364
Interbank Money market borrowings	3.977.111	5.397.576	3.977.111	5.397.576
Funds Borrowed From Other Financial Institutions	13.884.045	10.750.597	13.729.414	10.668.529
Subordinated Loans	5.261.523	5.483.501	5.225.391	5.104.666
Securities Issued	1.464.617	1.152.633	1.468.857	1.160.879
Miscellaneous Payables	1.905.828	1.851.423	1.905.828	1.851.423

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b. Classification of fair value

IFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in the Bank's financial statements are given below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	73.654	801.495	--	875.149
Public Sector Debt Securities	72.914	--	--	72.914
Share Certificated	--	--	--	--
Trading Purpose Derivatives	--	801.495	--	801.495
Other Securities	740	--	--	740
Financial Assets Available for Sale (*)	6.414.245	235.350	--	6.649.595
Public Sector Debt Securities	6.414.245	--	--	6.414.245
Other Securities	--	235.350	--	235.350
Hedging Purpose Derivatives	--	--	--	--
Total Assets	6.487.899	1.036.845	--	7.524.744
Derivative Financial Liabilities Held for Trading	--	1.377.137	--	1.377.137
Hedging Purpose Derivatives	--	--	--	--
Total Liabilities	--	1.377.137	--	1.377.137

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	98.004	1.427.943	--	1.525.947
Public Sector Debt Securities	88.417	--	--	88.417
Share Certificated	--	--	--	--
Trading Purpose Derivatives	--	1.427.943	--	1.427.943
Other Securities	9.587	--	--	9.587
Financial Assets Available for Sale (*)	6.303.319	216.530	--	6.519.849
Public Sector Debt Securities	6.303.319	--	--	6.303.319
Other Securities	--	216.530	--	216.530
Hedging Purpose Derivatives	--	--	--	--
Total Assets	6.401.323	1.644.473	--	8.045.796
Derivative Financial Liabilities Held for Trading	--	941.188	--	941.188
Hedging Purpose Derivatives	--	--	--	--
Total Liabilities	--	941.188	--	941.188

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Unobservable inputs

(*) Share certificates amounting TL 3.956 (31 December 2016: TL 3.930) classified in financial assets available for sale that do not have quoted market prices in an active market or whose fair value cannot be measured, are carried at cost in the framework of TAS 39.

X. Transactions carried out on behalf and account of other parties and fiduciary transactions

a. Information on whether the Group performs sales, purchase, management, consultancy and custody services on behalf and account of others, or not

The Bank performs sales, purchase, management, consultancy and custody services on behalf and account of others.

b. Transactions directly realized with other financial institutions depending on fiduciary contracts and probability of material effect of such transactions on the financial position of the Bank

None.

XI. Explanations related to hedging transactions

a. Net Investment Risk

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.220 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity. Total net investment hedging funds recognized under equity after deferred tax is amounting to TL (1.277.553) as of 31 December 2017.(31 December 2016: TL (541.466)).

b. Cash Flow Hedge

The Bank stopped applying cash flow hedge accounting arising from the fluctuations in the interest rate and in which the hedging instrument was interest rate swaps and the hedged item was deposit, on 31 May 2013. Consequently, derivatives financial instruments which were previously in "hedging purpose derivatives assets/liabilities" because of being risk hedging instruments are classified in "financial assets/liabilities held for trading" lines. Negative differences amounting to TL (18.657) which were cumulated until the transfer date in "hedging funds" account under equity will be transferred to statement of income until the maturities of related derivative instruments and there is no valuation difference in shareholders' equity as of the balance sheet date (31 December 2016: TL (616)).

XII. Explanations related to the segment reporting

The Bank is active in four areas; namely, wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking offers financial and banking solutions to large-scale local and international corporate and commercial customers. In order to meet customer needs related to projects, investment and working capital, corporate banking offers short and long-term working capital loans, investment loans, non-cash loans, foreign exchange transactions, export finance, project finance, structured finance, corporate finance, and deposit products and cash management services.

The Bank offers loan products (consumer loans, mortgage, vehicle, agricultural and investment loans), distinctive credit cards, producer card, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans, agricultural loans to the customers classified under retail, SME and agricultural segments. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Within treasury; sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and international securities and derivative products. Providing medium and long-term financing, diversification of funding and maintenance an international investor base are also the activities defined in this segment.

Segment information is prepared in line with the Bank's Management Information Systems and the prior period figures are also revised accordingly.

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Segment information of the Bank is presented in the following table:

Current Period (01.01.2017-31.12.2017)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	653.983	1.676.638	1.109.844	1.417.957	4.858.422
Net fees and commission income	196.684	719.239	661.898	(69.832)	1.507.989
Other income/loss, net	190.797	201.451	234.578	(989.229)	(362.403)
Total segment income	1.041.464	2.597.328	2.006.320	358.896	6.004.008
Other operational expenses	(453.290)	(1.065.819)	(1.250.908)	(73.186)	(2.843.203)
Impairment of loans and other rec.	(523.310)	(688.079)	(571.806)	(102.964)	(1.886.159)
Taxation					(347.264)
Income / Loss from Investments					
Under Equity Accounting					952.410
Net profit from continuing operations	64.864	843.430	183.606	182.746	1.879.792
Net profit from discontinued operations	--	--	--	--	--
Net profit for the period	64.864	843.430	183.606	182.746	1.879.792
Current Period (31.12.2017)					
Segment assets	22.077.959	34.047.886	19.979.453	34.423.953	110.529.251
Subsidiaries and associates					7.471.442
Undistributed assets					3.047.591
Total assets					121.048.284
Segment liabilities	20.996.683	35.476.474	15.620.200	31.315.633	103.408.990
Undistributed liabilities					4.826.389
Equity					12.812.905
Total liabilities and shareholders' equity					121.048.284
Prior Period (01.01.2016-31.12.2016)					
Net interest income	657.355	1.410.145	1.024.712	927.424	4.019.636
Net fees and commission income	181.986	590.391	466.312	(49.725)	1.188.964
Other income/loss, net	195.619	226.094	308.894	(680.216)	50.391
Total segment income	1.034.960	2.226.630	1.799.918	197.483	5.258.991
Other operational expenses	(433.535)	(979.602)	(1.097.966)	(87.962)	(2.599.065)
Impairment of loans and other rec.	(575.350)	(653.180)	(479.717)	(3.397)	(1.711.644)
Taxation					(238.373)
Income / Loss from Investments					
Under Equity Accounting					699.372
Net profit from continuing operations	26.075	593.848	222.235	106.124	1.409.281
Net profit from discontinued operations	--	--	--	--	--
Net profit for the period	26.075	593.848	222.235	106.124	1.409.281
Prior Period (31.12.2016)					
Segment assets	19.352.186	26.079.055	16.389.143	33.717.803	95.538.187
Subsidiaries and associates					5.304.386
Undistributed assets					2.316.254
Total assets					103.158.827
Segment liabilities	22.164.823	12.873.685	26.179.002	27.411.679	88.629.189
Undistributed liabilities					3.967.966
Equity					10.561.672
Total liabilities and shareholders' equity					103.158.827

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to assets

a. Information on cash and balances with the Central Bank of the Republic of Turkey

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	1.100.460	702.489	876.184	877.995
Central Bank of the Republic of Turkey	1.966.321	13.097.273	1.405.531	11.601.208
Other (*)	--	--	--	20
Total	3.066.781	13.799.762	2.281.715	12.479.223

(*)Includes TL 20 of cheques purchased (31 December 2016: TL 20).

2. Information on balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	894.109	1.706.639	1.405.531	1.501.383
Unrestricted Time Deposits	1.072.212	--	--	--
Restricted Time Deposits	--	11.390.634	--	10.099.825
Total	1.966.321	13.097.273	1.405.531	11.601.208

3. Information on reserve requirements

As of 31December 2017, all banks operating in Turkey should provide a reserve in a range of 4% to 10,5% (31 December 2016: between 4% and 10,5%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 19% (31 December 2016: between 4,5% and 24,5%) in US Dollars or standard gold for their liabilities in foreign currencies.

CBRT began paying interest for the reserve deposits maintained in Turkish Lira as from November2014 and for the reserve deposits maintained in US Dollar as from May 2015. The interest income of TL 101.420 derived from the reserve deposits maintained by the Bank at CBRT (1 January - 31 December 2016: 56.689) has been recorded under the account "interests derived from reserve requirements".

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

1. Information on trading securities given as collateral or blocked

None (31 December 2016: None).

2. Trading securities subject to repurchase agreements

None (31 December 2016: None).

3. Positive value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	26.614	23.498	1.549	59.520
Swap Transactions	445.748	246.519	946.743	351.614
Futures Transactions	--	--	--	--
Options	5.117	53.999	523	67.994
Other	--	--	--	--
Total	477.479	324.016	948.815	479.128

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c. Information on banks

1. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	202.501	381.016	6.234	212.415
Foreign	12.255	3.410.357	10.044	2.738.272
Foreign head offices and branches	--	--	--	--
Total	214.756	3.791.373	16.278	2.950.687

2. Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	677.859	149.902	1.986.820	2.058.995
USA, Canada	307.399	124.066	--	--
OECD Countries(*)	5.941	20.420	--	--
Off shore zones	271	124	--	--
Other	444.322	394.809	--	--
Total	1.435.792	689.321	1.986.820	2.058.995

(*) OECD countries except for EU countries, USA and Canada

d. Information on investment securities available-for-sale

1. Major types of investment securities available-for-sale

Investment securities available-for-sale consist of share certificates unquoted stock exchange, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury.

2. Investment securities available-for-sale given as collateral

Available-for-sale financial assets which were collateralized consist of securities offered to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank) for interbank money market, foreign exchange market and other transactions. Such financial assets include government bonds and Eurobonds, and their total book value amounts to TL754.234 (31 December 2017: TL 849.495).

3. Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	--	--	--	--
T-bills, Bonds and Similar Securities	376.777	377.457	725.926	123.569
Other	--	--	--	--
Total	376.777	377.457	725.926	123.569

4. Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.481.553	235.350	3.830.370	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	271.707	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	2.481.553	507.057	3.830.370	--

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5. Information on available-for-sale securities

	Current Period	Prior Period
Debt instruments	6.649.595	6.519.849
Quoted on Stock Exchange	6.649.595	6.519.849
Unquoted on Stock Exchange	--	--
Share certificates	63.115	41.709
Quoted on Stock Exchange	59.159	37.779
Unquoted on Stock Exchange	3.956	3.930
Impairment provision (-)	--	--
Total	6.712.710	6.561.558

e. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	4.655	--	7.721
Loans Granted to Employees	58.782	--	60.339	4
Total	58.782	4.655	60.339	7.725

2. Information on loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

	Performing Loans and Other Receivables (*)			Loans and Other Receivables Under Close Monitoring		
	Agreement conditions modified			Agreement conditions modified		
	Loans and Other Receivables (Total)	Extension of Payment Plan	Other	Loans and Other Receivables (Total)	Extension of Payment Plan	Other
Non-specialized Loans	55.361.289	1.611.637	--	8.567.786	3.956.841	--
Working Capital Loans	1.464.028	404.316	--	1.208.814	587.392	--
Export Loans	1.200.764	11.277	--	28.064	617	--
Import Loans	--	--	--	--	--	--
Loans Given to Financial Sector	1.148.506	--	--	168.531	168.531	--
Consumer Loans	14.998.261	200.190	--	1.347.718	326.834	--
Credit Cards	5.830.718	6.838	--	391.233	101.519	--
Other	30.719.012	989.016	--	5.423.426	2.771.948	--
Specialization Loans	10.039.070	19.323	--	1.323.496	620.558	--
Other Receivables	--	--	--	--	--	--
Total	65.400.359	1.630.960	--	9.891.282	4.577.399	--

(*) The Bank has a cash loan exposure amounting to EUR 19 million and USD 93 million related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral (31 December 2016: EUR 19 million and USD 93 million). Discussions among shareholders of the entity, creditor banks and related public institutions regarding restructuring of current main partner including change of shareholder have been commenced and it is expected that aforementioned discussions shall result in a positive development. Respective loan is classified under "Loan and Other Receivables Under Close Monitoring" as of 31 December 2017.

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	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of modifications made to extend payment plan		
Extended by 1 or 2 times	1.438.000	4.045.435
Extended by 3,4 or 5 times	192.895	519.558
Extended by more than 5 times	65	12.406
Total	1.630.960	4.577.399

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended payment period of time		
0-6 Months	7.091	200.731
6-12 Months	3.923	102.016
1-2 Years	17.420	200.526
2-5 Years	476.722	1.549.297
5 Year and Over	1.125.804	2.524.829
Total	1.630.960	4.577.399

3. Information on loans according to maturity structure concentration

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other Receivables	Restructured or Rescheduled	Loans and other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	17.922.787	7.567	1.729.484	144.472
Non-Specialized Loans	16.049.924	5.439	1.622.063	97.706
Specialized Loans	1.872.863	2.128	107.421	46.766
Other Receivables	--	--	--	--
Medium and Long-Term Loans and Other Receivables	47.477.572	1.623.393	8.161.797	4.432.927
Non-Specialized Loans	39.311.365	1.606.198	6.945.722	3.859.135
Specialized Loans	8.166.207	17.195	1.216.075	573.792
Other Receivables	--	--	--	--
Total	65.400.359	1.630.960	9.891.281	4.577.399

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4. Information on consumer loans, individual credit cards and personnel credit cards

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	356.301	15.159.685	15.515.986
Real estate Loans	4.650	4.216.772	4.221.422
Vehicle Loans	467	234.148	234.615
General Purpose Loans	351.184	10.708.765	11.059.949
Other	--	--	--
Consumer Loans-Indexed to FC	--	23.910	23.910
Real estate Loans	--	23.528	23.528
Vehicle Loans	--	--	--
General Purpose Loans	--	382	382
Other	--	--	--
Consumer Loans-FC	--	2.428	2.428
Real estate Loans	--	2.233	2.233
Vehicle Loans	--	--	--
General Purpose Loans	--	195	195
Other	--	--	--
Individual Credit Cards-TL	5.283.424	306.469	5.589.893
Installment	2.527.450	306.469	2.833.919
Non installment	2.755.974	--	2.755.974
Individual Credit Cards-FC	1.697	--	1.697
Installment	--	--	--
Non installment	1.697	--	1.697
Loans Given to Employees-TL	3.513	27.874	31.387
Real estate Loans	--	1.380	1.380
Vehicle Loans	--	61	61
General Purpose Loans	3.513	26.433	29.946
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	25.529	170	25.699
Installment	12.408	170	12.578
Non installment	13.121	--	13.121
Personnel Credit Cards - FC	40	--	40
Installment	--	--	--
Non installment	40	--	40
Overdraft Loans-TL (Real Persons) (*)	772.268	--	772.268
Overdraft Loans-FC (Real Persons)	--	--	--
Total	6.442.772	15.520.536	21.963.308

(*) Overdrafts used by the personnel of the Bank are TL 1.657 (31 December 2016: TL 1.489).

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5. Information on installment commercial loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	569.463	12.634.330	13.203.793
Real estate Loans	146	181.785	181.931
Vehicle Loans	10.247	372.960	383.207
General Purpose Loans	559.070	12.079.585	12.638.655
Other	--	--	--
Installment Commercial Loans - Indexed to FC	42.369	1.510.440	1.552.809
Real estate Loans	--	6.445	6.445
Vehicle Loans	132	35.055	35.187
General Purpose Loans	42.237	1.468.940	1.511.177
Other	--	--	--
Installment Commercial Loans - FC	--	43.104	43.104
Real estate Loans	--	--	--
Vehicle Loans	--	73	73
General Purpose Loans	--	43.031	43.031
Other	--	--	--
Corporate Credit Cards - TL	604.485	68	604.553
Installment	222.583	68	222.651
Non installment	381.902	--	381.902
Corporate Credit Cards - FC	69	--	69
Installment	--	--	--
Non installment	69	--	69
Overdraft Loans-TL (Legal Entities)	1.564.278	--	1.564.278
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	2.780.664	14.187.942	16.968.606

6. Loan concentration according to counterparty

	Current Period	Prior Period
Public	409.375	565.794
Private	74.882.266	60.310.392
Total	75.291.641	60.876.186

7. Domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	74.415.867	59.787.720
Foreign Loans	875.774	1.088.466
Total	75.291.641	60.876.186

8. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.006.560	213.836
Indirect loans granted to subsidiaries and associates	--	--
Total	1.006.560	213.836

9. Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	186.239	117.558
Loans and Receivables with Doubtful Collectability	414.551	308.596
Uncollectible Loans and Receivables	2.211.037	1.921.859
Total	2.811.827	2.348.013

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10. Information on non-performing loans (Net)

(i) Information on non-performing loans restructured or rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	64.319	25.290	208.988
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	64.319	25.290	208.988
Prior Period	12.405	22.935	107.038
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	12.405	22.935	107.038

(ii) Movement of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balances at Beginning of Period	500.201	683.961	2.108.049
Additions (+)	1.661.479	71.635	141.683
Transfers from Other Categories of Non-Performing Loans (+)	--	1.464.494	1.449.481
Transfers from Other Categories of Non-Performing Loans (-)	1.464.494	1.449.481	--
Collections (-)	260.740	187.615	419.405
Write-offs (-)	--	--	673.764
Corporate and Commercial Loans	--	--	48.690
Retail Loans	--	--	246.807
Credit Cards	--	--	175.985
Other	--	--	202.282
Balances at End of the Period	436.446	582.994	2.606.044
Specific Provisions (-)	186.239	414.551	2.211.037
Net Balance on Balance Sheet	250.207	168.443	395.007

(*) On 31 March 2017, 18 May 2017 and 8 December 2017, the Bank has sold its retail loan portfolio amounting to TL 418.883 for a consideration of TL 37.700; its SME loan portfolio amounting to TL 209.746 for a consideration of TL 12.100; and its corporate-commercial portfolio amounting to 31.441 for a consideration of TL 500, booked under non-performing loans, to asset management companies.

While the Bank has applied the minimum rates for non-performing corporate and commercial loans, retail loans and credit cards within the framework of the "Regulation on Procedures and Principles Related to the Determination of the Qualifications of Banks as Loans and Other Receivables" in the previous periods, it provided additional provision amounting to TL 279.674 based on the maximum rates of the regulation in the current period.

(iii) Information on non performing loans and other receivables in foreign currencies

Foreign currency loans, reverted/lapsed to illiquid claims accounts, are tracked as Turkish Lira.

(iv) Information on non performing loans according to beneficiary group

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	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net): 31 December 2017	250.207	168.443	395.007
Loans Granted to Real Persons and Legal Entities (Gross)	436.446	582.994	2.606.044
Specific provisions (-)	186.239	414.551	2.211.037
Loans Granted to Real Persons and Legal Entities (Net)	250.207	168.443	395.007
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net): 31 December 2016	382.643	375.365	186.190
Loans Granted to Real Persons and Legal Entities (Gross)	500.201	683.961	2.108.049
Specific provisions (-)	117.558	308.596	1.921.859
Loans Granted to Real Persons and Legal Entities (Net)	382.643	375.365	186.190
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

11. Liquidation policy for uncollectible loans and receivables

For uncollectible loans and receivables, the Bank tries to solve the issue with the customer. If no result is obtained, all legal actions are taken. Such actions are completed when the insufficiency of collaterals is documented or a certificate of insolvency is obtained.

12. Information on write-off from assets policy

Unrecoverable non-performing loans are written off on condition that receivable of the Bank is not material compared to the costs to be incurred for the preparation of necessary documentation. TL 13.694 of loan balance is written-off in 2017 (31 December 2016: None).

f. Information on investment securities held-to-maturity

1. Information on securities subject to repurchase agreement and given as collateral or blocked

(i) Information on securities subject to repurchase agreement

Held-to-maturity investments subject to repurchase agreement are TL 1.306.054(31 December 2016: TL 1.797.997).

(ii) Information on securities subject to given as collateral or blocked

Collateralized held-to-maturity investments are government bonds, whose book value amounts to TL 2.048.110 (31 December 2016: TL 1.099.775).

2. Information on government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	5.212.636	4.900.999
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	5.212.636	4.900.999

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3. Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	5.212.636	4.900.999
Quoted on Stock Exchange	5.212.636	4.900.999
Unquoted on Stock Exchange	--	--
Impairment (-)	--	--
Total	5.212.636	4.900.999

4. Information on the movement of investment securities held-to-maturity during the period

	Current Period	Prior Period
Balance at the beginning of the period	4.900.999	3.241.778
Foreign exchange differences (*)	359.598	239.713
Purchases during the year (**)	--	1.419.508
Disposals/Redemptions	(47.961)	--
Impairment losses (-)	--	--
Total	5.212.636	4.900.999

(*) Accruals of investment securities held-to-maturity are included in "foreign exchange differences".

(**) Classifications of available-for-sale financial assets are shown under "Purchases During The Year".

The Bank transferred a portion of its securities from "investment securities available-for-sale" portfolio, with a new cost amounting to TL 2.826.026 and US Dollar 320.674 as of reclassification date, to the "investment securities held-to-maturity" portfolio due to change in the intention of holding on 23 July, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. The negative valuation differences amounting to TL 326.599 followed under equity until the date of classification will be amortized with effective interest method and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 191.369 (31 December 2016: TL 224.805).

g. Investments in associates

Title	Address (City/Country)	The Bank's share percentage (%)	The Parent Bank's risk group share percentage (%)
1-Kredi Kayıt Bürosu A.Ş. (*)	İstanbul/Türkiye	9	--
2-Kredi Garanti Fonu A.Ş. (**)	Ankara/Türkiye	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. (**)	İzmir/Türkiye	9	--

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	259.153	175.797	172.993	4.049	--	36.919	10.180	--
2	314.961	304.494	6.585	18.431	--	5.530	5.483	--
3	10.819	10.496	7.996	152	--	(600)	(465)	--

(*) Information on the financial statements is presented as of the period ended 30 June 2017.

(**) Information on the financial statements is presented as of the period ended 31 December 2016.

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h. Investments in subsidiaries

1. Information on capital adequacies of major subsidiaries

Amounts at below table are prepared within the scope of regulation valid for by Denizbank AG and they are obtained from financial data of 31 December 2017.

	Denizbank AG
Paid-in capital	956.523
Share premium	1.402.632
Reserves	3.821.143
Deductions from capital	2.559
Total Common Equity	6.177.739
Total additional Tier 1 capital	--
Deductions from capital	10.238
Total Core Capital	6.167.501
Total supplementary capital	112.955
Capital	6.280.456
Deductions from capital	--
SHAREHOLDERS' EQUITY	6.280.456

2. Information on subsidiaries

Title	Address (City/Country)	The Bank's share percentage (%)	The Parent Bank's risk group share percentage (%) ⁽⁴⁾
1 İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ⁽¹⁾	Istanbul/Turkey	100	--
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ⁽¹⁾	Istanbul/Turkey	100	--
3 Denizbank AG	Vienna/Austria	100	--
4 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--
5 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--
6 Ekspres Bilgi İşlem ve Ticaret A.Ş. ⁽¹⁾⁽³⁾	Istanbul/Turkey	71	29
7 JSC Denizbank Moskova	Moscow / Russia	49	51
8 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100
9 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	49	51
10 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	Istanbul/Turkey	--	91
12 CR Erdberg Elms GmbH & Co KG. ⁽²⁾	Istanbul/Turkey	--	100

(1) It is not included in TAS 27 equity method implementation mentioned in Note I of Section Three.

(2) They are included in TAS 27 "equity method" mentioned in Note I of Section Three although which are not the Bank's direct subsidiaries.

(3) The main activity area of Ekspres Menkul Değerler A.Ş. has been changed on 10 August 2016 and its title has become Ekspres Bilgi İşlem ve Ticaret A.Ş.

(4) Presenting risk group of Bank's share percentage.

	Total Assets	Shareholders'Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Total Assets
1	155.806	(2.320)	61.099	3.419	--	872	(9.055)	--	--
2	1.246	1.241	--	--	--	(76)	44	--	--
3	47.710.312	6.276.247	53.444	1.743.058	6.098	698.310	547.337	--	--
4	652.967	26.596	68	22.313	--	297	684	--	--
5	297.999	233.038	2.265	13.660	449	35.893	14.026	--	--
6	18.112	16.762	2.301	1.484	--	1.018	1.285	--	--
7	1.127.372	318.616	3.200	60.345	13.283	39.150	27.440	--	--
8	19.606	18.247	13	2.070	118	5.984	3.656	--	--
9	3.550.102	720.426	163.095	293.772	--	89.228	76.485	--	--
10	1.926.010	252.386	2.035	267.112	--	61.641	16.015	--	--
11	249.833	212.937	117	1.345	--	15.788	12.327	--	--
12	129.539	112.471	104.760	2	--	2.844	2.111	--	--

Information on the financial statements is presented as of the period ended 31 December 2017.

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(i) Movement of subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	5.292.932	3.939.731
Movements during the Period	2.166.370	1.353.201
Purchases (***)	209.094	--
Bonus Shares Received	--	--
Dividends from Current Year Profit (*)	952.410	699.372
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference (**)	1.004.866	653.829
Allowance for impairment	--	--
Balance at the End of the Period	7.459.302	5.292.932
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) As of 31 December 2017, there isn't dividend income as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three (31 December 2016: None).

(**) It consists of other reserves amounting to TL 977.306 as of 31 December 2017 (31 December 2016: TL 605.562) and valuation differences of securities amounting to TL 5.014 as of 31 December 2017 (31 December 2016: TL 48.267) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three.

(***) On 26 September 2017, the Bank has increased Denizbank AG's capital by Euro 50 million.

(ii) Sectorial information on the subsidiaries and the related carrying amounts

	Current Period	Prior Period
Banks	6.505.867	4.506.890
Insurance Companies	--	--
Factoring Companies	259.482	190.745
Leasing Companies	352.158	309.287
Finance Companies	--	--
Other Subsidiaries	341.795	286.010
Total	7.459.302	5.292.932

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: None.

(v) Subsidiaries acquired during the current period: None.

i. Entities Under Common Control (Joint Ventures)

Title	The Parent Bank's share percentage (%)	The Group's share percentage (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	27.170	35.262	5.985	114.595	(102.730)

Information on the unaudited financial statements is presented as of the period ended 31 December 2017.

j. Information on receivables from leasing activities

None (31 December 2016: None).

k. Explanation on hedging purpose derivatives

None (31 December 2016: None).

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I. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Leasing	Vehicles	Other Tangible Fixed Assets	Total
Prior Period					
Cost	63.150	212.233	1.293	850.294	1.126.970
Accumulated Depreciation	--	(169.706)	(1.084)	(525.895)	(696.685)
Net Book Value	63.150	42.527	209	324.399	430.285
Current Period					
Net Book Value at the Beginning of the Period	63.150	42.527	209	324.399	430.285
Changes In the Period (Net)	3.621	1	(11)	111.257	114.868
Depreciation Cost	(671)	(13.766)	(172)	(89.985)	(104.594)
Provision For Decrease In Value	--	--	--	--	--
FX Differences (Net)	--	--	--	--	--
Cost At the End of the Period	66.100	208.928	1.247	942.627	1.218.902
Accumulated Depreciation At the End of the Period	--	(180.166)	(1.221)	(596.956)	(778.343)
Net Book Value At The End Of The Period	66.100	28.762	26	345.671	440.559

The Bank has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use which are recorded under tangible fixed assets as of 31 December 2016 while it records all of its other tangible fixed assets in accordance with cost model. Positive differences between property value in expertise reports prepared by licenced valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are recorded under income statement.

Revaluation difference amounting to TL 32.645 (31 December 2016: 30.370 TL) is recognized under equity as a result of revaluation process and impairment provision made in previous period for related properties amounting to TL (3.719) is cancelled and an impairment provision amounting to TL (2.981) is booked for related properties.

m. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	595.362	869	596.231
Accumulated Depreciation	(407.469)	--	(407.469)
Net Book Value	187.893	869	188.762
Current Period			
Net Book Value at the Beginning of the Period	187.893	869	188.762
Differences During the Period (Net)	80.117	--	80.117
Depreciation Cost	(100.181)	--	(100.181)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	--	--	--
Cost At the End of the Period	675.509	869	676.378
Accumulated Depreciation At the End of the Period	(507.667)	--	(507.667)
Net Book Value At The End Of The Period	167.842	869	168.711

n. Explanation on investment property

None (31 December 2016: None).

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o. Information on deferred tax asset

Deferred tax asset is calculated on the basis of related regulation and these balances are the net of deductible and taxable temporary differences calculated as of the balance sheet date.

The following table presents the deferred tax assets according to nature:

	Current Period	Prior Period
Miscellaneous Provisions	86.039	43.948
Unearned Revenue	65.900	56.753
Valuation Differences of Derivatives	54.234	--
Provision for Employee Benefits	27.502	18.696
Valuation Differences of Financial Assets	--	21.068
Deferred Tax Assets	233.675	140.465
Valuation Differences of Tangible Fixed Assets	(19.571)	(13.640)
Valuation Differences of Financial Assets	(3.364)	--
Valuation Differences of Derivatives	--	(25.616)
Others	(38.887)	(18.105)
Deferred Tax Liabilities	(61.822)	(57.361)
Net Deferred Tax Assets	171.853	83.104

p. Explanation on property and equipment held for sale and related to discontinued operations

None (31 December 2016: None).

q. Information on other assets

1. Information on prepaid expense, taxes and similar items

The Bank's total prepaid expenses are TL 527.810 (31 December 2016: TL 293.306).

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

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II. Explanations and disclosures related to liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period: 31 December 2017:

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.729.341	--	2.158.790	21.443.416	1.013.313	419.983	381.550	18.953	28.165.346
Foreign Currency Deposits (*)	5.738.090	--	3.534.780	13.392.639	1.158.109	1.434.479	1.565.203	1.485	26.824.785
Residents in Turkey	5.318.472	--	3.117.368	12.405.653	1.024.188	1.351.726	1.168.938	1.310	24.387.655
Residents Abroad	419.618	--	417.412	986.986	133.921	82.753	396.265	175	2.437.130
Public Sector Deposits	515.330	--	60.012	73.405	13.340	70	4.297	--	666.454
Commercial Deposits	3.122.118	--	2.146.718	4.916.420	161.091	235.217	130.708	--	10.712.272
Other Ins. Deposits	121.224	--	245.123	1.120.697	498.612	135.924	19.708	--	2.141.288
Precious Metal Deposits	275.983	--	41.758	270.412	24.620	25.990	8.470	5.733	652.966
Bank Deposits	39.695	--	3.916.790	602.970	99.986	1.119.193	304.060	--	6.082.694
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	3.283	--	1.617.825	77.332	6.132	--	--	--	1.704.572
Foreign Banks	35.650	--	2.298.965	525.638	93.854	1.119.193	304.060	--	4.377.360
Special Finan. Inst.	762	--	--	--	--	--	--	--	762
Other	--	--	--	--	--	--	--	--	--
Total	12.541.781	--	12.103.971	41.819.959	2.969.071	3.370.856	2.413.996	26.171	75.245.805

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 14.427.793 and Commercial Deposit customers at the amount of TL 12.396.992.

Prior period: 31 December 2016:

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.317.105	--	2.352.764	15.059.997	699.472	152.910	252.209	26.694	20.861.151
Foreign Currency Deposits (*)	5.814.353	--	2.749.788	11.554.311	1.005.906	1.813.221	1.324.601	1.325	24.263.505
Residents in Turkey	5.525.624	--	2.706.647	10.688.813	931.789	1.647.850	929.316	1.165	22.431.204
Residents Abroad	288.729	--	43.141	865.498	74.117	165.371	395.285	160	1.832.301
Public Sector Deposits	486.443	--	38.636	51.363	3.669	349	10.808	--	591.268
Commercial Deposits	2.823.452	--	2.188.047	5.212.021	706.498	152.886	154.242	--	11.237.146
Other Ins. Deposits	102.245	--	103.356	1.515.642	128.363	9.358	178.377	--	2.037.341
Precious Metal Deposits	265.351	--	29.656	151.809	41.997	28.783	12.364	4.268	534.228
Bank Deposits	78.812	--	2.215.792	1.003.351	260.680	1.767	105.887	--	3.666.289
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	2.712	--	111.297	27.378	--	1.767	--	--	143.154
Foreign Banks	51.543	--	2.104.495	975.973	260.680	--	105.887	--	3.498.578
Special Finan. Inst.	24.557	--	--	--	--	--	--	--	24.557
Other	--	--	--	--	--	--	--	--	--
Total	11.887.761	--	9.678.039	34.548.494	2.846.585	2.159.274	2.038.488	32.287	63.190.928

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 11.500.075 and Commercial Deposit customers at the amount of TL 12.763.430.

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2. Information on deposit insurance

- (i) Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	14.280.818	10.732.125	13.842.565	10.067.622
Foreign Currency Saving Deposits	3.444.973	2.373.888	11.546.115	9.536.921
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	17.725.791	13.106.013	25.388.680	19.604.543

- (ii) Saving deposits that are not under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	90.381	162.530
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	55.016	41.124
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey	--	--
Total	145.397	203.654

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

b. Information on trading purpose derivatives

1. Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	9.969	36.628	40.372	21.537
Swap Transactions	657.683	576.035	513.248	279.494
Futures Transactions	--	--	--	--
Options	13.082	83.740	7	86.530
Other	--	--	--	--
Total	680.734	696.403	553.627	387.561

c. Information on funds borrowed

1. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Banks and Institutions	207.039	564.908	223.985	466.629
Foreign Banks, Institutions and Funds	585.518	12.526.580	620.246	9.439.737
Total	792.557	13.091.488	844.231	9.906.366

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	203.454	5.969.374	317.028	3.547.375
Medium and Long-Term	589.103	7.122.114	527.203	6.358.991
Total	792.557	13.091.488	844.231	9.906.366

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3. Additional explanation on concentrations of the Bank's liabilities

As at 31 December 2017, the Bank's liabilities comprise; 62% deposits, 20% loans received, debts to money markets, issued securities and subordinated loans (31 December 2016: 61%, 22%, respectively).

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	--	--	--	--
Bills	1.216.074	--	737.553	--
Asset Backed Securities	248.543	--	415.080	--
Total	1.464.617	--	1.152.633	--

Nominal value of TL 73.637 (31 December 2016: TL 70.095) of the securities issued were repurchased by the Bank and offset in the financial statements.

e. If other liabilities line of the balance sheet exceeds 10% of the balance sheet total; excluding the off balance sheet commitments; information on components making up at least 20% of the other liabilities

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

f. Information on lease payables (net)

Maturity of the leasing agreements are usually 4 years. Interest rate and the Bank's cash flow are the criteria, taken into consideration, on the lease contracts. There are no judgements which, exposed to significant liabilities to the Bank, on the lease contracts.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	9.622	8.984	10.696	8.932
Between 1-4 years	606	577	10.227	9.561
More than 4 years	--	--	--	--
Total	10.228	9.561	20.923	18.493

1. Changes in agreements and further commitments arising

None (31 December 2016: None).

2. Obligations under finance leases

None (31 December 2016: None).

3. Explanations on operational leases

The Bank has operational lease agreements for its bank branches, motor vehicles and ATM locations. Rental payments for the majority of these agreements are made and expensed on a monthly basis. The unexpired portion of prepayments made for rent agreements on a yearly basis are accounted for under prepaid expenses in "other assets".

4. Explanation on "sell-and-lease back" agreements

None (31 December 2016: None).

g. Information on liabilities arising from hedging purpose derivatives

None (31 December 2016: None).

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h. Explanation on provisions

1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	1.070.884	915.660
Additional Provision for Loans with Extended Maturities	29.113	71.838
Provisions for Loans and Receivables in Group II	299.763	258.866
Additional Provision for Loans with Extended Maturities	158.654	160.565
Provisions for Non Cash Loans	105.552	103.255
Other	--	--
Total	1.476.199	1.277.781

The minimum provision rates for the calculation of the general provision are defined in "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Determination of the Qualifications of Banks and the Other Receivables and Provisions to be Issued" published in the Official Gazette dated 14 December 2016 and numbered 29918, and the Bank provided a general provision above the minimum provision rates as of 31 December 2017. If the minimum allowance rates stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 1.125.000 (31 December 2016: TL 868.000).

2. Provision for currency exchange gain/loss on foreign currency indexed loans

As of 31 December 2017 the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 11.313 (31 December 2016: TL 128). Provisions for exchange rate differences pertaining to loans indexed to foreign currency are netted off against the loans and receivables under assets in the financial statements.

3. Liabilities on provision for employee benefits

TAS 19 requires using the actuarial method for calculation of obligations of the company.

Accordingly, the following actuarial assumptions were used in the calculation of the total reserve for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,69%	5,71%
Interest rate	11,50%	11,00%
Expected rate of salary/limit increase	6,50%	5,00%

As of 31 December 2017, TL 95.413 of provision for employee termination benefits (31 December 2016: TL 77.610) and TL 29.525 of unused vacation accruals (31 December 2016: TL 27.732) were reflected to the financial statements.

Movement of the provision during the period:

	Current Period	Prior Period
Balance at the Beginning of the Period	77.610	64.150
Changes in the period	28.065	18.202
Actuarial loss/gain	13.704	8.388
Paid in the period	(23.966)	(13.130)
Balance at the End of the Period	95.413	77.610

4. Information on other provisions

(i) Information on other provisions exceeding 10% of total provisions

TL 358.203 of other provisions is provided for possible future losses related to certain loans in the loan portfolio (31 December 2016: TL 197.829), TL 98.485 (31 December 2016: TL 85.998) specific provisions for non-cash loans, TL 65.000 provision for possible developments in the overall economic and market conditions, TL 28.619 (31 December 2016: TL 19.125) for provisions for the litigations against the Bank and provisions for operational risk and TL 37.747 includes other provisions (31 December 2016: TL 8.198).

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i. Information on taxation

1. Information on current taxes

(i) Information on current tax liability

As of 31 December 2017, the amount of the corporate tax provision of the Bank is TL 221.047 (31 December 2016: TL 98.535), and the prepaid tax amount is TL 170.192 (31 December 2016: TL 165.625).

As of 31 December 2017, the Bank's total tax and premium liabilities is TL 258.971 (31 December 2016: TL 171.472).

(ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	50.855	--
Taxation on securities	71.103	52.753
Capital gains taxes on property	2.093	1.992
Banking Insurance Transaction Tax (BITT)	59.972	48.973
Taxes on foreign exchange transactions	--	--
Value added taxes payable	2.980	2.851
Other	50.563	46.688
Total	237.566	153.257

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	9.131	7.804
Social security premiums- employer share	10.366	8.785
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	636	542
Unemployment insurance- employer share	1.272	1.084
Other	--	--
Total	21.405	18.215

2. Information on deferred tax liabilities

The Bank has no deferred tax liability calculated on the basis of related regulation. Information on deferred taxes is disclosed in Note "o" of "explanations and disclosures related to assets".

j. Information on payables related to assets held for sale

None (31 December 2016: None).

k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Other Domestic Institutions	--	--	--	--
Foreign Banks	--	5.261.523	--	5.483.501
Other Foreign Institutions	--	--	--	--
Total	--	5.261.523	--	5.483.501

Information related to subordinated loans is given in Note I-b of Section Four.

l. Information on shareholders' equity

1. Paid-in capital

	Current Period	Prior Period
Common Stock	3.316.100	3.316.100
Preferred Stock	--	--

Paid-in capital of the Bank is shown at nominal value.

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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**
Registered paid-in capital system is not applied.
3. **Information on share capital increases and their sources; other information on any increase in capital shares during the current period**
None.
4. **Information on share capital increases from revaluation funds**
None.
5. **Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**
The capital is totally paid in and there are no capital commitments.
6. **Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**
Balance sheets of the Bank is managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of the Bank's profitability with a steady increasing trend.
7. **Information on the privileges given to stocks representing the capital**
The Bank does not have any preferred stocks.
8. **Common stock issue premiums, shares and equity instruments**

	Current Period	Prior Period
Number of Shares (*)	50.368.526	50.368.526
Preferred Stock	--	--
Common Stock Issue Premium (**)	15	15
Common Stock Cancellation Profits	--	--
Other Equity Instruments	--	--
Total Common Stock Issued (*)	50.369	50.369

(*) Related to the Bank's paid-in capital increase on 27 September 2004. At that date, the paid-in capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of this TL 88.000 increase was received in cash through issuance of new shares to the public.

(**) The share price for the above mentioned public issuance was "twothousandeighthundredandseventyfive" Turkish Liras and a total issuance premium of TL 94.441 was realized. The inflation restatement effect of TL 3.910 was also recognized over the original balance until December 2004. A total issuance premium of TL 60 was realized through the Bank's paid-in capital increase amounting TL 400.000 on 28 August 2008.

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Bank at the date of 14 October 2015.

A share premium at an amount of TL 15 has been occurred due to capital increase on 28 June 2016 at an amount of TL 1.500.000.

9. Securities Revaluation Reserve

	Current Period		Prior Period	
	TP	YP	TP	YP
Associates, Subsidiaries and JVs	--	--	--	--
Valuation Difference	(424.114)	(23.285)	(445.696)	(109.637)
Total	(424.114)	(23.285)	(445.696)	(109.637)

10. Information on hedging funds

Explanations about hedging funds are in Note VIII of Section Four.

11. Information on minority shares

None (31 December 2016: None).

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12. Information on revaluation differences of tangible assets

The Bank has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use which are recorded under tangible fixed assets as of 31 December 2016 while it records all of its other tangible fixed assets in accordance with cost model. Revaluation difference amounting to TL 50.906 is recognized under equities as a result of revaluation process.

The account also includes TL 76.275 gain on sale of real estate, associates, subsidiaries and equity securities classified as available-for-sale and recorded in equity (31 December 2016: TL 9.421).

13. Explanation of profit distribution

According to the dividend distribution proposal of the Bank's Board of Directors at the Ordinary General Assembly held on 29 March 2017, TL 70.464 is allocated as legal reserve, 75% of sales income of real estate and participation shares amounting to TL 66.854 is allocated to savings funds in accordance with Article 5 subparagraph 1/e of the Law of Corporate Tax No 5520. It has been decided that the remaining TL 1.271.963 from the net profit of the year 2016 amounting to TL 1.409.281 is allocated to extraordinary reserves.

III. Explanations and disclosures related to off-balance sheet items

a. Information related to off-balance sheet commitments

1. Type and amount of irrevocable commitments

All of the Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2017, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 27.778.339, TL 14.216.415 and TL 2.375.880, respectively (31 December 2016: TL 28.522.030, TL 12.764.645 and TL 2.111.130, respectively). These items are detailed in the off-balance sheet accounts.

2. Type and amount of possible losses from off-balance sheet items referred to below

(i) Guarantees, bills of exchange and acceptances and other letters of credit which can be considered as financial collateral

As of 31 December 2017, The Bank has letters of guarantee amounting to TL 22.426.568, bills of exchange and acceptances amounting to TL 204.541, guarantees and sureties on letters of credit amounting to TL 2.644.460 and other guarantees and sureties amounting to TL 2.502.770.

As of 31 December 2016, The Bank has letters of guarantee amounting to TL 21.636.270, bills of exchange and acceptances amounting to TL 256.830, guarantees and sureties on letters of credit amounting to TL 2.312.576 and other guarantees and sureties amounting to TL 4.316.354.

(ii) Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	803.218	912.008
Final Letters of Guarantee	14.178.871	14.268.946
Letters of Guarantee for Advances	2.402.152	2.874.152
Letters of Guarantee given to Customs Offices	161.951	169.797
Other Letters of Guarantee	4.880.376	3.411.367
Total	22.426.568	21.636.270

3. Information on non-cash loans

(i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	7.382.910	7.727.341
With Original Maturity of 1 Year or Less	7.381.967	7.726.461
With Original Maturity of More Than 1 Year	943	880
Other Non-Cash Loans	20.395.429	20.794.689
Total	27.778.339	28.522.030

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(ii) Sectorial risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	139.420	1,25	193.480	1,17	125.897	1,25	115.147	0,62
Farming and Cattle	136.563	1,22	192.397	1,16	124.881	1,24	113.637	0,62
Forestry	1.775	0,02	1.083	0,01	584	0,01	768	--
Fishing	1.082	0,01	--	--	432	--	742	--
Manufacturing	1.882.658	16,82	7.595.457	45,80	2.217.779	21,99	8.384.204	45,48
Mining	161.110	1,44	218.858	1,32	325.222	3,22	277.022	1,50
Production	1.561.839	13,95	6.689.022	40,33	1.558.544	15,46	7.502.762	40,70
Electric, Gas, Water	159.709	1,43	687.577	4,15	334.013	3,31	604.420	3,28
Construction	3.430.640	30,65	3.997.709	24,11	2.982.079	29,56	5.163.150	28,01
Services	3.762.914	33,61	3.408.538	20,56	3.350.033	33,21	3.244.097	17,60
Wholesale and Retail Trade	2.220.924	19,84	1.840.758	11,10	1.963.421	19,47	1.645.071	8,92
Hotel and Restaurant Services	244.290	2,18	377.787	2,28	250.429	2,48	345.654	1,88
Transportation and telecommunication	526.167	4,70	783.043	4,72	489.354	4,85	813.601	4,41
Financial institutions	324.788	2,90	345.839	2,09	341.805	3,39	354.679	1,92
Real estate and letting services	47.336	0,42	4.878	0,03	21.577	0,21	3.998	0,02
Self-employment services	--	--	--	--	--	--	--	--
Education services	216.080	1,93	13.086	0,08	38.997	0,39	11.688	0,06
Health and social services	183.329	1,64	43.147	0,26	244.450	2,42	69.406	0,39
Other	1.978.203	17,67	1.389.320	8,36	1.411.673	13,99	1.527.971	8,29
Total	11.193.835	100,00	16.584.504	100,00	10.087.461	100,00	18.434.569	100,00

(iii) Information about the first and second group of non-cash loans

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	10.833.329	11.010.055	344.932	238.252
Bank Acceptances	4.773	199.768	--	--
Letters of Credit	--	2.644.460	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	10.801	2.491.969	--	--
Total	10.848.903	16.346.252	344.932	238.252

b. Information related to derivative financial instruments

Current Period	Up to 1 month	1-3 month	3-12 month	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	33.385.698	10.904.179	13.399.370	5.503.728	--	63.192.975
Forward FC Call Transactions	1.905.948	1.084.914	949.090	73.733	--	4.013.685
Forward FC Pull Transactions	1.896.337	1.095.765	925.131	72.907	--	3.990.140
Swap FC Call Transactions	13.872.354	2.463.695	2.692.436	2.550.481	--	21.578.966
Swap FC Pull Transactions	12.723.161	2.476.084	2.603.491	2.792.409	--	20.595.145
Options FC Call Transactions	1.479.656	1.879.799	3.073.114	7.022	--	6.439.591
Options FC Pull Transactions	1.508.242	1.903.922	3.156.108	7.176	--	6.575.448
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
Total of Interest Derivative Transactions (II)	1.100.000	1.129.708	6.513.150	10.889.662	15.887.036	35.519.556
Swap Interest Call Transactions	550.000	164.854	2.856.575	5.444.831	7.886.098	16.902.358
Swap Interest Pull Transactions	550.000	164.854	2.856.575	5.444.831	7.886.098	16.902.358
Options Interest Call Transactions	--	--	800.000	--	57.420	857.420
Options Interest Pull Transactions	--	800.000	--	--	57.420	857.420
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.694.012	258.648	312.748	--	--	2.265.408
B. Total Types of Trading Transactions (I + II + III)	36.179.710	12.292.535	20.225.268	16.393.390	15.887.036	100.977.939
Total Derivatives Transactions (A+B)	36.179.710	12.292.535	20.225.268	16.393.390	15.887.036	100.977.939

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Prior Period	Up to 1 moth	1-3 month	3-12 month	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	25.686.276	10.960.506	6.107.028	4.511.224	--	47.265.034
Forward FC Call Transactions	2.015.918	916.013	687.902	--	--	3.619.833
Forward FC Pull Transactions	2.005.424	927.659	689.440	--	--	3.622.523
Swap FC Call Transactions	9.517.821	3.813.556	1.015.051	2.170.588	--	16.517.016
Swap FC Pull Transactions	7.630.313	3.696.601	841.502	2.340.636	--	14.509.052
Options FC Call Transactions	2.241.091	825.161	1.410.230	--	--	4.476.482
Options FC Pull Transactions	2.275.709	781.516	1.462.903	--	--	4.520.128
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
Total of Interest Derivative Transactions (II)	21.114	1.073.356	2.535.872	9.416.476	14.362.932	27.409.750
Swap Interest Call Transactions	10.557	536.678	1.267.936	4.708.238	7.118.152	13.641.561
Swap Interest Pull Transactions	10.557	536.678	1.267.936	4.708.238	7.118.152	13.641.561
Options Interest Call Transactions	--	--	--	--	63.314	63.314
Options Interest Pull Transactions	--	--	--	--	63.314	63.314
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.556.043	34.940	169.418	332.334	--	2.092.735
B. Total Types of Trading Transactions (I + II + III)	27.263.433	12.068.802	8.812.318	14.260.034	14.362.932	76.767.519
Total Derivatives Transactions (A+B)	27.263.433	12.068.802	8.812.318	14.260.034	14.362.932	76.767.519

c. Credit derivatives and risk exposures on credit derivatives

None.

d. Contingent assets and liabilities

A tax investigation report for 2010 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits, with respect to Resource Utilization Support Fund ("RUSF"). Accordingly, a payment accrual slip including Resource Utilization Support Fund at an amount of TL 1.774 and delaying penalty at an amount of TL 2.141 has been submitted on account of the fact that the Bank has not calculated RUSF over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency and similar decisions of the Courts. The Bank has appealed to the court for the stay of execution on 29 January 2016. The defendant tax office has notified the Bank regarding payment orders on 15 March 2016 since the aforementioned case has not been concluded. The Bank has paid a total amount of TL 3.957 to Large Taxpayers Office with prejudice including a RUSF at an amount of TL 1.774, a penalty rate amounting to TL 2.141 and a late fee at an amount of TL 42 on 21 March 2016 and has applied to Istanbul Tax Court for the stay of execution and cancellation of payment orders on 22 March 2016. According to the court decision communicated on 2 March 2017, the accrued and penalty interest amount related to RUSF for the period January-December 2010 and the paid amounts to the Large Taxpayers Office was decided to be returned to the Bank. The related amount has been deducted on 27 March 2017. The defendant administration went to the appeal process to reverse the judgement.

A tax investigation report for 2011 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits, with respect to RUSF. Accordingly, a payment accrual slip including RUSF at an amount of TL 2.182 and delaying penalty at an amount of TL 2.911 has been submitted on account of the fact that the Bank has not calculated RUSF over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency and similar decisions of the Courts. The Bank has appealed to the Istanbul Administrative Court for the stay of execution on 16 January 2017. It is decided to suspend execution on 19 January 2017. The lawsuit process is still in progress.

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Tax investigation reports for the years 2012, 2013, 2014 have been issued by the Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits with respect to RUSF. Fund. In tax inspection reports, accrual payment slips including RUSF at amounts of TL 6.620 for 2012, TL 2.345 for 2013, TL 3.776 for 2014 and delaying penalties at amounts of TL 6.885 for 2012, TL 2.016 for 2013 and TL 2.265 for 2014 have been submitted on account of the fact that the Parent Bank has not calculated RUSF over file cost collected from customers who use individual credits. There are no provisions made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenue rather than interest revenue, and that the repayment of file expenditures in court decisions should not be considered as interest, in Uniform Chart of Account published by Banking Regulation and Supervision Agency. The Bank has filed claims in order for suspension of execution for the years 2012, 2013 and 2014, respectively to Istanbul 2nd Administrative Court, to Istanbul 12th Administrative Court and to Istanbul 7th Administrative Court on 5 September 2017. Suspensions of execution have been decreed with regards to the claims, and the lawsuit process is still in progress.

In addition to the matters explained in detail above, the Bank has provided a provision amounting to TL 23.429 (31 December 2016: TL 14.025) for the lawsuits against the Bank in accordance with the precautionary principle. These provisions are classified among "Other provisions". Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

e. Activities carried out on behalf and account of other persons

The Bank provides trading, custody, management and consultancy services to its customers.

IV. Explanations and disclosures related to statement of income

a. Interest income

1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.406.312	95.554	2.384.305	79.303
Medium and Long Term Loans	5.802.039	782.606	4.164.666	541.188
Loans Under Follow-Up	62.303	--	44.456	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
Total	8.270.654	878.160	6.593.427	620.491

Interest income received from loans also includes fees and commissions from cash loans granted.

2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	113.514	576	2	602
Domestic Banks	13.522	3.467	1511	2504
Foreign Banks	3.238	7.371	59	3.381
Foreign Head Offices and Branches	--	--	0	0
Total	130.274	11.414	1.572	6.487

The interest income from required reserves that maintain in CBRT of the Bank amounting to TL 101.420 (1 January-31 December 2016: TL 56.689) recognized under "Interest Income Received From Required Reserves" account.

3. Information on interest income received from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	10.063	6.722	3.293	291
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	527.387	39.136	573.634	59.046
Investment Securities Held-to-Maturity	428.610	77.568	288.851	27.824
Total	966.060	123.426	865.778	87.161

4. Information on interest income received from associates and subsidiaries

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	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	34.960	28.618

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	76.319	651.190	49.545	528.741
Central Bank of the Republic of Turkey	61	--	52	--
Domestic Banks	14.623	13.311	13.392	6.951
Foreign Banks	61.635	637.879	36.101	521.790
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	76.319	651.190	49.545	528.741

Interest expense related to funds borrowed also includes fees and commission expenses.

2. Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	37.187	24.725

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	156.250	111.063

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Up to 1 Month	Up to 3 Month	Time Deposit			Cumulative Deposit	Total
				Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	14	63.665	--	--	--	--	--	63.679
Saving Deposits	32	243.530	2.164.484	96.871	31.920	34.646	1.761	2.573.244
Public Sector Deposits	--	3.179	14.958	789	34	958	--	19.918
Commercial Deposits	1	270.561	624.797	23.398	24.835	17.023	--	960.615
Other Deposits	--	11.938	148.175	54.767	30.638	8.853	--	254.371
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Total	47	592.873	2.952.414	175.825	87.427	61.480	1.761	3.871.827
FC								
Foreign Currency Deposits	6	76.336	430.870	53.259	34.823	37.447	6	632.747
Bank Deposits	1.719	40.062	--	--	--	--	--	41.781
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	4	10.914	3.151	568	1.584	244	91	16.556
Total	1.729	127.312	434.021	53.827	36.407	37.691	97	691.084
Grand Total	1.776	720.185	3.386.435	229.652	123.834	99.171	1.858	4.562.911

c. Dividend income

	Current Period	Prior Period
Trading Securities	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-For-Sale	262	--
Other(*)	822	58
Total	1.084	58

(*) Presents dividend income from unconsolidated subsidiaries and associates.

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d. Information on trading income / loss

	Current Period	Prior Period
Income	308.557.519	228.225.865
Capital Market Transactions	16.752	41.851
Derivative Financial Instruments	6.429.883	5.426.408
Foreign Exchange Gains	302.110.884	222.757.606
Loss (-)	309.432.148	228.741.834
Capital Market Transactions	58.840	47.912
Derivative Financial Instruments	7.167.973	5.123.867
Foreign Exchange Losses	302.205.335	223.570.055
Net Trading Income / Loss	(874.629)	(515.969)

Net gain from foreign exchange translation differences related to derivative financial instruments is TL (1.525.389)(net gain for the period 1 January - 31December 2016: TL (265.964)).

e. Information on other operating income

	Current Period	Prior Period
Reversal of prior periods' provisions	305.330	296.356
Gain on sale of properties	30.954	13.262
Communication income	10.568	10.957
Cheque book fees	3.676	3.743
Other	160.614	241.984
Total	511.142	566.302

f. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	1.381.465	1.183.916
<i>Loans and Receivables in Group III</i>	<i>187.039</i>	<i>65.053</i>
<i>Loans and Receivables in Group IV</i>	<i>423.308</i>	<i>313.688</i>
<i>Loans and Receivables in Group V</i>	<i>771.118</i>	<i>805.175</i>
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	198.418	293.572
Free Provision for Probable Risks	160.373	189.829
Impairment Losses on Securities	--	--
<i>Financial Assets at Fair Value Through Profit or Loss</i>	--	--
<i>Investment Securities Available-for-Sale</i>	--	--
Impairment Losses on Associates, Subsidiaries, Joint Ventures and	--	--
Investment Securities Held to Maturity	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	145.903	44.327
Total	1.886.159	1.711.644

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g. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	1.262.617	1.185.090
Reserve for Employee Termination Benefits	4.098	5.072
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	3.719
Depreciation Charges of Tangible Assets	104.594	103.093
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	100.181	87.802
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	1.503	2.576
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.034.636	899.719
Operational Lease Expenses	299.259	234.755
Repair and Maintenance Expenses	71.168	59.774
Advertisement Expenses	73.180	78.255
Other Expenses (*)	591.029	526.935
Losses on Sale of Assets	4.644	4.364
Other	330.930	307.630
Total	2.843.203	2.599.065

(*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, heating and lighting, credit card service fee, transportation and others amounting to TL 62.626, TL 77.776, TL 25.272, TL 26.407, TL 189.754, TL 25.778 and TL 183.416, respectively (1 January - 31 December 2016: TL 73.719, TL 62.570, TL 20.323, TL 23.934, TL 113.765, TL 22.013 and TL 202.970, respectively).

h. Information on profit / loss before tax from continuing operations

As 1 January-31 December 2017, The Bank has a profit before tax from continuing operations amounting to TL 2.227.056 (1 January-31 December 2016: TL 1.647.654).

As 1 January - 31 December 2017, The Bank has no profit from discontinued operations (1 January-31 December 2016: None).

i. Information on tax provision for continued and discontinued operations

1. Current period taxation benefit or charge and deferred tax benefit or charge

As 1 January-31 December 2017 the current period taxation charge on continuing operations is TL 221.047 (1 January-31 December 2016: 98.535) while deferred tax charge is TL 126.217 (1 January-31 December 2016: TL 139.838 deferred tax charge).

There are not current period taxation charge on discontinuing operations (1 January-31 December 2016: None).

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

Deferred tax benefit/charge arising from temporary differences	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	131.491	82.905
Arising from Reversal of Deductible Temporary Differences (-)	(250.465)	(195.483)
Arising from Origination of Taxable Temporary Differences (-)	(28.543)	(27.883)
Arising from Reversal of Taxable Temporary Differences (+)	21.300	623
Total	(126.217)	(139.838)

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(118.974)	(42.864)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(7.243)	(27.260)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	(69.714)
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	(126.217)	(139.838)

j. Information on continuing and discontinued operations net profit/loss

The Bank has a net profit is amounting to TL 1.879.792 (31 December 2016: TL 1.409.281).

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k. Information on net profit and loss

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

Income generated from Bank's ordinary banking transactions during the current and prior period are mainly consisted of interest income from loans and marketable securities and income from other banking services. Main expense items are the interest expenses related to deposits and borrowings which are the main funding sources of marketable securities and loans.

2. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.
3. The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS27 "Separate Financial Statements", having a permission to be applied earlier, while preparing its non-consolidated financial tables dated 31 December 2017.
4. The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.220 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

1. 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

Other Fees and Commissions Received	Current Period	Prior Period
Credit card clearing and other commissions	750.674	608.493
Contracted merchant / POS commissions	288.249	258.470
Insurance services	261.305	155.450
Filing fees	200.797	142.490
Account management fees	57.254	56.528
Remittance commissions	38.432	32.398
Intermediary services	20.116	17.393
Expertise fees	18.795	16.767
Other	150.568	127.106
Total	1.786.190	1.415.095

Other Fees and Commissions Paid	Current Period	Prior Period
Credit card / POS commissions	401.789	305.524
EFT fees and commissions	11.954	10.163
Other	85.508	84.073
Total	499.251	399.760

V. Explanations and disclosures related to statement of changes in shareholders' equity

a. Information on capital increase

The Bank has increased its paid-in capital at a total amount of TL 1.500.000 consisting of share premiums amount of TL 39, sales profits from shares of subsidiaries and associates and properties amounting to TL 113.097, extraordinary reserves amounting to TL 636.864 and in cash amounting to TL 750.000 on 28 June 2016.

b. Information on issuance of shares

Share premium, at an amount of TL 39, has been added to paid-in capital with the capital increase made by the Bank on 28 June 2016.

A premium of issued shares amounting to TL 15 was formed as a result of capital increase of TL 1.500.000 made on 28 June 2016.

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c. Adjustments made in accordance with TAS 8

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with "Communique on amending the Communique on TAS27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321.

The Bank adjusted its comparative financial statements of 31 December 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard.

d. Effects of changes in Subsidiary Equity on Bank's Equity

Financial associates are recognized according to equity method in the framework of TAS28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in non-consolidated financial statements.

Equity method is the recognition treatment which prescribes to increase or decrease the book value of share included in associate from the change amount occurring in the period in the equity of participated partnership as the share falling to participant and deduction of dividends and associate amounts from the value which is changed in the aforementioned manner.

In this scope, the parts falling to Bank's share from equity of participated associates, gain or loss and other comprehensive income are recognized under equity of the Bank, income statement of the Bank and other comprehensive income statement of the Bank respectively.

e. Information on distribution of profit

General Assembly of the Bank is authorized body for the profit appropriation decisions. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

f. Information on increase/decrease amounts resulting from merger

None.

g. Information on investments available-for-sale

"Unrealised gain/loss" arising from changes in the fair value of securities classified as availablefor-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

h. Hedging transactions

Explained in Information on hedging transactions in Note XI of Section Four.

i. Revaluation difference on tangible assets

Revaluation differences on tangible assets includes gains on sales of subsidiaries and gains on sales of real estates and explained in detail in Note II-I-12 of Section Five.

j. Information on foreign exchange differences

TL 46.163 (31 December 2016: TL 36.673), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 1.726.524, (31 December 2016: TL 749.218) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

Detailed explanations are provided in "Information on foreign exchange difference in Note II-b of Section Three".

k. Amounts transferred to reserves

The Bank transferred TL 1.271.963 (31 December 2016: TL 715.091) to extraordinary reserves from prior period profits in 2017. TL 70.464 is transferred to legal reserves in 2017 (31 December 2016: TL 38.132).

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VI. Explanations and disclosures related to cash flow statement

a. Information on cash and cash equivalents

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities less than three months are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period

	Current Period	Prior Period
	01.01.2017	01.01.2016
Cash	2.073.608	2.066.403
Cash in Vault, foreign currencies and other	1.754.183	1.352.186
Banks demand deposits	319.425	714.217
Cash and Cash Equivalent	9.910.140	4.324.730
Interbank Money market placements	3.001.396	1.200.353
Banks time deposits	6.812.558	2.809.634
Securities	96.186	314.743
Total Cash and Cash Equivalents	11.983.748	6.391.133

2. Cash and cash equivalents at the end of the period

	Current Period	Prior Period
	31.12.2017	31.12.2016
Cash	2.073.688	2.073.608
Cash in Vault, foreign currencies and other	1.802.940	1.754.183
Banks demand deposits	270.748	319.425
Cash and Cash Equivalent	8.059.690	9.910.140
Interbank Money market placements	750.000	3.001.396
Banks time deposits	7.191.206	6.812.558
Securities	118.484	96.186
Total Cash and Cash Equivalents	10.133.378	11.983.748

b. Information on cash and cash equivalent assets of the Bank that are not available for free use due to legal restrictions or other reasons

The Bank made a total provision for required reserves on CB of Turkey in amount of TL 15.063.594(31 December 2016: TL 13.006.739). Additionally, there is TL 1.986.820(31 December 2016: TL 2.058.995) limited amount in foreign banks account.

c. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents

"Other" item amounting to TL (3.418.730)(31 December 2016: TL (4.308.568)) before "changes in operating assets and liabilities" comprise other operating expenses, fees and commissions paid and net trading loss. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from TL 11.983.748 (31 December 2016: TL 6.391.133) to TL 10.133.378 in 2017 (31 December 2016: TL 11.983.748).

"Other liabilities" item included in "change in assets and liabilities arising from banking activities", amounting to TL (503.851)(31 December 2016: TL 1.403.412) comprise changes in payables to money market, sundry creditors, taxes and duties payable, and other external resources.

The impact of change in exchange rate on cash and cash equivalent assets consists of exchange difference occurring as a result of translation of foreign currency cash and cash equivalent assets average to TL with rates belonging to beginning and end of the period and it amounts to TL 982.577 as of 31 December 2017 (31 December 2016: TL 858.680).

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VII. Explanations and disclosures related to the Bank's risk group

a. Information on loans and other receivables to the Bank's risk group

Current Period

DFS Group'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	2.661.889	188.357	5.448	7.721	56	4
Balance at the End of the Period	3.904.644	197.694	9.439	4.655	54	--
Interest and Commission Income Received	66.635	776	484	5	2.561	--

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

Prior Period

DFS Group'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	250.214	252.052	2.299	19.970	58.047	701
Balance at the End of the Period	2.661.889	188.357	5.448	7.721	56	4
Interest and Commission Income Received	50.467	629	212	8	5.046	8

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

b. Information on deposits held by and funds borrowed from the Bank's risk group

DFS Group'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
Balance at the Beginning of the Period	2.580.369	466.304	6.607.506	6.257.056	9.448	8.962
Balance at the End of the Period	3.058.719	2.580.369	8.811.959	6.607.506	19.167	9.448
Interest and Commission Income Received	56.662	29.621	410.154	324.071	749	4.067

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

(**) Includes the subordinated loan of US Dollar 1.050 million and Euro 115 million received from Sberbank.

c. Information on forward and option agreements and similar agreements made with the Bank's risk group

DFS Group'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
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	9.209.555	14.029.161	--	--	--	6.368
Balance at the End of the Period	2.598.429	9.209.555	51.000	--	--	--
Total Income/(Loss)	(181.836)	(62.528)	8.264	(5.989)	--	(388)
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 Law no.5411.

d. Information on benefit provided to top management

The Bank made payment amounting to TL 76.869 (31 December 2016: TL 71.893) to its top management in 2017.

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

As of 31 December 2017, cash loans and other receivables of the risk group represent 4,9% of the Bank's total cash loans and bank deposits granted, the deposits and borrowings represent 12,6% of the Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,7% of the total balance.

The Bank has finance lease contracts with Deniz Leasing. As of 31 December 2017, The Bank's contractual finance lease payables are TL 9.561 (31 December 2016: TL 18.493). Also, the Bank gives brokerage services through its branches for Deniz Yatırım.

VIII. Domestic, foreign and off-shore banking branches and foreign representatives of the Bank

a. Information relating to the Bank's domestic and foreign branch and representatives

	Number	Number of Employees			
Domestic branch	696	12.251			
			Country of Incorporations		
Foreign representation	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	8.492.506	-

b. Explanations on the Bank's branch and agency openings or closings

The Bank opened 28 new branches and closed 25 branches in 2017.

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SECTION SIX
OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to the Bank's operations

a. Explanations related to the Bank's operations

None.

b. Summary information about ratings of the Banks which has been assigned by the international rating agencies

Moody's(*)		Fitch Ratings(**)	
Outlook	Negative	Outlook	Positive
Long Term Foreign Currency Deposits	Ba2	Long Term Foreign Currency	BB+
Short Term Foreign Currency Deposits	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposits	Ba2	Long Term Local Currency	BB+
Short Term Local Currency Deposits	Not Prime	Short Term Local Currency	B
Bank Financial Strenght Rating (BCA)	ba3	Viability	bb
		Support	3
		National	AA (tur)
(*)As of 20.03.2017		(**)As of 05.10.2017	

c. Subsequent events

Sberbank of Russia (Sberbank), commenced initial strategic discussions with Emirates NBD Bank PJSC (Emirates NBD) regarding Denizbank A.Ş. (Denizbank), including the possibility of Emirates NBD acquiring Sberbank's existing shareholding in Denizbank. Discussions are at a very preliminary stage and there is no certainty that any transaction will be entered into.

Sberbank also stated that it routinely evaluates potential opportunities in different markets and a further announcement will only be made if there is a significant development.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Matters to be disclosed related to Independent Audit Report

Unconsolidated financial statements and notes of the Bank are subject to independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and audit report dated 7 February 2018 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There exist no explanations or notes, deemed to be required, and no significant issues which are not mentioned above and related to activities of the Bank.