

**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
INTERIM FINANCIAL STATEMENTS AND  
REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE 1. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
TOGETHER WITH AUDITOR'S REVIEW REPORT  
FOR THE PERIOD FROM 1 JANUARY TO  
30 SEPTEMBER 2018**



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Türk Ekonomi Bankası A.Ş.;

### *Introduction*

We have reviewed the unconsolidated balance sheet of Türk Ekonomi Bankası A.Ş. ("the Bank") at 30 September 2018 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information 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 Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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



### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Türk Ekonomi Bankası A.Ş. at 30 September 2018 and the results of its operations and its cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other regulatory requirements arising from legislation*

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

### *Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in section three and 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.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 30 October 2018

**Convenience Translation of  
Publicly Announced Unconsolidated Interim Financial Statements and Review Report  
Originally Issued in Turkish, See in Note I. of Section Three**

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

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The unconsolidated interim financial report for the nine-month period, prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Bank
- Unconsolidated Interim Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Interim Financial Statements
- Independent Auditor’s Review Report
- Interim Activity Report

The accompanying unconsolidated interim financial statements for the nine-month period, related disclosures and footnotes which have been reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidances, and incompliance with the financial records of our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi	Jacques Roger	Ayşe Aşardağ	Ümit Leblebici	M. Aşkın Dolaştır	Gökhan Kazcılar
Chairman	Jean Marie Rinino	Vice Chairman	Chief	Assistant General	Director
of the Board of	of the Audit	of the Audit	Executive	Manager Responsible of	Responsible of
Directors	Committee	Committee	Officer	Financial Reporting	Financial Reporting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Aslıhan Kaya / External Reporting Senior Manager  
Telephone Number : (0216) 635 24 51  
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**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any**

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

**II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in these Matters (if any), and the Group the Bank Belongs to**

As of 30 September 2018 and 31 December 2017 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	30 September 2018		31 December 2017	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	<b>2,204,390</b>	<b>100.00</b>	<b>2,204,390</b>	<b>100.00</b>

As of 30 September 2018, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1 (full TL) nominal each.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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**

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Alain Georges Auguste Fonteneau	Member of the Board of Directors	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	General Manager and the Executive Director	Master
<b>Assistant General Managers;</b>		
Turgut Boz	Senior Assistant General Manager Responsible from SME Banking Group and Deputy Chairman of General Manager	University
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Dr.Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources Group	PhD
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
<b>Group Heads (*);</b>		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Inspection Committee (*);</b>		
Hakan Tıraşın	Internal Audit Group	University

(\*) Group Heads and Chairman of the Inspection Committee are in Assistant General Manager status.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Information on the Bank’s Qualified Shareholders**

Name / Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by Fortis Bank SA/NV whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNPP Yatırımlar Holding are controlled by BNP Paribas SA.

**V. Summary on the Bank’s Functions and Lines of Activity**

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 September 2018, the Bank has 500 local branches and 4 foreign branches (31 December 2017: 500 local branches, 4 foreign branches). As of 30 September 2018, the number of employees of the Bank is 9,553 (31 December 2017: 9,464).

**VI. Differences between the Communiqué on Preparation of Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are Deducted from Equity or Entities which are not Included in these Three Methods**

There is no difference for the Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

**VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Bank and its Subsidiaries**

None.



**SECTION TWO**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM BALANCE SHEET AT 30 SEPTEMBER 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

		Reviewed Current Period 30.09.2018			
ASSETS		Section 5 Note	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		15,287,117	25,238,456	40,525,573
1.1	Cash and Cash Equivalents		1,297,622	24,363,481	25,661,103
1.1.1	Cash and Balances with Central Bank	(I-1)	1,144,379	14,634,903	15,779,282
1.1.2	Banks	(I-4)	153,243	9,728,578	9,881,821
1.1.3	Money Market Placements		-	-	-
1.2	Financial Assets at Fair Value Through Profit and Loss		662,589	255,069	917,658
1.2.1	Government Debt Securities	(I-2)	625,103	187,029	812,132
1.2.2	Equity Securities		35,942	68,040	103,982
1.2.3	Other Financial Assets		1,544	-	1,544
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	2,861,408	413,826	3,275,234
1.3.1	Government Debt Securities		2,855,798	413,826	3,269,624
1.3.2	Equity Securities		5,610	-	5,610
1.3.3	Other Financial Assets		-	-	-
1.4	Financial Assets Measured at Amortized Cost	(I-7)	3,010,100	-	3,010,100
1.4.1	Government Debt Securities		3,010,100	-	3,010,100
1.4.2	Other Financial Assets		-	-	-
1.5	Derivative Financial Assets		7,464,233	206,080	7,670,313
1.5.1	Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	6,230,878	202,929	6,433,807
1.5.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,233,355	3,151	1,236,506
1.6	Non-performing Financial Assets		-	-	-
1.7	Allowance for Expected Credit Losses (-)		(8,835)	-	(8,835)
II.	LOANS (Net)	(I-6)	52,454,905	16,321,137	68,776,042
2.1	Loans		52,731,296	16,316,926	69,048,222
2.1.1	Loans Measured at Amortised Cost		52,731,296	16,316,926	69,048,222
2.1.2	Loans at Fair Value Through Profit and Loss		-	-	-
2.1.3	Loans at Fair Value Through Other Comprehensive Income		-	-	-
2.2	Lease Receivables	(I-11)	-	-	-
2.2.1	Finance Lease Receivables		-	-	-
2.2.2	Operational Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
2.3	Factoring Receivables		-	-	-
2.3.1	Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2	Factoring Receivables at Fair Value Through Profit and Loss		-	-	-
2.3.3	Factoring Receivables at Fair Value Through Other Comprehensive Income		-	-	-
2.4	Non-performing Loans		2,276,987	21,169	2,298,156
2.5	Allowance for Expected Credit Losses (-)		(2,553,378)	(16,958)	(2,570,336)
2.5.1	12-Month Expected Credit Losses (Stage 1)		(368,274)	-	(368,274)
2.5.2	Significant Increase in Credit Risk (Stage 2)		(776,207)	-	(776,207)
2.5.3	Credit-Impaired (Stage 3)		(1,408,897)	(16,958)	(1,425,855)
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(I-14)	119,146	-	119,146
3.1	Held For Sale		119,146	-	119,146
3.2	Held from Discontinued Operations		-	-	-
IV.	INVESTMENTS		115,991	-	115,991
4.1	Investments in Associates (Net)	(I-8)	-	-	-
4.1.1	Associates Accounted with Equity Method		-	-	-
4.1.2	Unconsolidated Associates		-	-	-
4.2	Investments in Subsidiaries (Net)	(I-9)	115,986	-	115,986
4.2.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3	Joint Ventures (Net)	(I-10)	5	-	5
4.3.1	Joint Ventures Accounted with Equity Method		-	-	-
4.3.2	Unconsolidated Joint Ventures		5	-	5
V.	TANGIBLE ASSETS (Net)		246,160	-	246,160
VI.	INTANGIBLE ASSETS(Net)		509,451	-	509,451
6.1	Goodwill		421,124	-	421,124
6.2	Other		88,327	-	88,327
VII.	INVESTMENT PROPERTIES(Net)	(I-13)	-	-	-
VIII.	CURRENT TAX ASSET		78,827	-	78,827
IX.	DEFERRED TAX ASSET		-	-	-
X.	OTHER ASSETS		1,190,413	854,698	2,045,111
TOTAL ASSETS			70,002,010	42,414,291	112,416,301

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)**

		Audited Prior Period 31.12.2017			
		Section 5 Note	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(I-1)	1,429,476	9,546,296	10,975,772
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)		1,214,439	191,765	1,406,204
2.1	Financial Assets Held for Trading		1,214,439	191,765	1,406,204
2.1.1	Government Debt Securities	(I-2)	346,092	114,868	460,960
2.1.2	Equity Securities		-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244
2.1.4	Other Marketable Securities		-	-	-
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-
2.2.1	Government Debt Securities		-	-	-
2.2.2	Equity Securities		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Marketable Securities		-	-	-
III.	BANKS	(I-4)	669,288	1,844,049	2,513,337
IV.	MONEY MARKET PLACEMENTS		-	-	-
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-5)	4,630,660	64,804	4,695,464
5.1	Equity Securities		24,598	32,696	57,294
5.2	Government Debt Securities		4,606,062	32,108	4,638,170
5.3	Other Marketable Securities		-	-	-
VI.	LOANS AND RECEIVABLES	(I-6)	51,072,386	12,218,391	63,290,777
6.1	Loans and Receivables		50,368,572	12,218,391	62,586,963
6.1.1	Loans to Risk Group of the Bank		187,843	56,681	244,524
6.1.2	Government Debt Securities		-	-	-
6.1.3	Other		50,180,729	12,161,710	62,342,439
6.2	Loans under Follow-up		1,946,625	-	1,946,625
6.3	Specific Provisions (-)		1,242,811	-	1,242,811
VII.	FACTORING RECEIVABLES		-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(I-7)	401,854	-	401,854
8.1	Government Debt Securities		401,854	-	401,854
8.2	Other Marketable Securities		-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-8)	-	-	-
9.1	Accounted with Equity Method		-	-	-
9.2	Unconsolidated Associates		-	-	-
9.2.1	Financial Investments		-	-	-
9.2.2	Non-Financial Investments		-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(I-9)	115,986	-	115,986
10.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
XI.	JOINT VENTURES (Net)	(I-10)	5	-	5
11.1	Accounted with Equity Method		-	-	-
11.2	Unconsolidated Joint Ventures		5	-	5
11.2.1	Financial Joint Ventures		-	-	-
11.2.2	Non-Financial Joint Ventures		5	-	5
XII.	FINANCIAL LEASE RECEIVABLES	(I-11)	-	-	-
12.1	Financial Lease Receivables		-	-	-
12.2	Operating Lease Receivables		-	-	-
12.3	Others		-	-	-
12.4	Unearned Income (-)		-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(I-12)	85,940	1,335	87,275
13.1	Fair Value Hedge		4,454	-	4,454
13.2	Cash Flow Hedge		81,486	1,335	82,821
13.3	Foreign Net Investment Hedge		-	-	-
XIV.	TANGIBLE ASSETS (Net)		271,622	-	271,622
XV.	INTANGIBLE ASSETS (Net)		519,770	-	519,770
15.1	Goodwill		421,124	-	421,124
15.2	Other		98,646	-	98,646
XVI.	INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-
XVII.	TAX ASSET		69,744	-	69,744
17.1	Current Tax Asset		649	-	649
17.2	Deferred Tax Asset		69,095	-	69,095
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(I-14)	90,677	-	90,677
18.1	Held for Sale Purpose		90,677	-	90,677
18.2	Related to Discontinued Operations		-	-	-
XIX.	OTHER ASSETS		908,599	411,143	1,319,742
TOTAL ASSETS			61,480,446	24,277,783	85,758,229

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM BALANCE SHEET AT 30 SEPTEMBER 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

		Reviewed Current Period 30.09.2018			
LIABILITIES		Section 5 Note	TL	FC	Total
I.	DEPOSITS	(II-1)	39,116,822	31,951,463	71,068,285
II.	FUNDS BORROWED	(II-3)	202,104	13,585,406	13,787,510
III.	MONEY MARKET FUNDS		1,130,832	291,454	1,422,286
IV.	SECURITIES ISSUED (Net)	(II-3)	1,898,790	-	1,898,790
4.1	Bills		1,898,790	-	1,898,790
4.2	Asset Backed Securities		-	-	-
4.3	Bonds		-	-	-
V.	FUNDS		-	-	-
5.1	Borrower Funds		-	-	-
5.2	Other		-	-	-
VI.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		5,470,346	106,380	5,576,726
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	5,429,610	104,948	5,534,558
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	40,736	1,432	42,168
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE PAYABLES	(II-5)	-	-	-
9.1	Finance Lease Payables		-	-	-
9.2	Operational Lease Payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred Financial Lease Expenses ( - )		-	-	-
X.	PROVISIONS	(II-7)	551,156	24,241	575,397
10.1	Restructuring Provisions		-	-	-
10.2	Reserve for Employee Benefits		249,884	20,083	269,967
10.3	Insurance Technical Provisions (Net)		-	-	-
10.4	Other Provisions		301,272	4,158	305,430
XI.	CURRENT TAX LIABILITIES	(II-8)	212,046	-	212,046
XII.	DEFERRED TAX LIABILITIES		66,113	-	66,113
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)		-	-	-
13.1	Held For Sale		-	-	-
13.2	Held From Discontinued Operations		-	-	-
XIV.	SUBORDINATED LOANS		-	3,207,704	3,207,704
14.1	Loans		-	3,207,704	3,207,704
14.2	Other Debt Instruments		-	-	-
XV.	OTHER LIABILITIES		2,359,513	2,193,058	4,552,571
XVI.	SHAREHOLDERS’ EQUITY	(II-9)	10,069,477	(20,604)	10,048,873
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital reserves		486,644	-	486,644
16.2.1	Share Premiums		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		484,079	-	484,079
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		325,918	-	325,918
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		512,142	(20,604)	491,538
16.5	Profit Reserves		5,601,476	-	5,601,476
16.5.1	Legal Reserves		348,483	-	348,483
16.5.2	Status Reserves		-	-	-
16.5.3	Extraordinary Reserves		5,143,756	-	5,143,756
16.5.4	Other Profit Reserves		109,237	-	109,237
16.6	Profit or Loss		938,907	-	938,907
16.6.1	Prior Periods’ Profit / Loss		9,497	-	9,497
16.6.2	Current Periods’ Profit / Loss		929,410	-	929,410
16.7	Minority Interest		-	-	-
TOTAL LIABILITIES			61,077,199	51,339,102	112,416,301

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. BALANCE SHEET - LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)**

		Audited Prior Period 31.12.2017			
		Section 5 Note	TL	FC	Total
I.	DEPOSITS	(II-1)	33,335,127	22,241,589	55,576,716
1.1	Deposits from Risk Group of the Bank		563,313	1,760,695	2,324,008
1.2	Other		32,771,814	20,480,894	53,252,708
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-2)	874,807	83,270	958,077
III.	FUNDS BORROWED	(II-3)	176,925	12,590,087	12,767,012
IV.	MONEY MARKET FUNDS		105,206	-	105,206
4.1	Interbank Money Market Payables		-	-	-
4.2	Istanbul Stock Exchange Money Market Payables		-	-	-
4.3	Funds Provided Under Repurchase Agreements		105,206	-	105,206
V.	SECURITIES ISSUED (Net)	(II-3)	1,289,688	-	1,289,688
5.1	Bills		1,289,688	-	1,289,688
5.2	Asset Backed Securities		-	-	-
5.3	Bonds		-	-	-
VI.	FUNDS		-	-	-
6.1	Borrower Funds		-	-	-
6.2	Other		-	-	-
VII.	MISCELLANEOUS PAYABLES		1,282,734	156,951	1,439,685
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE	(II-4)	594,901	4,136	599,037
IX.	FACTORING PAYABLES		-	-	-
X.	FINANCIAL LEASE PAYABLES	(II-5)	-	-	-
10.1	Financial Lease Payables		-	-	-
10.2	Operating Lease Payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-6)	443,017	314	443,331
11.1	Fair Value Hedge		9,517	-	9,517
11.2	Cash Flow Hedge		433,500	314	433,814
11.3	Foreign Net Investment Hedge		-	-	-
XII.	PROVISIONS	(II-7)	984,536	31,237	1,015,773
12.1	General Loan Loss Provisions		576,339	-	576,339
12.2	Restructuring Provisions		-	-	-
12.3	Reserve for Employee Benefits		238,284	16,356	254,640
12.4	Insurance Technical Provisions (Net)		-	-	-
12.5	Other Provisions		169,913	14,881	184,794
XIII.	TAX LIABILITY	(II-8)	229,944	-	229,944
13.1	Current Tax Liability		229,944	-	229,944
13.2	Deferred Tax Liability		-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
14.1	Held for Sale		-	-	-
14.2	Related to Discontinued Operations		-	-	-
XV.	SUBORDINATED LOANS		-	2,314,083	2,314,083
XVI.	SHAREHOLDERS' EQUITY	(II-9)	9,009,504	10,173	9,019,677
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital Reserves		1,094,141	10,173	1,104,314
16.2.1	Share Premium		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Marketable Securities Valuation Differences		(41,282)	9,733	(31,549)
16.2.4	Revaluation Surplus on Tangible Assets		266,122	-	266,122
16.2.5	Revaluation Surplus on Intangible Assets		-	-	-
16.2.6	Revaluation Surplus on Investment Property		-	-	-
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		527	-	527
16.2.8	Hedging Funds (Effective Portion)		136,153	440	136,593
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-
16.2.10	Other Capital Reserves		730,056	-	730,056
16.3	Profit Reserves		4,632,637	-	4,632,637
16.3.1	Legal Reserves		295,041	-	295,041
16.3.2	Status Reserves		-	-	-
16.3.3	Extraordinary Reserves		4,292,924	-	4,292,924
16.3.4	Other Profit Reserves		44,672	-	44,672
16.4	Profit or Loss		1,078,336	-	1,078,336
16.4.1	Prior Periods Profit / Loss		9,497	-	9,497
16.4.2	Current Period Profit / Loss		1,068,839	-	1,068,839
16.5	Minority Interest		-	-	-
TOTAL LIABILITIES			48,326,389	37,431,840	85,758,229

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AT 30 SEPTEMBER 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**II. STATEMENT OF OFF-BALANCE SHEET ITEMS**

			Reviewed Current Period 30.09.2018	
	Section 5 Note	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>76,432,141</b>	<b>111,393,669</b>	<b>187,825,810</b>
<b>I. GUARANTEES</b>	<b>(III-1)</b>	<b>9,788,651</b>	<b>16,254,312</b>	<b>26,042,963</b>
1.1 Letters of Guarantee		6,998,548	8,782,851	15,781,399
1.1.1 Guarantees Subject to State Tender Law		143,325	105,867	249,192
1.1.2 Guarantees Given for Foreign Trade Operations		459,365	569,523	1,028,888
1.1.3 Other Letters of Guarantee		6,395,858	8,107,461	14,503,319
1.2 Bank Acceptances		-	44,781	44,781
1.2.1 Import Letter of Acceptance		-	44,781	44,781
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		3,104	3,510,134	3,513,238
1.3.1 Documentary Letters of Credit		766	1,869,419	1,870,185
1.3.2 Other Letters of Credit		2,338	1,640,715	1,643,053
1.4 Prefinancing Given as Guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other Endorsements		-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-
1.7 Factoring Guarantees		-	-	-
1.8 Other Guarantees		2,785,525	2,873,387	5,658,912
1.9 Other Collaterals		1,474	1,043,159	1,044,633
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>13,596,535</b>	<b>7,422,530</b>	<b>21,019,065</b>
2.1 Irrevocable Commitments		13,596,535	7,422,530	21,019,065
2.1.1 Asset Purchase and Sale Commitments		1,042,356	6,825,786	7,868,142
2.1.2 Deposit Purchase and Sale Commitments		-	177,926	177,926
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		4,628,309	182,010	4,810,319
2.1.5 Securities Issuance Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		1,801,050	-	1,801,050
2.1.8 Tax and Fund Liabilities from Export Commitments		48,033	-	48,033
2.1.9 Commitments for Credit Card Limits		6,050,297	-	6,050,297
2.1.10 Commitments for Credit Cards and Banking Services Promotions		4,649	-	4,649
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-
2.1.13 Other Irrevocable Commitments		21,841	236,808	258,649
2.2 Revocable Commitments		-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-
2.2.2 Other Revocable Commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>53,046,955</b>	<b>87,716,827</b>	<b>140,763,782</b>
3.1 Derivative Financial Instruments for Hedging Purposes		16,896,215	8,740,950	25,637,165
3.1.1 Fair Value Hedge		-	-	-
3.1.2 Cash Flow Hedge		16,896,215	8,740,950	25,637,165
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Held for Trading Transactions		36,150,740	78,975,877	115,126,617
3.2.1 Forward Foreign Currency Buy/Sell Transactions		5,338,927	9,975,657	15,314,584
3.2.1.1 Forward Foreign Currency Transactions-Buy		1,759,389	6,219,344	7,978,733
3.2.1.2 Forward Foreign Currency Transactions-Sell		3,579,538	3,756,313	7,335,851
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		23,883,954	52,924,556	76,808,510
3.2.2.1 Foreign Currency Swap-Buy		10,386,941	26,566,780	36,953,721
3.2.2.2 Foreign Currency Swap-Sell		12,747,013	22,962,336	35,709,349
3.2.2.3 Interest Rate Swaps-buy		375,000	1,697,720	2,072,720
3.2.2.4 Interest Rate Swaps-Sell		375,000	1,697,720	2,072,720
3.2.3 Foreign Currency, Interest Rate and Securities Options		6,905,645	12,302,512	19,208,157
3.2.3.1 Foreign Currency Options-Buy		3,457,165	6,146,034	9,603,199
3.2.3.2 Foreign Currency Options-Sell		3,448,480	6,156,478	9,604,958
3.2.3.3 Interest Rate Options-Buy		-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	1,312,951	1,312,951
3.2.4.1 Foreign Currency Futures-Buy		-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	1,312,951	1,312,951
3.2.5 Interest Rate Futures		-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-
3.2.6 Other		22,214	2,460,201	2,482,415
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>167,397,414</b>	<b>43,345,727</b>	<b>210,743,141</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>25,271,270</b>	<b>3,058,141</b>	<b>28,329,411</b>
4.1 Assets Under Management		-	-	-
4.2 Investment Securities Held In Custody		10,894,326	1,302,199	12,196,525
4.3 Cheques Received for Collection		11,213,989	1,108,159	12,322,148
4.4 Commercial Notes Received for Collection		537,625	216,068	753,693
4.5 Other assets Received for Collection		-	431,715	431,715
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items under Custody		2,625,330	-	2,625,330
4.8 Custodians		-	-	-
<b>V. PLEDGED ITEMS</b>		<b>135,663,203</b>	<b>38,650,284</b>	<b>174,313,487</b>
5.1 Marketable Securities		483,936	97,006	580,942
5.2 Guarantee Notes		52,024,088	24,224,921	76,249,009
5.3 Commodity		22,471	808,988	831,459
5.4 Warranty		-	-	-
5.5 Immovables		74,245,800	7,768,699	82,014,499
5.6 Other Pledged Items		8,886,908	5,750,670	14,637,578
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>6,462,941</b>	<b>1,637,302</b>	<b>8,100,243</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>243,829,555</b>	<b>154,739,396</b>	<b>398,568,951</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AT 31 DECEMBER 2017**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**II. STATEMENT OF OFF-BALANCE SHEET ITEMS**

		Audited Prior Period 31.12.2017		
		TL	FC	TOTAL
Section 5 Note				
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>	<b>83,268,709</b>	<b>73,708,197</b>	<b>156,976,906</b>
<b>I.</b>	<b>GUARANTEES</b>	<b>8,792,233</b>	<b>11,790,149</b>	<b>20,582,382</b>
1.1	Letters of Guarantee	6,874,187	6,165,093	13,039,280
1.1.1	Guarantees Subject to State Tender Law	148,296	80,708	229,004
1.1.2	Guarantees Given for Foreign Trade Operations	397,094	428,037	825,131
1.1.3	Other Letters of Guarantee	6,328,797	5,656,348	11,985,145
1.2	Bank Acceptances	34	42,282	42,316
1.2.1	Import Letter of Acceptance	34	42,282	42,316
1.2.2	Other Bank Acceptances	-	-	-
1.3	Letters of Credit	16,215	2,380,353	2,396,568
1.3.1	Documentary Letters of Credit	16,215	1,071,808	1,088,023
1.3.2	Other Letters of Credit	-	1,308,545	1,308,545
1.4	Prefinancing Given as Guarantee	-	-	-
1.5	Endorsements	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey	-	-	-
1.5.2	Other Endorsements	-	-	-
1.6	Purchase Guarantees for Securities Issued	-	-	-
1.7	Factoring Guarantees	-	-	-
1.8	Other Guarantees	1,883,852	1,992,580	3,876,432
1.9	Other Collaterals	17,945	1,209,841	1,227,786
<b>II.</b>	<b>COMMITMENTS</b>	<b>14,788,485</b>	<b>5,189,789</b>	<b>19,978,274</b>
2.1	Irrevocable Commitments	14,788,485	5,189,789	19,978,274
2.1.1	Asset Purchase and Sale Commitments	2,396,003	4,918,206	7,314,209
2.1.2	Deposit Purchase and Sale Commitments	-	-	-
2.1.3	Share Capital Commitment to Associates and Subsidiaries	-	-	-
2.1.4	Loan Granting Commitments	4,526,858	104,211	4,631,069
2.1.5	Securities Issuance Brokerage Commitments	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-
2.1.7	Commitments for Cheque Payments	2,387,642	-	2,387,642
2.1.8	Tax and Fund Liabilities from Export Commitments	31,047	-	31,047
2.1.9	Commitments for Credit Card Limits	5,411,646	-	5,411,646
2.1.10	Commitments for Credit Cards and Banking Services Promotions	3,723	-	3,723
2.1.11	Receivables from Short Sale Commitments on Securities	-	-	-
2.1.12	Payables for Short Sale Commitments on Securities	-	-	-
2.1.13	Other Irrevocable Commitments	31,566	167,372	198,938
2.2	Revocable Commitments	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-
2.2.2	Other Revocable Commitments	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>59,687,991</b>	<b>56,728,259</b>	<b>116,416,250</b>
3.1	Derivative Financial Instruments for Hedging Purposes	20,206,555	3,132,884	23,339,439
3.1.1	Fair Value Hedge	105,000	109,454	214,454
3.1.2	Cash Flow Hedge	20,101,555	3,023,430	23,124,985
3.1.3	Foreign Net Investment Hedges	-	-	-
3.2	Held for Trading Transactions	39,481,436	53,595,375	93,076,811
3.2.1	Forward Foreign Currency Buy/Sell Transactions	7,347,221	10,000,209	17,347,430
3.2.1.1	Forward Foreign Currency Transactions-Buy	2,626,654	6,094,827	8,721,481
3.2.1.2	Forward Foreign Currency Transactions-Sell	4,720,567	3,905,382	8,625,949
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	26,193,704	33,097,712	59,291,416
3.2.2.1	Foreign Currency Swap-Buy	9,168,870	18,887,840	28,056,710
3.2.2.2	Foreign Currency Swap-Sell	17,024,834	11,101,734	28,126,568
3.2.2.3	Interest Rate Swaps-buy	-	1,554,069	1,554,069
3.2.2.4	Interest Rate Swaps-Sell	-	1,554,069	1,554,069
3.2.3	Foreign Currency, Interest Rate and Securities Options	5,940,453	9,425,007	15,365,460
3.2.3.1	Foreign Currency Options-Buy	3,069,022	4,609,277	7,678,299
3.2.3.2	Foreign Currency Options-Sell	2,871,431	4,815,730	7,687,161
3.2.3.3	Interest Rate Options-Buy	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-
3.2.4	Foreign Currency Futures	-	523,178	523,178
3.2.4.1	Foreign Currency Futures-Buy	-	58,893	58,893
3.2.4.2	Foreign Currency Futures-Sell	-	464,285	464,285
3.2.5	Interest Rate Futures	-	464,285	464,285
3.2.5.1	Interest Rate Futures-Buy	-	464,285	464,285
3.2.5.2	Interest rate Futures-Sell	-	-	-
3.2.6	Other	58	84,984	85,042
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>174,733,321</b>	<b>31,338,799</b>	<b>206,072,120</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>24,323,460</b>	<b>2,013,797</b>	<b>26,337,257</b>
4.1	Assets Under Management	-	-	-
4.2	Investment Securities Held In Custody	11,442,192	775,972	12,218,164
4.3	Cheques Received for Collection	10,799,060	892,796	11,691,856
4.4	Commercial Notes Received for Collection	403,804	139,707	543,511
4.5	Other assets Received for Collection	34	205,322	205,356
4.6	Assets Received for Public Offering	-	-	-
4.7	Other Items under Custody	1,678,370	-	1,678,370
4.8	Custodians	-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>	<b>143,380,293</b>	<b>28,269,884</b>	<b>171,650,177</b>
5.1	Marketable Securities	1,478,414	45,461	1,523,875
5.2	Guarantee Notes	57,145,326	18,710,216	75,855,542
5.3	Commodity	48,895	733,876	782,771
5.4	Warranty	-	-	-
5.5	Immovables	76,568,882	5,037,944	81,606,826
5.6	Other Pledged Items	8,138,776	3,742,387	11,881,163
5.7	Pledged Items-Depository	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>7,029,568</b>	<b>1,055,118</b>	<b>8,084,686</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>258,002,030</b>	<b>105,046,996</b>	<b>363,049,026</b>

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**III. STATEMENT OF PROFIT OR LOSS**

INCOME AND EXPENSE ITEMS		Section 5 Note	Reviewed Current Period 01.01-30.09.2018	Reviewed Current Period 01.07-30.09.2018
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-1)</b>	<b>8,050,243</b>	<b>3,098,034</b>
1.1	Interest Income on Loans		7,000,731	2,668,838
1.2	Interest Income on Reserve Deposits		90,648	34,640
1.3	Interest Income on Banks		160,913	79,703
1.4	Interest Income on Money Market Placements		91,699	30,205
1.5	Interest Income on Securities Portfolio		703,350	283,883
1.5.1	Financial Assets at Fair Value Through Profit or Loss		111,378	46,072
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		316,976	128,292
1.5.3	Financial Assets Measured at Amortised Cost		274,996	109,519
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		2,902	765
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>4,776,322</b>	<b>2,044,126</b>
2.1	Interest Expense on Deposits		4,193,284	1,791,002
2.2	Interest Expense on Funds Borrowed		344,411	155,995
2.3	Interest Expense on Money Market Borrowings		13,566	8,276
2.4	Interest Expense on Securities Issued		218,117	85,540
2.5	Other Interest Expense		6,944	3,313
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>3,273,921</b>	<b>1,053,908</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>927,832</b>	<b>312,719</b>
4.1	Fees and Commissions Received		1,359,900	492,016
4.1.1	Non-cash Loans		155,390	55,922
4.1.2	Other	(IV-9)	1,204,510	436,094
4.2	Fees and Commissions Paid (-)		432,068	179,297
4.2.1	Non-cash Loans		2,339	804
4.2.2	Other	(IV-9)	429,729	178,493
<b>V.</b>	<b>PERSONNEL EXPENSES(-)</b>	<b>(IV-6)</b>	<b>940,573</b>	<b>308,649</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>		<b>16,755</b>	<b>132</b>
<b>VII.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(IV-3)</b>	<b>(367,615)</b>	<b>(42,963)</b>
7.1	Securities Trading Gains / Losses		(153,651)	(70,493)
7.2	Gains / Losses on Derivative Financial Instruments		3,621,969	1,864,359
7.3	Foreign Exchange Gains / Losses		(3,835,933)	(1,836,829)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-4)</b>	<b>78,886</b>	<b>28,459</b>
<b>IX.</b>	<b>GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>		<b>2,989,206</b>	<b>1,043,606</b>
<b>X.</b>	<b>ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)</b>	<b>(IV-5)</b>	<b>809,516</b>	<b>426,262</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-6)</b>	<b>996,750</b>	<b>358,715</b>
<b>XII.</b>	<b>NET OPERATING INCOME/(LOSS) (IX-X-XI)</b>		<b>1,182,940</b>	<b>258,629</b>
<b>XIII.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XIV.</b>	<b>GAIN / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XV.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVI.</b>	<b>PROFIT / LOSS FROM CONTINUED OPERATIONS BEFORE TAX (XII+...+XV)</b>	<b>(IV-7)</b>	<b>1,182,940</b>	<b>258,629</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	<b>(253,530)</b>	<b>(52,423)</b>
17.1	Current Tax Provision		(4,583)	81,207
17.2	Expense Effect of Deferred Tax (+)		(1,475,175)	(1,070,125)
17.3	Income Effect of Deferred Tax (-)		1,226,228	936,495
<b>XVIII.</b>	<b>NET PROFIT / LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>		<b>929,410</b>	<b>206,206</b>
<b>XIX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
19.1	Income from Non-current Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Income from Other Discontinued Operations		-	-
<b>XX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expenses from Non-current Assets Held for Sale		-	-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Expenses for Other Discontinued Operations		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>	<b>(IV-7)</b>	-	-
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1	Current Tax Provision		-	-
22.2	Expense Effect of Deferred Tax (+)		-	-
22.3	Income Effect of Deferred Tax (-)		-	-
<b>XXIII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI+XXII)</b>		-	-
<b>XXIV.</b>	<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	<b>(IV-8)</b>	<b>929,410</b>	<b>206,206</b>
24.1	Group's Profit / Loss		929,410	206,206
24.2	Minority Interest Profit / Loss (-)		-	-
	Earnings per Share		0.4216	0.0935

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



CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**III. STATEMENT OF INCOME**

	Section 5 Note	Reviewed Prior Period 01.01-30.09.2017	Reviewed Prior Period 01.07-30.09.2017
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>5,779,203</b>	<b>1,992,234</b>
1.1 Interest Income on Loans		5,212,271	1,845,906
1.2 Interest Income on Reserve Deposits		52,234	20,549
1.3 Interest Income on Banks		45,747	10,436
1.4 Interest Income on Money Market Placements		79,587	19,875
1.5 Interest Income on Marketable Securities Portfolio		387,479	95,137
1.5.1 Held-for-trading Financial Assets		25,623	7,888
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Available-for-sale Financial Assets		327,417	84,351
1.5.4 Held-to-maturity Investments		34,439	2,898
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		1,885	331
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>2,854,871</b>	<b>1,069,708</b>
2.1 Interest Expense on Deposits		2,492,160	945,207
2.2 Interest Expense on Funds Borrowed		237,169	80,829
2.3 Interest Expense on Money Market Borrowings		42,273	13,533
2.4 Interest Expense on Securities Issued		49,540	23,391
2.5 Other Interest Expense		33,729	6,748
<b>III. NET INTEREST INCOME (I - II)</b>		<b>2,924,332</b>	<b>922,526</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>785,424</b>	<b>260,323</b>
4.1 Fees and Commissions Received		1,080,315	365,017
4.1.1 Non-cash Loans		121,627	40,011
4.1.2 Other	(IV-9)	958,688	325,006
4.2 Fees and Commissions Paid		294,891	104,694
4.2.1 Non-cash Loans		2,298	760
4.2.2 Other	(IV-9)	292,593	103,934
<b>V. DIVIDEND INCOME</b>		<b>19,047</b>	<b>230</b>
<b>VI. TRADING INCOME/(LOSS) (NET)</b>	<b>(IV-3)</b>	<b>(710,344)</b>	<b>(207,970)</b>
6.1 Securities Trading Gains/(Losses)		695	(6,130)
6.2 Gains/(Losses) on Derivative Financial Instruments		(1,095,605)	(113,858)
6.3 Foreign Exchange Gains/(Losses)		384,566	(87,982)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-4)</b>	<b>85,871</b>	<b>28,046</b>
<b>VIII. TOTAL OPERATING INCOME/(LOSS) (III+IV+V+VI+VII)</b>		<b>3,104,330</b>	<b>1,003,155</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-5)</b>	<b>305,003</b>	<b>124,233</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-6)</b>	<b>1,761,993</b>	<b>587,089</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,037,334</b>	<b>291,833</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XIII. GAIN/(LOSS) FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XIV. GAIN/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAX (XI+...+XIV)</b>	<b>(IV-7)</b>	<b>1,037,334</b>	<b>291,833</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	<b>(218,562)</b>	<b>(62,785)</b>
16.1 Current Tax Provision		(234,441)	(22,408)
16.2 Deferred Tax Provision		15,879	(40,377)
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>818,772</b>	<b>229,048</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1 Income on Assets Held for Sale		-	-
18.2 Income on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Income on Other Discontinued Operations		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Loss from Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Loss from Other Discontinued Operations		-	-
<b>XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>		-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
<b>XXII. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII. NET PROFIT/(LOSS) (XVII+XXII)</b>	<b>(IV-8)</b>	<b>818,772</b>	<b>229,048</b>
23.1 Group's Profit/(Loss)		818,772	229,048
23.2 Minority Interest Profit/(Loss)		-	-
Earnings per Share		0.3714	0.1039

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 30.09.2018
<b>I. PROFIT / (LOSS)</b>	<b>929,410</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>388,592</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>(90)</b>
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	-
2.1.2 Gains (losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (losses) on Remeasurements of Defined Benefit Plans	-
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	(90)
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified To Profit or Loss	-
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>388,682</b>
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(260,325)
2.2.3 Income (loss) related with Cash Flow Hedges	755,164
2.2.4 Income (loss) related with Hedges of Net Investments in Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(106,157)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,318,002</b>

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED INTERIM INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**IV. INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY**

	Reviewed Prior Period 30.09.2017
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM FINANCIAL ASSETS AVAILABLE FOR SALE</b>	<b>26,572</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>-</b>
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	<b>28,900</b>
<b>VI. PROFIT/ LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR FOREIGN NET INVESTMENT HEDGE OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE CHANGES)</b>	<b>-</b>
<b>VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>
<b>VIII. OTHER INCOME / EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>597</b>
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(9,476)</b>
<b>X. NET INCOME / EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>46,593</b>
<b>XI. PROFIT/ LOSS</b>	<b>818,772</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit / (Loss))	4,640
11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	776
11.3 Transfer of Foreign Net Investment Hedge Operations to Income Statement	-
11.4 Other	813,356
<b>XII. TOTAL PROFIT/ LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>865,365</b>

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

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IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

Reviewed	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Marketable Securities Valuation Differences	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares Obtained from Associates	Hedging Funds	Revaluation Surplus on Assets Held for Sale and Assets of Disc. Op.	Total Equity Except from Minority Shares	Minority Shares	Total Equity
<b>I. Prior Period - 01.01-30.09.2017</b>																		
<b>II. Beginning Balance 31.12.2016</b>	2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
<b>2.1 Corrections According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2.2 The Effect of Corrections of Errors</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2.2 The Effects of Changes in Accounting Policy</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
<b>IV. Changes in Period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Increase/Decrease Related to Merger</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>	-	-	-	-	-	-	-	-	-	-	22,876	-	-	-	-	22,876	-	22,876
<b>VI. Hedging Funds (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	23,120	-	23,120	-	23,120
<b>6.1 Cash-Flow Hedge</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	23,120	-	23,120	-	23,120
<b>6.2 Hedge of Net Investment in Foreign Operations</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Tangible Assets Revaluation Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Intangible Assets Revaluation Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The Disposal of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. The Reclassification of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. The Effect of Change in Associate's Equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>14.1 Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>14.2 Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share Premium</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation Adjustment to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>	-	-	-	-	-	-	298,899	(207,366)	-	-	-	(90,936)	-	-	-	597	-	597
<b>XIX. Period Net Income / Loss</b>	-	-	-	-	-	-	-	818,772	-	-	-	-	-	-	-	818,772	-	818,772
<b>XX. Profit Distribution</b>	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
<b>20.1 Dividends Distributed</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>20.2 Transfers to Reserves</b>	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
<b>20.3 Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 30.09.2017</b>																		
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)</b>	2,204,390	200,262	2,565	-	295,041	-	4,292,930	550,130	818,772	9,497	(29,099)	266,122	527	53,629	-	8,664,766	-	8,664,766

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense not Reclassified at Profit and Loss			Accumulated Other Comprehensive Income or Expense Reclassified at Profit and Loss								
Reviewed	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Prior Period Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(Loss)	Total Equity Except from Minority Shares	Minority Shares	Total Equity
<b>Current Period – 01.01-30.09.2018</b>																
<b>I. Prior Period Closing Balance</b>	2,204,390	2,565	-	670,697	266,122	58,967	919		(31,549)	136,593	4,632,637	1,078,336	-	9,019,677	-	9,019,677
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effect of Changes in Accounting Policy	-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
<b>III. New Balance (I+II)</b>	2,204,390	2,565	-	484,079	266,122	58,967	919	-	(33,737)	136,593	4,632,637	1,078,336	-	8,830,871	-	8,830,871
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	(90)	-	(203,185)	591,867	-	-	929,410	1,318,002	-	1,318,002
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Inflation Adjustment to Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Bonds convertible to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease from Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	968,839	(1,068,839)	-	(100,000)	-	(100,000)
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)	-	(100,000)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	968,839	(968,839)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 30.09.2018</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>	2,204,390	2,565	-	484,079	266,122	58,967	829	-	(236,922)	728,460	5,601,476	9,497	929,410	10,048,873	-	10,048,873

1. Increase/decrease of accumulated revaluation reserve on tangible assets,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**FROM 1 JANUARY TO 30 SEPTEMBER 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**VI. STATEMENT OF CASH FLOWS**

	<b>Reviewed Current Period 01.01-30.09.2018</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>3,840,480</b>
1.1.1 Interest received	7,405,209
1.1.2 Interest paid	(4,421,630)
1.1.3 Dividend received	16,755
1.1.4 Fees and commissions received	1,382,684
1.1.5 Other income	1,402,915
1.1.6 Collections from previously written off loans	662,381
1.1.7 Payments to personnel and service suppliers	(924,974)
1.1.8 Taxes paid	(156,825)
1.1.9 Others	(1,526,035)
<b>1.2 Changes in operating assets and liabilities</b>	<b>6,056,266</b>
1.2.1 Net (increase) in financial asset at fair value through profit or loss	(423,081)
1.2.2 Net (increase) in due from banks and other financial institutions	(1,264)
1.2.3 Net (increase) in loans	(7,212,562)
1.2.4 Net (increase) in other assets	(2,156,861)
1.2.5 Net increase in bank deposits	1,331,388
1.2.6 Net increase in other deposits	10,705,162
1.2.7 Net increase / (decrease) in financial asset at fair value through profit or loss	-
1.2.8 Net increase in funds borrowed	977,066
1.2.9 Net increase / (decrease) in matured payables	-
1.2.10 Net increase in other liabilities	2,836,418
<b>I. Net cash provided from banking operations</b>	<b>9,896,746</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II. Net cash provided from investing activities</b>	<b>(933,901)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3 Cash paid for purchase of tangible assets	(33,130)
2.4 Cash obtained from sale of tangible assets	926
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(1,139,493)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	802,278
2.7 Cash paid for purchase of financial assets measured at amortised cost	(573,615)
2.8 Cash obtained from sale of financial assets measured at amortised cost	41,885
2.9 Others	(32,752)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III. Net cash provided from financing activities</b>	<b>513,014</b>
3.1 Cash obtained from funds borrowed and securities issued	5,146,943
3.2 Cash used for repayment of funds borrowed and securities issued	(4,533,929)
3.3 Equity instruments issued	-
3.4 Dividends paid	(100,000)
3.5 Payments for financial leases	-
3.6 Others	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>1,268,499</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>10,744,358</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>5,937,120</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>16,681,478</b>

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE

**TÜRK EKONOMİ BANKASI A.Ş.**  
**UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VI. STATEMENT OF CASH FLOWS**

	Reviewed Prior Period 01.01-30.09.2017
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>2,062,829</b>
1.1.1 Interest received	5,515,754
1.1.2 Interest paid	(2,769,861)
1.1.3 Dividend received	19,047
1.1.4 Fees and commissions received	1,108,260
1.1.5 Other income	671,062
1.1.6 Collections from previously written off loans	484,481
1.1.7 Payments to personnel and service suppliers	(850,006)
1.1.8 Taxes paid	(211,305)
1.1.9 Others	(1,904,603)
<b>1.2 Changes in operating assets and liabilities</b>	<b>(3,940,973)</b>
1.2.1 Net decrease in financial assets held for trading	109,412
1.2.2 Net increase / decrease in financial assets at fair value through profit or loss	-
1.2.3 Net (increase) in due from banks and other financial institutions	(513)
1.2.4 Net (increase) in loans	(5,000,586)
1.2.5 Net (decrease) in other assets	1,487,322
1.2.6 Net increase in bank deposits	(814,341)
1.2.7 Net increase in other deposits	1,127,741
1.2.8 Net decrease in funds borrowed	(603,941)
1.2.9 Net increase / decrease in matured payables	-
1.2.10 Net increase in other liabilities	(246,067)
<b>I. Net cash provided from banking operations</b>	<b>(1,878,144)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II. Net cash provided from investing activities</b>	<b>71,891</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3 Cash paid for purchase of tangible assets	(58,886)
2.4 Cash obtained from sale of tangible assets	6
2.5 Cash paid for purchase of financial assets available for sale	(1,573,962)
2.6 Cash obtained from sale of financial assets available for sale	1,730,984
2.7 Cash paid for purchase of investment securities	-
2.8 Cash obtained from sale of investment securities	-
2.9 Others	(26,251)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III. Net cash provided from financing activities</b>	<b>70,316</b>
3.1 Cash obtained from funds borrowed and securities issued	797,303
3.2 Cash used for repayment of funds borrowed and securities issued	(726,987)
3.3 Equity instruments issued	-
3.4 Dividends paid	-
3.5 Payments for financial leases	-
3.6 Others	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>191,520</b>
<b>V. Net (decrease) in cash and cash equivalents</b>	<b>(1,544,417)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>7,400,129</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>5,855,712</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

**a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”:**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standard 34 “Interim Financial Reporting” put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The accounting principles except TFRS 9 Financial Instruments Standard’s impact, are in accordance with the used principles in preparation of yearly financial statement as of 31 December 2017. Revised format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” and amendments to these Communiqué’s. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures. The Bank is working on compliance with the TFRS 16 Leases Standard effective from 1 January 2019.

**Additional paragraph for convenience of translation into English:**

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which these 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.

**b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements**

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are determined by regulations, communiqués, explanations and general notices published by BRSA and, in matters which cannot be regulated by them, the principals of TAS and TFRS (all “BRSA Accounting and Financial Reporting legislation”) forced by POA. Pursuant to the transition of TFRS 9, the prior period financial statements and footnotes are not restated. Per BRSA communique numbered 24049440-045.01[3/8]-E.5358 dated 17 April 2018, prior period figures are represented in prior format. Accounting policies and valuation principles used for 2018 and 2017 periods are separately presented in the footnotes and included in the accounting policies for the period of 2017 at Third Section footnote XXVII.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between Notes II and XXVI.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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**II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions**

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank's foreign currency asset and liability balances are valued with the Bank's exchange buying rate at the reporting date and recognized as "Foreign Exchange Gains / Losses" within statement of income.

The Bank's hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the Currency Risk section; and the Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

**III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures**

In accordance with TAS 27, investments in associates, subsidiaries and joint ventures are accounted with cost values and are reflected on the financial statements after deducting the provision for impairment, if any.

The dividends received from investments in associates, subsidiaries and joint ventures are reflected to income statements at the date of the right to receive dividend.

**IV. Explanations on Forward and Option Contracts and Derivative Instruments**

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

Pursuant to "IFRS 9 Financial Instruments" ("IFRS 9"), derivative financial instruments of the Bank are classified as "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income".

Assets and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value. In accordance with the classification of derivative financial instruments, if the fair value is positive, they are disclosed under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, they are disclosed under "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". Differences arising from the fair value changes of derivative financial instruments at fair value through profit or loss are recognized under "Gains / Losses on Derivative Financial Instruments" in "Trading Income / Loss" in the statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity, are booked based on the amounts to be received / paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)**

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap, transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted in to Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives are reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income / expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

The Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

The hedge effectiveness between the derivative instruments / transactions used for hedging and hedged item, are measured regularly and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

During period where the relation between hedging instrument and the hedged item is measured;

- a) Within the scope fair value hedge accounting, the fair value change of the hedged item is recognized in profit and loss,
- b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

While the Bank recognizes the fair value changes of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “Gains/ Losses on Derivative Financial Instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “Other Interest Income” and “Other Interest Expense” accounts.

**V. Explanations on Interest Income and Expenses**

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Financial assets and liabilities for which the future cash payments and collections are known, are discounted by using effective interest rate.

Accrued interest on the loans are not reversed on the date of classification as loans under follow-up.

The interest amount representing the time value of the future collections of the loans under follow up is recognized under interest income.

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**VI. Explanations on Fees and Commission Income and Expenses**

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in “commissions on cash loans” account and are recognized as income over the period of the loan by discounting with effective interest rate. Variable costs related with the allocation of consumer loans are calculated and commissions received up to the calculated amount are recorded directly as income.

For Bank assurance services provided by the Bank commissions from insurance companies are recorded as income on accrual basis.

The commissions related with non-cash loans or periodic banking services, are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expenses in the relevant period according to the cut-off principle.

**VII. Explanations on Financial Assets**

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortised Cost”. The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to the classification and measurement of financial instruments of the “TFRS 9 Financial Instruments” standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Bank recognizes a financial asset in the financial statement when, and only when, the Bank becomes a party to the contractual provisions of the instrument. When the Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

*Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to “hold to collect” and “hold & sell” the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

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**VII. Explanations on Financial Assets (continued)**

*Financial Assets at Fair Value Through Other Comprehensive Income*

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Bank may elect at initial recognition to irrevocably designate an equity investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

*Financial Assets Measured at Amortised Cost*

*Financial investments measured at amortised cost:*

A financial asset is classified as a financial asset measured at amortized cost when the Bank's policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

*Loans:*

Loans are financial assets to fund borrowers with fixed or determinable payment terms which are not traded on an active market and measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method.

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**VIII. Explanations on Impairment of Financial Assets**

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” which came into force starting from 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is 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 is 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 is transferred to Stage 2. Impairment for credit risk is 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 and interest revenue is calculated on the net carrying amount.

**Expected Credit Loss Calculation**

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3-stage impairment model based on the change in credit quality. The Bank uses two different calculations considering 12-month and lifetime probability of default of the financial instruments.

If there is a significant increase in credit risk between the origination date and the reporting date of the loan, the lifetime probability of default is used and if there is no significant increase in credit risk the 12-month probability of default is used.

While the Bank uses the internal credit ratings for commercial portfolios, the internal behavioral scores for the retail portfolios is used. It is determined whether there is any significant increase in credit risk by comparing the credit ratings/behavioral scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioral scores. PDs and LGDs used in the ECL calculation are point in time (“PIT”) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

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**VIII. Explanations on Impairment of Financial Assets (continued)**

- 12-Month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD): If a loan defaults, it represents the economic loss incurred on the loan. It is expressed as a percentage.

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date.

Exposure at Default (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. The expected default amount is calculated by discounting the principal and interest repayments for cash loans and income accruals by effective interest method while it refers to the value calculated through using credit conversion factors for non-cash loans and commitments. It shows the risk of the borrower at the date of default.

Lifetime ECL is calculated by taking into account the period during which the Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The definition of behavioral maturity for loans that do not have maturity information such as credit cards and revolving loans has been developed.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as “Base”, “Adverse” and “Favorable” and the weighted average of the results of this scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12-month (1 year) PDs for the financial assets measured at amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12- month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills and CBRT balances are classified under Stage 1 loans.

Expected Credit Loss Calculation of Stage 2 Loans: It is calculated by considering lifetime PDs for the loans which has shown a significant increase in credit risk since origination. Such expected lifetime PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

The loans with a delay on repayment more than 30 days are classified under Stage 2 loans. In addition, the restructured loans are also classified under this stage.

The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

In the case of the internal credit rating of the loan is above a defined threshold without comparison with the origination date, the related loans are classified under Stage 2 loans.

Expected Credit Loss Calculation of Stage 3 Loans: Lifetime expected credit losses are booked for the loans considered as impaired. When calculating the provisions by discounting the individual cash flow expectations for financial instruments which are above a defined threshold, loss given default rates are taken into account in case of default for financial instruments which are below the defined threshold.

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**IX. Explanations on Offsetting of Financial Assets and Liabilities**

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

**X. Explanations on Sales and Repurchase Agreements and Lending of Securities**

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at amortized costs, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income according to the classification of marketable securities subject to repurchase agreement, and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely “Funds provided under repurchase agreements” under “Money market balances”. Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

Securities purchased under repurchase agreements (“Reverse repos”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 September 2018, the Bank does not have any reverse repo transaction (31 December 2017: None).

As of 30 September 2018, the Bank does not have any marketable securities lending transaction (31 December 2017: None).

**XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets**

Non-current assets held for sale consists of property, plant and equipment acquired for impairment and accounted in financial statements convenient with “TFRS 5 Assets Held for Sale and Discontinued Operations”.

As of 30 September 2018 the Bank has no discontinued operations.

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**XII. Explanations on Goodwill and Other Intangible Assets**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper 12 February 2011 dated and numbered as 27844, all rights, receivables, assets and liabilities of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 “Business Combination”, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL421,124, which is the difference between TL2,385,482 which is the fair value of transferred amount and TL1,964,358 which is the identifiable net asset value is accounted as goodwill in the financial statements of the Bank and the equity impact is shown under other shareholder's equity section.

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Bank comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.



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**XIII. Explanations on Tangible Fixed Assets**

Tangible assets of the Bank are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight line method, without taking residual values in to consideration, over the estimated useful lives expressed in number of months. The calculation of depreciation is based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Motor Vehicles	5 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed. Leasehold improvements amount are subject to depreciation during leasing period. This period is taken into consideration maximum five years.

The Bank employs independent appraisers in determining the current fair values of its real estate's when there is any indication of impairment in value of real estates.

**XIV. Explanations on Leasing Transactions**

Fixed assets obtained through financial leasing are recorded at the lower amount between the fair value and the present value of lease payments in accordance with Turkish Accounting Standard Leases (TAS 17). Fixed assets obtained through financial leasing are classified in tangible assets and the amortization is based on their useful life. In case of any indication of impairment, an “impairment provision” is provided for. Obligations for future lease payments are booked in “financial lease payables” account under liabilities. Interest and currency expenses regarding financial leases are recorded in the related period in the income statement.

In compliance with Turkish Accounting Standard Leases (TAS 17), operating leases are recognized as an expense over the lease term in accordance with the lease agreement.

The Bank does not have any leasing transactions as “Lessor”.

**XV. Explanations on Provisions and Contingent Liabilities**

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (“TAS 37”) regarding “Provisions, Contingent Liabilities and Contingent Assets”.

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**XVI. Explanations on Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may Contingent assets are disclosed in the financial statements’ notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

**XVII. Explanations on Liabilities Regarding Employee Benefits**

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 “Employee Benefits”.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 30 September 2018, the Pension Fund has 1,701 employees and 1,091 pensioners (31 December 2017: 1,757 employees and 1,065 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

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**XVII. Explanations on Liabilities Regarding Employee Benefits (continued)**

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers' resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers' resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2017. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

**XVIII. Explanations on Taxation**

*Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

A 50% portion of the gains derived from the sale of immovables which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and preemption rights is tax exempt (This rate is applied as 75% for immovable sales before 5 December 2017). A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years (This rate is applied as 75% for immovable sales before 5 December 2017) are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for five years.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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**XVIII. Explanations on Taxation (continued)**

*Deferred Tax Liability/Asset*

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

**XIX. Additional Explanations on Borrowings**

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

**XX. Explanations on Issued Equity Securities**

There are no shares issued in 2018.

**XXI. Explanations on Bill Guarantees and Acceptances**

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Bank.

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**XXIII. Explanations on Reporting According to Segmentation**

The operating segments of the Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Bank also provides account products like “Marifetli”, “Fırsat” and “CEPTETEB” along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regards to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, eurobonds, foreign exchange purchases/sales, a wide-range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call center, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialised in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorisations. The Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

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**XXIII. Explanations on Reporting According to Segmentation (continued)**

The details of the income statement and the balance sheet which the Bank operates as a business lane:

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Dividend Income	-	-	-	16,755	16,755
Profit Before Tax	142,730	362,406	552,399	125,405	1,182,940
Tax Provision (-)	-	-	-	253,530	253,530
<b>Net Profit for the Period</b>	<b>142,730</b>	<b>362,406</b>	<b>552,399</b>	<b>(128,125)</b>	<b>929,410</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Segment Assets	12,833,850	21,351,401	28,533,556	49,581,503	112,300,310
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,833,850</b>	<b>21,351,401</b>	<b>28,533,556</b>	<b>49,697,494</b>	<b>112,416,301</b>
Segment Liabilities	44,221,633	14,903,113	11,420,653	31,822,029	102,367,428
Shareholders' Equity	-	-	-	10,048,873	10,048,873
<b>Total Liabilities</b>	<b>44,221,633</b>	<b>14,903,113</b>	<b>11,420,653</b>	<b>41,870,902</b>	<b>112,416,301</b>

<b>Prior Period (30.09.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury, ALM/ Head Office</b>	<b>Total</b>
Dividend Income	-	-	-	19,047	19,047
Profit Before Tax	175,501	313,570	590,629	(42,366)	1,037,334
Tax Provision (-)	-	-	-	218,562	218,562
<b>Net Profit for the Period</b>	<b>175,501</b>	<b>313,570</b>	<b>590,629</b>	<b>(260,928)</b>	<b>818,772</b>

<b>Prior Period (31.12.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury, ALM/ Head Office</b>	<b>Total</b>
Segment Assets	12,515,973	16,458,459	28,813,521	27,854,285	85,642,238
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,515,973</b>	<b>16,458,459</b>	<b>28,813,521</b>	<b>27,970,276</b>	<b>85,758,229</b>
Segment Liabilities	32,208,350	12,624,686	10,440,952	21,464,564	76,738,552
Shareholders' Equity	-	-	-	9,019,677	9,019,677
<b>Total Liabilities</b>	<b>32,208,350</b>	<b>12,624,686</b>	<b>10,440,952</b>	<b>30,484,241</b>	<b>85,758,229</b>

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**XXIV. Explanations on Other Matters**

It has been resolved in the Ordinary General Assembly dated 26 March 2018 of the Bank, TL1,068,839 that constitutes the 2017 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL53,442 as Legal Reserves, TL0.78 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL100,000 as First Dividend to Shareholders.

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 30 September 2018, some reclassifications are made in the cash flow statement and income statement as of 30 September 2017.

**XXVI. Explanations on TFRS 9 Financial Instruments Standard**

"TFRS 9 Financial Instruments", which is effective from 1 January 2018 has been published in the Official Gazette numbered 29953 dated 19 January 2017. The aim of the standard is to determine the financial reporting principles on financial assets and financial liabilities. The Bank has applied the classification, measurement and impairment requirements by adjusting the opening balance sheet and opening equity at 1 January 2018.

TFRS 9 standard sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting. TFRS 9 permits not to apply the standard's principles on hedge accounting and to continue to apply hedge accounting principles of TAS 39. The Bank continues to comply with all principles of TAS 39 for hedge accounting based on the analyzes made so far.

**a) Classification and measurement of financial instruments**

According to TFRS 9, each financial asset will be classified as either amortized cost, fair value through profit or loss ("FVPL"), or fair value through other comprehensive income ("FVOCI") in accordance with the business model and the contractual cash flow characteristics. The business model is determined by the Bank in terms of the manner in which assets are managed and their performance is reported.

	Before TFRS 9		After TFRS 9	
	Basis of Measurement	Book value	Basis of Measurement	Book value
Financial Assets		31 December 2017		1 January 2018
Cash and Balances				
With Central Bank	Amortised cost	10,975,772	Amortised cost	10,973,463
Banks and Money				
Market Placements	Amortised cost	2,513,337	Amortised cost	2,506,364
Marketable Securities	Fair value through comprehensive income	4,695,464	Fair value through comprehensive income	2,680,239
	Fair value through profit or loss	460,960	Fair value through profit or loss	525,328
	Amortised cost	401,854	Amortised cost	2,370,745
Derivative financial assets held for trading	Fair value through profit or loss	949,698	Fair value through profit or loss	949,698
Derivative financial assets for hedging purposes	Fair value through comprehensive income	82,821	Fair value through comprehensive income	82,821
Loans (Gross)	Amortised cost	64,533,588	Amortised cost	64,533,588

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**XXVI. Explanations on TFRS 9 Financial Instruments Standard (continued)**

**b) Financial statement confirmation of financial assets at TFRS 9 transition:**

	Book Value Before TFRS 9	Reclassifications	Remeasurement	Book Value After TFRS 9
	31 December 2017			1 January 2018
<b>Financial Assets</b>				
<b>Cash and Balances with Central Bank</b>				
Book value in accordance with TAS 39	10,975,772			
Remeasurement: Provision provided for expected credit losses	-		(2,309)	
Book value in accordance with TFRS 9				10,973,463
<b>Banks and money markets placements</b>				
Book value in accordance with TAS 39	2,513,337			
Remeasurement: Provision provided for expected credit losses	(5,867)		(1,106)	
Book value in accordance with TFRS 9				2,506,364
<b>Financial assets at fair value through other comprehensive income</b>				
Balances before reclassification (available for sale)	4,695,464			
Disposal: to held to maturity portfolio		(1,963,540)		
Disposal: to held for trading portfolio		(52,235)		
Remeasurement: Fair value differences			1,152	
Remeasurement: Provision provided for expected credit losses	(355)		(247)	
Book value in accordance with TFRS 9				2,680,239
<b>Financial assets at fair value through profit or loss</b>				
Book value in accordance with TAS 39	460,960			
Addition: from available for sale portfolio		64,368		
Book value in accordance with TFRS 9				525,328
<b>Financial assets measured at amortised cost</b>				
Balances before reclassification (held to maturity)	401,854			
Addition: from available for sale portfolio		1,969,425		
Remeasurement: Provision provided for expected credit losses	-		(534)	
Book value in accordance with TFRS 9				2,370,745
<b>Loans</b>				
Book value in accordance with BRSA requirements (Gross)	64,533,588			
Remeasurement: Provision provided for expected credit losses (Stage 1 + Stage 2)	(527,516)		(390,309)	
Remeasurement: Provision provided for expected credit losses (Stage 3)	(1,242,811)		(25,747)	
Book value in accordance with TFRS 9 (Net)				62,347,205

In accordance with TFRS 9 classification and measurement requirements, the Bank has performed some reclassifications as above. The reasons of these reclassifications are explained below:

**1) Financial assets classified as measured at amortized cost in accordance with TFRS 9 standard:**

The Bank reassessed its business model in order to hold the financial assets to collect contractual cash flow the collection of contractual cash flows and sell the assets. At the date of initial application of TFRS 9, the Bank assessed the appropriate business model for its marketable securities amounting to TL1,963,540, which was previously classified as available-for-sale and measured at fair value, as to collect the contractual cash flows and measured at amortised cost.

**2) Equity securities at fair value through profit or loss in accordance with TFRS 9 standard:**

From the date of initial application of TFRS 9, the Bank has classified its equity securities amounting to TL52,235 as financial assets measured at fair value through profit or loss, which was previously classified as financial assets available-for-sale. The Bank has classified its equity securities amounting to TL5,059 as financial assets at fair value through other comprehensive income at initial application date.



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**XXVI. Explanations on TFRS 9 Financial Instruments Standard (continued)**

**c) Reconciliation of the opening balance of the provisions for impairment at TFRS 9 transition**

The following table presents the reconciliation between provisions for impairment of the Bank as of 31 December 2017 and the provision provided for expected credit losses measured in accordance with TFRS 9 expected loss model as of 1 January 2018.

	Book Value Before TFRS 9 31 December 2017	Remeasurement	Book Value After TFRS 9 1 January 2018
<b>Cash and Balances with Central Bank</b>	-	<b>2,309</b>	<b>2,309</b>
Stage 1	-	2,309	2,309
<b>Banks and Money Markets Placements</b>	<b>5,867</b>	<b>1,106</b>	<b>6,973</b>
Stage 1	5,867	1,106	6,973
<b>Marketable Securities</b>	<b>355</b>	<b>781</b>	<b>1,136</b>
<i>At fair Value Through Other Comprehensive Income</i>			
Stage 1	355	247	602
<i>At fair Value Through Profit or Loss</i>			
Stage 1	-	534	534
<b>Loans</b>	<b>1,770,327</b>	<b>416,056</b>	<b>2,186,383</b>
Stage 1	461,161	(186,851)	274,310
Stage 2	66,355	577,160	643,515
Stage 3	1,242,811	25,747	1,268,558
<b>Non-cash loans</b>	<b>79,507</b>	<b>34,167</b>	<b>113,674</b>
Stage 1	30,407	9,466	39,873
Stage 2	359	51,650	52,009
Stage 3	48,741	(26,949)	21,792
<b>Derivative Financial Assets</b>	<b>10,211</b>	<b>(10,211)</b>	-
Stage 1	10,211	(10,211)	-
<b>Other Assets</b>	<b>1,624</b>	<b>(1,583)</b>	<b>41</b>
Stage 1	1,624	(1,583)	41

**d) Equity impacts of TFRS 9 transition**

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is not compulsory to restate previous period information at initial application of TFRS 9 and if the previous period information is not restated, the difference between the book value of 1 January 2018 at the date of initial application should be reflected in the opening balance of equity. The explanations about the initial application effects of TFRS 9 on equity presented below.

The negative difference amounting to TL442,625 between provisions for impairment provided in accordance with the "Regulation on 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 No. 26333 dated 1 November 2006 and provisions provided for the expected credit losses measured in accordance with the TFRS 9 expected loss model as of 1 January 2018, has been classified under "Other Capital Reserves" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and its Explanations" issued on 20 September 2017, effective from 1 January 2018 deferred tax assets will be provided on general loan loss provisions (TFRS 9 expected credit loss provisions for the loans at first and second stages). Within this scope, deferred tax assets amounting to TL224,436 have been reflected to the opening financials as of 1 January 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity.

Equity securities classified as available-for-sale financial assets before 1 January 2018 has been classified as the financial asset at fair value through profit or loss. TL31,021 net off tax effect have been classified under "Other Capital Reserves" in equity. In addition, the positive difference amounting to TL550 due to the remeasurement of equity securities classified as financial assets at fair value through other comprehensive income has been accounted under "Other Capital Reserves" in equity.

For the available-for-sale financial assets, marketable securities valuation differences amounting to TL2,188 with a deducted tax effect has been canceled due to the change of business model with TFRS 9 transition.

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**XXVII. Explanations on Prior Period Accounting Policies not Valid for the Current Period**

As of 1 January 2018, the Bank has started to apply "TFRS 9 Financial Instruments" standard which replaces "TAS 39 Financial Instruments: Recognition and Measurement". Accounting policies lost their validity with the transition of TFRS 9 are given below.

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value through Profit or Loss”, “Financial assets available for sale”, “Loans and receivables” or “Held-to-Maturity Investments”. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires, (a) accounting of the asset when acquired by the entity and (b) disposing of the asset out of the balance sheet on the date settled by the entity; and accounting of gain or loss on disposal as of the same date. In applying settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between the commercial transaction date and settlement date.

The fair value of marketable securities is the market price. The market price of marketable securities traded in stock exchange is the weighted average of their trading price at the market. If marketable securities are not traded in stock exchange, the market price for TL marketable securities are considered as the closing price announced by the Central Bank, and for Eurobonds as the average of buy and sell price in Bloomberg.

*Financial Assets at Fair Value through Profit and Loss*

Financial Assets at Fair Value through Profit and Loss are divided in two sub-categories: “Financial assets held for trading” and “Financial assets designated upon initial recognition as at fair value through profit or loss”. Financial assets held for trading are acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking. The financial assets held for trading are recognized as at their fair value and are measured with their fair value following their recognition. Gains and losses upon valuation are included in profit and loss accounts.

The amortized cost of financial assets held for trading with maturity are reflected in “Interest Income on Securities”. The positive difference between this interest and the price calculated with fair value method is recorded as “Profits on Purchases/Sales of Marketable Securities” and the negative difference as “Loss on Purchases/Sales of Marketable Securities”. The profit shares are recorded in dividend income. Financial assets designated as financial assets at fair value through profit or loss" is used for the financial assets that are needed to be classified within the scope of Financial Instruments: Accounting and Measurement Accounting Standards in Turkey (TAS 39) in order to have a more proper demonstration even if they were not purchased for trading purposes.

*Financial Assets Available for Sale*

Financial assets available for sale are comprised of financial assets other than “Loan and receivables”, “Held-to-maturity investments”, “Financial assets at fair value through profit or loss” and non-derivative financial instruments. Financial assets available for sale are recorded at their fair value including related purchase costs plus the transaction costs.

Discounts and premiums of the financial assets available for sale are taken into account on the amortized cost calculation and are recorded in income statement as a part of interest rate.

Amortized cost of financial assets available for sale are recorded in profit and loss as interests from marketable securities. The differences between the fair value and amortized cost, are recorded in “Security valuation differences”, under equity. When financial assets available for sale are sold, all fair value differences accumulated under equity are reflected in income statement.

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**XXVII. Explanations on Prior Period Accounting Policies not Valid for the Current Period (continued)**

*Held-to-Maturity Investments*

Held-to-maturity investments are the financial assets that will be held until the maturity date, for which all requirements are fulfilled to hold till the maturity date including funding capability. They have fixed or determinable payments and fixed maturities. Held-to-maturity investments are firstly recorded by adding the transaction costs to the purchase price which reflect their fair value.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to “tainting” rule.

The Bank classifies its marketable securities as referred to above at the acquisition date of related assets.

*Loans and Receivables*

Loans are non-derivative financial assets to fund borrowers with fixed or determinable payment terms which are not traded on an active market and are not classified as trading or held for sale.

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

The effective interest rate for a loan is the rate that equals the expected cash flows of principal and interest to the loan allocation amount.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement. The provisioning criteria for loans under follow-up are determined by the Bank’s management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economic conditions, other facts and related regulations.

All collected expenses and commissions related with cash loans are rediscounted with the effective interest rate.

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated 1 November 2006. These provisions are reflected in the income statement under “Provision and Impairment Expenses - Special Provision Expense”. The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables. The collections regarding the provisions provided in the current period are reversed from the “Provision for Loan Losses and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Loans under Follow-up” account.

Current period provisions are booked in “Provision for Loan Losses and Other Receivables” account. If the provisions for the receivables that had been realized in earlier periods are collected in current year, reversals of specific provisions are booked in “Other Operating Income”. Income realized through the sale of loans under follow-up are booked in “Other Operating Income” account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Bank reserves general loan loss provision for loans and other receivables.

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Explanations Related to Components of Shareholders’ Equity**

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and in accordance with the requirements of BRSA numbered 10513 dated 12 August 2018 and numbered 10578 dated 13 August 2018. Recent regulatory changes are as follows:

- Regulation No: 10513, dated August 12, 2018: The valuation differences of the securities included in the “Financial Assets at Fair Value through Other Comprehensive Income” portfolio shall be calculated in accordance with the regulation and shall not be taken into consideration in the equity amount that in the capital adequacy ratio calculation as of 12 August 2018.
- Regulation No: 10578, dated August 13, 2018: In the calculation of amount subject to credit risk, the foreign exchange bid rate to be used shall be determined as the higher of average CBRT’s foreign exchange bid rate of 252 business days prior to the calculation date or foreign exchange bid rate used in the preparation of financial statements as of 30 June 2018.

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 September 2018, Bank’s total capital has been calculated as TL13,216,537 (31 December 2017: TL10,913,093) and capital adequacy ratio is 16.58% (31 December 2017: 16.12%). This ratio is well above the minimum ratio required by the legislation.

The credit risk of banking accounts has been calculated by using the “Standard Approach”, the market risk of purchase and sale accounts by using the “Standard Method”, counterparty credit risk of derivative and repo transactions by using the “Fair Value Method”, credit valuation adjustments of over counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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IN TURKISH, SEE NOTE I. OF SECTION THREE

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**I. Explanations Related to Components of Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders' Equity:**

	Current Period 30.09.2018	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	6,551,396	
Gains Recognized in Equity as per TAS	-	
Profit	938,907	
Current Period Profit	929,410	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>9,898,047</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	-	
Leasehold Improvements on Operational Leases	42,436	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	88,152	88,152
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	78,715	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long 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 long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>630,427</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>9,267,620</b>	

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**I. Explanations Related to Components of Shareholders' Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Current Period 30.09.2018	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier 1 Capital before deductions</b>	-	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
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 Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	-	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>9,267,620</b>	
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	2,755,488	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	316,403	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	889,174	
<b>Tier 2 Capital Before Deductions</b>	<b>3,961,065</b>	
<b>Deductions From Tier 2 Capital</b>	-	
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions From Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>3,961,065</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>13,228,685</b>	

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**I. Explanations Related to Components of Shareholders' Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Current Period 30.09.2018	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	12,146	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	
Other items to be defined by the BRSA (-)	2	
<b>Items to be deducted from the sum of Tier 1 and Tier II Capital ("Capital") during the Transition Period</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	13,216,537	
Total Risk Weighted Assets	79,704,063	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.63	
Tier 1 Capital Adequacy Ratio (%)	11.63	
Capital Adequacy Ratio (%)	16.58	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	1.88	
a) Capital conservation buffer requirement (%)	1.88	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3.84	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	103,805	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,308,330	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	889,174	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	354,295	

(\*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

(\*\*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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**I. Explanations Related to Components of Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders’ Equity: (continued)**

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	5,414,198	
Gains Recognized in Equity as per TAS	-	
Profit	1,078,336	
Current Period Profit	1,068,839	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>8,900,278</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	31,549	
Leasehold Improvements on Operational Leases	56,452	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	92,241	92,241
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long 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 long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>601,366</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>8,298,912</b>	



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**I. Explanations Related to Components of Shareholders' Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier 1 Capital before deductions</b>	-	
<b>Deductions from Additional Tier 1 Capital</b>	-	
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
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 Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	-	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>8,298,912</b>	
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	1,799,486	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	245,824	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	576,339	
<b>Tier 2 Capital Before Deductions</b>	<b>2,621,649</b>	
<b>Deductions From Tier 2 Capital</b>		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions From Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>2,621,649</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>10,920,561</b>	

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**I. Explanations Related to Components of Shareholders' Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	7,462	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	
Other items to be defined by the BRSA (-)	6	
<b>Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	10,913,093	
Total Risk Weighted Assets	67,715,955	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.26	
Tier 1 Capital Adequacy Ratio (%)	12.26	
Capital Adequacy Ratio (%)	16.12	
<b>BUFFERS</b>		
Total buffer requirement (%)	1.25	
Capital conservation buffer requirement (%)	1.25	
Bank specific counter-cyclical buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital to Risk Weighted Assets calculated based on the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers (%)	5.00	
<b>Amounts below deduction thresholds</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	52,080	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	69,095	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	576,339	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	576,339	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	

(\*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

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**I. Explanations Related to Components of Shareholders' Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	<b>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	9,267,620	8,931,966	8,589,838	-	-
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	8,913,325	8,655,019	8,312,891	-	-
Tier 1 Capital	9,267,620	8,931,966	8,589,838	-	-
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	8,913,325	8,655,019	8,312,891	-	-
Capital	13,216,537	11,934,579	11,309,386	-	-
Capital where the transition impact of TFRS 9 has not been applied (c)	12,862,242	11,934,579	11,309,386	-	-
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	79,704,063	79,059,183	73,653,190	-	-
<b>CAPITAL ADEQUACY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.63	11.30	11.66	-	-
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.18	10.95	11.29	-	-
Tier 1 Capital Adequacy Ratio (%)	11.63	11.30	11.66	-	-
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.18	10.95	11.29	-	-
Capital Adequacy Ratio (%)	16.58	15.10	15.35	-	-
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	16.14	15.10	15.35	-	-
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	159,940,798	144,620,558	132,121,132	-	-
Leverage Ratio	5.65%	6.18%	6.50%	-	-
FTA not Applied Leverage Ratio (d)	5.42%	5.98%	6.29%	-	-

**Basic information for the TFRS 9 transition process**

- a: Common equity tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.  
b: Tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.  
c: Total capital if temporary article 5 of the Regulation on equities of banks has not applied.  
ç: Capital adequacy ratios calculated with capital items if temporary article 5 of the Regulation on banks has not applied.  
d: The leverage ratio calculated with capital items if temporary article 5 of the Regulation on banks has not applied.

**Explanations on Reconciliation of Capital Items to Balance Sheet:**

<b>Total Capital per Balance Sheet</b>	<b>10,048,873</b>
Hedging Funds (effective portion)	(728,460)
Deductions Made Under Regulation	(644,010)
Transition Impact of TFRS 9 (Temporary 5 <sup>th</sup> Article)	354,295
Accumulated revaluation and / or classification gains / losses on financial assets at fair value through profit or loss	236,922
<b>Common Equity Tier 1 Capital</b>	<b>9,267,620</b>
Additional Tier 1 Capital	-
<b>Tier 1 Capital</b>	<b>9,267,620</b>
General Provisions	889,174
Bank's Borrowing Instruments	3,071,891
Deductions Made Under Regulation	(12,148)
<b>Total Equity</b>	<b>13,216,537</b>

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**I. Explanations Related to Components of Shareholders’ Equity (continued)**

**Information related to debt instruments included in equity calculation**

All of the debt instruments included in equity calculation are issued by the Bank.

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS1845118865
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	Yes	No
Eligible at solo/ group/ group and solo	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,193.3	694.3	316.4	867.9
Par value of debt instrument (TL Currency in mil)	1,215	694.3	389.6	867.9
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	04.11.2011	20.07.2012	14.05.2012	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	04.11.2023	20.07.2024	14.05.2024	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	04.11.2018	20.07.2019	14.05.2019	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	Euribor+4.75%	Euribor+4.75%	LIBOR+5.75%	Euribor+5.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	Article 8/2 (g)	-

(\*) Under article 8/2 in subsection (g) mechanism of write-down or conversion to common shares are stated.

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**II. Explanations Related to Currency Risk**

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate changes in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions, which are followed up daily. Any possible value changes in the foreign currency transactions in the Bank’s positions are also monitored.

As an element of the Bank’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank’s Asset-Liability Committee on a weekly basis.

As of 30 September 2018, the Bank’s balance sheet short position is TL6,902,251 (31 December 2017: TL10,327,088 short position), off-balance sheet long position is TL6,273,361 (31 December 2017: TL10,443,721 long position) and as a result foreign currency net short position is TL178,890 (31 December 2017: net TL116,633 long position).

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

	<b>24.09.2018</b>	<b>25.09.2018</b>	<b>26.09.2018</b>	<b>27.09.2018</b>	<b>28.09.2018</b>	<b>30.09.2018</b>
<b>USD</b>	6.1139	6.1726	6.0806	5.9620	5.9935	5.9935
<b>JPY</b>	0.0543	0.0547	0.0538	0.0527	0.0528	0.0528
<b>EUR</b>	7.2101	7.2756	7.1344	6.9696	6.9429	6.9429

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 30 September 2018 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	6.2756
<b>JPY</b>	0.0560
<b>EUR</b>	7.3149

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**II. Explanations Related to Currency Risk (continued)**

**Information on the foreign currency risk of the Bank:**

The table below shows the Bank's distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 30 September 2018, the Bank has net USD long position TL119,341 and net EUR short position TL29,432.

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	6,543,008	6,255,138	1,836,757	14,634,903
Banks	2,646,047	5,312,135	1,770,396	9,728,578
Financial Assets at Fair Value through Profit and Loss	7,178	247,891	-	255,069
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	364	394,127	19,335	413,826
Loans (**)	12,110,568	4,159,143	2,187,970	18,457,681
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	3,151	-	-	3,151
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*****)	679,388	182,983	5,570	867,941
<b>Total Assets</b>	<b>21,989,704</b>	<b>16,551,417</b>	<b>5,820,028</b>	<b>44,361,149</b>
<b>Liabilities</b>				
Bank Deposits	106,524	-	12	106,536
Foreign Currency Deposits (*)	8,991,668	20,371,921	2,481,338	31,844,927
Money Market Borrowings	-	291,454	-	291,454
Funds Provided From Other Financial Institutions	6,317,913	6,849,684	3,625,513	16,793,110
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	1,432	-	-	1,432
Other Liabilities (***)	1,564,332	582,349	79,260	2,225,941
<b>Total Liabilities</b>	<b>16,981,869</b>	<b>28,095,408</b>	<b>6,186,123</b>	<b>51,263,400</b>
<b>Net Balance Sheet Position</b>				
<b>Net Off-Balance Sheet Position</b>	<b>5,007,835</b>	<b>(11,543,991)</b>	<b>(366,095)</b>	<b>(6,902,251)</b>
Financial Derivative Assets (****)	(5,520,353)	12,208,409	35,305	6,723,361
Financial Derivative Liabilities (****)	11,195,042	36,680,831	2,757,114	50,632,987
Non-Cash Loans (*****)	16,715,395	24,472,422	2,721,809	43,909,626
	7,948,831	7,121,893	1,183,588	16,254,312
<b>Prior Period</b>				
Total Assets	13,366,058	9,272,895	4,377,366	27,016,319
Total Liabilities	13,737,964	19,227,173	4,378,270	37,343,407
Net Balance Sheet Position	(371,906)	(9,954,278)	(904)	(10,327,088)
Net Off-Balance Sheet Position	44,990	10,424,488	(25,757)	10,443,721
Financial Derivative Assets (****)	8,924,989	26,256,628	863,476	36,045,093
Financial Derivative Liabilities (****)	8,879,999	15,832,140	889,233	25,601,372
Non-Cash Loans (*****)	6,050,326	5,487,498	252,325	11,790,149

(\*) Precious metal accounts amounting to TL967,510 (31 December 2017: TL692,499) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL2,136,544 (31 December 2017: TL2,801,409) are included in the loan portfolio.

(\*\*\*) TL96,306 (31 December 2017: TL78,260) expense accruals from derivative financial instruments are deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL3,380,605 (31 December 2017: TL2,363,470) are added to derivative financial assets and TL3,445,181 (31 December 2017: TL2,554,736) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL189,686 (31 December 2017: TL62,873) income accruals from derivative financial instruments is deducted from other assets.

(\*\*\*\*\*) There are no effects on the net off-balance sheet position.

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**III. Explanations Related to Interest Rate Risk**

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Liquidity Risk and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is expected.

**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	10,904,807	-	-	-	-	4,874,475	15,779,282
Banks	8,319,133	-	-	-	-	1,562,688	9,881,821
Financial Assets at Fair Value Through Profit and Loss	2,546	131,049	373,451	224,407	82,223	103,982	917,658
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	410,191	-	1,342,654	1,020,872	495,907	5,610	3,275,234
Loans (*)	15,330,004	4,458,097	14,569,258	27,848,769	5,696,731	873,183	68,776,042
Financial Assets Measured at Amortized Cost	975,057	1,255,443	779,600	-	-	-	3,010,100
Other Assets	15	1,518	1,261,730	2,325,940	98,254	7,088,707	10,776,164
<b>Total Assets</b>	<b>35,941,753</b>	<b>5,846,107</b>	<b>18,326,693</b>	<b>31,419,988</b>	<b>6,373,115</b>	<b>14,508,645</b>	<b>112,416,301</b>
<b>Liabilities</b>							
Bank Deposits	178,804	-	-	-	-	119,515	298,319
Other Deposits	52,212,815	6,024,978	1,026,154	1,448	-	11,504,571	70,769,966
Money Market Borrowings	1,130,832	291,454	-	-	-	-	1,422,286
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,098,536	800,254	-	-	-	-	1,898,790
Funds Provided From Other Financial Institutions	4,582,265	7,418,365	4,958,401	36,183	-	-	16,995,214
Other Liabilities	11	1	288,724	1,283,964	17,302	19,441,724	21,031,726
<b>Total Liabilities</b>	<b>59,203,263</b>	<b>14,535,052</b>	<b>6,273,279</b>	<b>1,321,595</b>	<b>17,302</b>	<b>31,065,810</b>	<b>112,416,301</b>
Balance Sheet Long Position	-	-	12,053,414	30,098,393	6,355,813	-	48,507,620
Balance Sheet Short Position	(23,261,510)	(8,688,945)	-	-	-	(16,557,165)	(48,507,620)
Off-Balance Sheet Long Position	14,218,660	936,085	-	-	-	-	15,154,745
Off-Balance Sheet Short Position	-	-	(7,048,027)	(6,446,861)	(419,124)	-	(13,914,012)
<b>Total Position</b>	<b>(9,042,850)</b>	<b>(7,752,860)</b>	<b>5,005,387</b>	<b>23,651,532</b>	<b>5,936,689</b>	<b>(16,557,165)</b>	<b>1,240,733</b>

(\*) Revolving loans amounting to TL7,559,661 are included in "Up to 1 Month".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL246,160 intangible assets amounting to TL509,451, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL119,146 while other liabilities line includes the shareholders' equity of TL10,048,873

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**III. Explanations Related to Interest Rate Risk (continued)**

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates): (continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,936,275	-	-	-	-	2,039,497	10,975,772
Banks	1,611,119	-	-	-	-	902,218	2,513,337
Financial Assets at Fair Value Through Profit and Loss	116,906	75,855	99,297	350,591	70,741	692,814	1,406,204
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	401,236	873,755	2,226,778	1,080,632	55,769	57,294	4,695,464
Loans (*)	15,311,197	3,700,898	11,301,111	25,740,100	6,530,415	707,056	63,290,777
Financial Assets Measured at Amortized Cost	40,737	112,666	248,451	-	-	-	401,854
Other Assets	77,090	4,454	2,115	3,616	-	2,387,546	2,474,821
<b>Total Assets</b>	<b>26,494,560</b>	<b>4,767,628</b>	<b>13,877,752</b>	<b>27,174,939</b>	<b>6,656,925</b>	<b>6,786,425</b>	<b>85,758,229</b>
<b>Liabilities</b>							
Bank Deposits	258,821	-	-	-	-	20,549	279,370
Other Deposits	38,326,928	6,231,923	1,253,745	773	120	9,483,857	55,297,346
Money Market Borrowings	105,206	-	-	-	-	-	105,206
Miscellaneous Payables	-	-	-	-	-	1,439,685	1,439,685
Securities Issued	-	992,862	296,826	-	-	-	1,289,688
Funds Provided From Other Financial Institutions	3,251,295	3,308,342	8,403,975	117,483	-	-	15,081,095
Other Liabilities	176,173	60,976	88,843	341,361	2,274	11,596,212	12,265,839
<b>Total Liabilities</b>	<b>42,118,423</b>	<b>10,594,103</b>	<b>10,043,389</b>	<b>459,617</b>	<b>2,394</b>	<b>22,540,303</b>	<b>85,758,229</b>
Balance Sheet Long Position	-	-	3,834,363	26,715,322	6,654,531	-	37,204,216
Balance Sheet Short Position	(15,623,863)	(5,826,475)	-	-	-	(15,753,878)	(37,204,216)
Off-Balance Sheet Long Position	9,149,837	69,037	-	-	-	-	9,218,874
Off-Balance Sheet Short Position	-	-	(1,657,178)	(7,347,502)	(161,330)	-	(9,166,010)
<b>Total Position</b>	<b>(6,474,026)</b>	<b>(5,757,438)</b>	<b>2,177,185</b>	<b>19,367,820</b>	<b>6,493,201</b>	<b>(15,753,878)</b>	<b>52,864</b>

(\*) Revolving loans amounting to TL7,128,307 are included in "Up to 1 Month", income accrual of TL99 due to changes in the fair value of the loans hedged is presented in "1-3 Months" maturity schedule.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL271,622, intangible assets amounting to TL519,770, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL90,677 while other liabilities line includes the shareholders' equity of TL9,019,677.



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**III. Explanations Related to Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TL %
<b>End of Current Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	7.00
Banks	(0.44)	2.15	-	29.67
Financial Assets at Fair Value Through Profit and Loss	2.97	6.71	-	19.71
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3.27	7.34	-	20.01
Loans	3.70	6.24	4.49	19.78
Financial Assets Measured at Amortized Cost	-	-	-	17.06
Liabilities				
Bank Deposits	-	-	-	15.99
Other Deposits	1.93	4.86	1.87	21.89
Money Market Borrowings	-	-	-	23.98
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	18.67
Funds Provided From Other Financial Institutions	2.09	3.80	-	6.76
	EUR %	USD %	YEN %	TL %
<b>End of Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	4.00
Banks	(0.45)	1.25	-	12.78
Financial Assets at Fair Value Through Profit and Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.30
Financial Assets Measured at Amortized Cost	-	-	-	15.49
Liabilities				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.28	3.09	-	6.68

**IV. Explanations Related to Equity Share Position Risk in Banking Accounts**

Equity securities which are not publicly traded are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

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**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio**

- a) Information on liquidity risk management, such as the Bank's risk capacity, responsibilities and the structure of liquidity risk management, Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Asset-Liability Management and Treasury Group is responsible for monitoring the Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group uses authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is reviewed and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long term liquidity estimates. The Asset-Liability Management Committee is responsible for developing/setting middle and long term liquidity strategies.

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks, and at a Liquidity Risk Committee meeting which is held monthly.

- b) Information on the centralization degree of liquidity management and funding strategy and on operations between the Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Bank's liquidity risk and performs this role only for the Bank. Liquidity gap values are monitored within the limits set by the Board of Directors and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity, and we provide them borrowing facilities within market conditions and legal limits.

- c) Information about the Bank's funding strategy including the policies on funding types and variety of maturities:

While the Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the Bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Bank uses instruments such as long-term syndicated loans, securities issued in TL, and foreign currency to diversify funding resources.

- d) Information on liquidity management based on currency which consists of a minimum of 5% of the Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the liquidity coverage ratio is calculated daily for TL and foreign currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Liquidity Risk Committee which includes the General Manager, Assistant General Manager Responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

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

e) Information on liquidity risk mitigation techniques:

The Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Asset-Liability Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FC swaps, interbank borrowings and repurchase agreements, while cross currency swap and interest rate swap transactions are used to minimize these risks in the long term.

f) Explanations on the usage of the stress test:

The aim of the liquidity stress test is to analyze how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analyzed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Bank and in the whole banking system, in cases of stress event are analyzed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine:

- Whether the liquidity problem is specific to the Bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Assets-Liabilities Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

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

**Liquidity Coverage Ratio:**

		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
Current Period – 30 September 2018		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			22,219,820	14,512,402
<b>Cash Outflows</b>					
2	Real Person and Retail Deposits	45,681,859	18,783,252	4,187,596	1,878,325
3	Stable Deposits	7,611,811	-	380,591	-
4	Less Stable Deposits	38,070,048	18,783,252	3,807,005	1,878,325
5	Unsecured Debts Other than Real Person and Retail Deposits	25,369,947	14,927,459	13,858,366	8,644,560
6	Operational Deposits	90,145	-	22,536	-
7	Non-Operational Deposits	20,027,753	11,025,583	8,611,793	4,742,684
8	Other Unsecured Funding	5,252,049	3,901,876	5,224,037	3,901,876
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	2,458,505	7,765,450	2,458,505	7,765,450
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	2,458,505	7,765,450	2,458,505	7,765,450
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	31,456,558	12,085,684	2,576,883	1,174,605
<b>16</b>	<b>Total Cash Outflows</b>			<b>23,081,350</b>	<b>19,462,940</b>
<b>Cash Inflows</b>					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	16,591,574	10,695,057	13,600,921	9,647,220
19	Other cash Inflows	1,411,252	11,297,500	1,411,252	11,297,500
<b>20</b>	<b>Total Cash Inflows</b>	<b>18,002,826</b>	<b>21,992,557</b>	<b>15,012,173</b>	<b>20,944,720</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>22,219,820</b>	<b>14,512,402</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>8,069,177</b>	<b>4,865,735</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>275.37</b>	<b>298.26</b>

(\*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

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

**Liquidity Coverage Ratio: (continued)**

		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
Prior Period - 31 December 2017		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			15,637,407	9,176,269
<b>Cash Outflows</b>					
2	Small Business Customers and Retail Deposits	35,487,852	14,376,874	3,198,478	1,437,687
3	Stable Deposits	7,006,143	-	350,307	-
4	Less Stable Deposits	28,481,709	14,376,874	2,848,171	1,437,687
5	Unsecured Debts Other than Real Person and Retail Deposits	17,773,537	9,224,213	9,268,967	5,317,097
6	Operational Deposits	1,392,091	758,149	348,023	189,537
7	Non-Operational Deposits	14,367,443	7,329,306	6,956,571	3,990,802
8	Other Unsecured Funding	2,014,003	1,136,758	1,964,373	1,136,758
9	Secured Funding				
10	Other Cash Outflows	8,118,155	5,689,887	8,118,155	5,689,887
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	8,118,155	5,689,887	8,118,155	5,689,887
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	28,632,503	10,121,458	2,247,325	946,802
<b>16</b>	<b>Total Cash Outflows</b>			<b>22,832,925</b>	<b>13,391,473</b>
<b>Cash Inflows</b>					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	8,201,020	3,647,482	5,757,090	2,850,708
19	Other Cash Inflows	7,593,633	13,285,978	7,593,633	13,285,978
<b>20</b>	<b>Total Cash Inflows</b>	<b>15,794,653</b>	<b>16,933,460</b>	<b>13,350,723</b>	<b>16,136,686</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>15,637,407</b>	<b>9,176,269</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>9,482,202</b>	<b>3,347,868</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>164.91</b>	<b>274.09</b>

(\*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

The amount of high quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting liquidity coverage ratio.

High quality liquid assets in order of their priority consist of the time accounts, bond portfolio, reserve deposit and cash. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effects more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors. Diversification of funding base of deposits, funding from Group, borrowing, repo and other long term liabilities; and funding limits by product type are monitored and reported.

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

**Liquidity Coverage Ratio: (continued)**

Liquidity management of subsidiaries are managed by individual legal entities. Although liquidity coverage ratio is reported on a basis, there is no centralized liquidity management system. Finally, there is no other significant cash inflow or outflow item which are not required by section two of communiqué.

The weeks with lowest and highest liquidity coverage ratio for the last three months calculated by using weekly simple arithmetic averages are presented below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest Week	159.78% 06.07.2018	257.04% 13.07.2018	129.25% 13.10.2017	204.11% 27.10.2017
Highest Week	408.99% 10.08.2018	380.24% 28.09.2018	212.83% 15.12.2017	337.96% 15.12.2017

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4,874,475	10,904,807	-	-	-	-	-	15,779,282
Banks	1,562,688	8,319,133	-	-	-	-	-	9,881,821
Financial Assets at Fair Value Through Profit and Loss	-	1,760	108,234	368,004	230,745	104,933	103,982	917,658
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5,610	23,009	-	902,848	1,537,287	806,480	-	3,275,234
Loans (**)	-	15,309,732	4,450,070	14,562,631	27,884,577	5,696,731	872,301	68,776,042
Financial Assets Measured at Amortized Cost	-	-	257,037	-	2,142,525	610,538	-	3,010,100
Other Assets	-	1,540,480	641,593	2,749,216	2,719,597	98,254	3,027,024	10,776,164
<b>Total Assets</b>	<b>6,442,773</b>	<b>36,098,921</b>	<b>5,456,934</b>	<b>18,582,699</b>	<b>34,514,731</b>	<b>7,316,936</b>	<b>4,003,307</b>	<b>112,416,301</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	119,515	178,804	-	-	-	-	-	298,319
Funds Provided From Other Financial Institutions	11,504,571	52,212,815	6,024,978	1,026,154	1,448	-	-	70,769,966
Money Market Borrowings	-	3,301,309	4,316,496	5,289,009	880,696	3,207,704	-	16,995,214
Securities Issued	-	1,130,832	291,454	-	-	-	-	1,422,286
Miscellaneous Payables	-	1,098,536	800,254	-	-	-	-	1,898,790
Other Liabilities	-	-	-	-	-	-	-	-
	-	5,576,967	896,225	2,138,384	1,712,465	17,302	10,690,383	21,031,726
<b>Total Liabilities</b>	<b>11,624,086</b>	<b>63,499,263</b>	<b>12,329,407</b>	<b>8,453,547</b>	<b>2,594,609</b>	<b>3,225,006</b>	<b>10,690,383</b>	<b>112,416,301</b>
<b>Liquidity Gap</b>								
<b>Net Off-Balance Sheet Position</b>	<b>(5,181,313)</b>	<b>(27,400,342)</b>	<b>(6,872,473)</b>	<b>10,129,152</b>	<b>31,920,122</b>	<b>4,091,930</b>	<b>(6,687,076)</b>	<b>-</b>
Financial Derivative Assets	-	581,894	(244,283)	673,126	214,665	36,800	-	1,262,202
Financial Derivative Liabilities	-	12,866,878	9,129,539	29,847,305	18,108,441	1,060,829	-	71,012,992
Non-Cash Loans	-	12,284,984	9,373,822	29,174,179	17,893,776	1,024,029	-	69,750,790
	6,696,740	1,494,489	3,705,493	7,170,155	6,976,086	-	-	26,042,963
<b>Prior Period</b>								
Total Assets	2,999,009	26,131,159	3,916,772	12,292,976	30,075,541	7,251,412	3,091,360	85,758,229
Total Liabilities	9,504,406	44,075,226	9,899,592	8,785,739	1,140,587	2,317,229	10,035,450	85,758,229
<b>Liquidity Gap</b>	<b>(6,505,397)</b>	<b>(17,944,067)</b>	<b>(5,982,820)</b>	<b>3,507,237</b>	<b>28,934,954</b>	<b>4,934,183</b>	<b>(6,944,090)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(112,505)</b>	<b>(104,333)</b>	<b>230,224</b>	<b>81,010</b>	<b>(2,254)</b>	<b>-</b>	<b>92,142</b>
Financial Derivative Assets	-	19,107,247	9,546,026	16,619,829	12,584,766	396,328	-	58,254,196
Financial Derivative Liabilities	-	19,219,752	9,650,359	16,389,605	12,503,756	398,582	-	58,162,054
Non-Cash Loans	5,544,145	1,011,848	2,529,575	6,556,744	4,940,070	-	-	20,582,382

(\*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and loans under follow-up, are classified as under undistributed.

(\*\*) Revolving loans amounting to TL7,559,661 (31 December 2017: TL7,128,307) are included in "Up to 1 Month"

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**VI. Explanations Related to Leverage Ratio**

a) Information on issues that cause differences between current period and previous period leverage ratios:

There is a decrease in the leverage ratio in line with the increase in cash and non-cash loan portfolio.

b) Leverage ratio:

	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
<b>Assets on the Balance Sheet</b>		
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	107,312,011	84,431,610
2 (Assets Deducted from Core Capital)	(548,941)	(549,525)
3 Total Risk Amount for Assets on the Balance Sheet	106,763,070	83,882,085
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	8,079,214	1,391,857
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	1,087,180	698,335
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	9,166,394	2,090,192
<b>Financing Transactions With Securities Or Goods Warranties</b>		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	-	-
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	-	-
<b>Off-the-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	46,060,691	40,298,665
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	46,060,691	40,298,665
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	9,043,113	8,253,609
14 Total Risk Amount	161,990,155	126,270,942
<b>Leverage Ratio</b>		
15 Leverage Ratio	5.60%	6.54%

(\*) The amounts in the table are calculated by using the quarterly average amounts.

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**VII. Explanations Related to Risk Management**

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of internal rating based approach have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

**Overview of Risk Weighted Amounts**

		Risk Weighted Amounts		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (Excluding Counterparty Credit Risk) (CCR)	64,597,593	58,694,864	5,167,807
2	Of which Standardized Approach (SA)	64,597,593	58,694,864	5,167,807
3	Of which Internal Rating-Based (IRB) Approach	-	-	-
4	Counterparty Credit risk	6,536,354	1,558,203	522,908
5	Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	6,536,354	1,558,203	522,908
6	Of which Internal Model Method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity Investment in Funds - Look-Through Approach	-	-	-
9	Equity Investment in Funds - Mandate-Based Approach	-	-	-
10	Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11	Settlement Risk	-	-	-
12	Securitization Positions in banking accounts	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1,174,588	677,913	93,967
17	Of which Standardized approach (SA)	1,174,588	677,913	93,967
18	Of which Internal model approaches (IMM)	-	-	-
19	Operational Risk	7,395,528	6,784,975	591,642
20	Of which Basic Indicator Approach	7,395,528	6,784,975	591,642
21	Of which Standard Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts Below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>79,704,063</b>	<b>67,715,955</b>	<b>6,376,324</b>



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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

**1. a) Information on Cash and Balances with the Central Bank of the Republic of Turkey:**

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	406,276	3,635,075
Balances with the Central Bank of Turkey	738,103	10,885,868
Other	-	113,960
<b>Total</b>	<b>1,144,379</b>	<b>14,634,903</b>

  

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	376,414	543,135
Balances with the Central Bank of Turkey	1,053,062	8,925,260
Other	-	77,901
<b>Total</b>	<b>1,429,476</b>	<b>9,546,296</b>

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposit	719,164	-
Unrestricted Time Deposit	-	1,927,562
Restricted Time Deposit	18,939	8,958,306
<b>Total</b>	<b>738,103</b>	<b>10,885,868</b>

  

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposit	1,042,047	-
Unrestricted Time Deposit	-	1,384,996
Restricted Time Deposit	11,015	7,540,264
<b>Total</b>	<b>1,053,062</b>	<b>8,925,260</b>

Foreign currency unrestricted deposit amounting to TL1,927,562 (31 December 2017: TL1,384,996), foreign currency restricted deposit amounting to TL8,958,306 (31 December 2017: TL7,540,264), unrestricted deposit balance amounting to TL719,164 (31 December 2017: TL1,042,047) and restricted deposit amounting to TL18,939 (31 December 2017: TL11,015) comprises of reserve deposits. As of 30 September 2018, the Turkish lira required reserve ratios are determined to be within the range of 1.5%-8% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2017: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-20% (31 December 2017: 4%-24%).

**2. Information on financial assets at fair value through profit and loss (net):**

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2017: None).

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

Net book value of unrestricted financial assets at fair value through profit and loss is TL812,132 (31 December 2017: TL460,960).

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

**3. Positive differences related to derivative financial assets held-for-trading:**

	Current Period	
	TL	FC
Forward Transactions	1,271,442	25,563
Swap Transactions	4,409,537	149,158
Futures Transactions	-	202
Options	549,899	16,485
Other	-	11,521
<b>Total</b>	<b>6,230,878</b>	<b>202,929</b>

  

	Prior Period	
	TL	FC
Forward Transactions	194,605	31,793
Swap Transactions	628,312	34,839
Futures Transactions	-	33
Options	45,430	9,769
Other	-	463
<b>Total</b>	<b>868,347</b>	<b>76,897</b>

**4. Information on banks:**

a) Information on Banks:

	Current Period	
	TL	FC
Banks		
Domestic Banks	325	112
Foreign Banks	152,918	9,728,466
Foreign Head Offices and Branches	-	-
<b>Total</b>	<b>153,243</b>	<b>9,728,578</b>

  

	Prior Period	
	TL	FC
Banks		
Domestic Banks	561,238	491,816
Foreign Banks	108,050	1,352,233
Foreign Head Offices and Branches	-	-
<b>Total</b>	<b>669,288</b>	<b>1,844,049</b>

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

**5. Information on financial assets at fair value through other comprehensive income:**

- a.1) Information on financial assets at fair value through other comprehensive income given as collateral / blocked:

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar		
Investment Securities	676,131	-
Other	-	-
<b>Total</b>	<b>676,131</b>	<b>-</b>

- a.2) Information on financial assets available for sale given as collateral / blocked:

	Prior Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar		
Investment Securities	1,459,329	-
Other	-	-
<b>Total</b>	<b>1,459,329</b>	<b>-</b>

- a.3) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period	
	TL	FC
Government Bonds	572,400	380,419
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
<b>Total</b>	<b>572,400</b>	<b>380,419</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL1,646,284

- a.4) Information on financial assets available for sale subject to repurchase agreements:

	Prior Period	
	TL	FC
Government Bonds	109,188	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
<b>Total</b>	<b>109,188</b>	<b>-</b>

Net book value of debt securities and equity securities in unrestricted financial assets available for sale is TL3,126,947.

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

**5. Information on financial assets at fair value through other comprehensive income: (continued)**

b.1) Information on financial assets at fair value through other comprehensive income:

	<b>Current Period</b>
Debt securities	3,269,624
Quoted on a Stock Exchange	3,269,624
Not Quoted	-
Equity Securities	5,610
Quoted on a Stock Exchange	-
Not Quoted	5,610
Impairment Provision (-)	-
<b>Total</b>	<b>3,275,234</b>

b.2) Information on financial assets available for sale portfolio:

	<b>Prior Period</b>
Debt securities	4,638,170
Quoted on a Stock Exchange	4,638,170
Not Quoted	-
Equity Securities	57,294
Quoted on a Stock Exchange	-
Not Quoted	57,294
Impairment Provision (-)	-
<b>Total</b>	<b>4,695,464</b>

**6. Information on loans:**

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

	<b>Current Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	12,611	262,599
Corporate Shareholders	12,611	262,599
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	109,831	-
<b>Total</b>	<b>122,442</b>	<b>262,599</b>
	<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	100,051	301,623
Corporate Shareholders	100,051	301,623
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	101,302	-
<b>Total</b>	<b>201,353</b>	<b>301,623</b>

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

**6. Information on loans: (continued)**

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

Cash Loans	Standard Loans	Loans under Close Monitoring (*)		
		Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-specialized Loans	58,556,274	8,642,147	276,704	1,573,097
Working Capital Loans	6,130,113	1,673,839	23,556	512,771
Export Loans	8,170,948	501,664	373	66,108
Import Loans	-	-	-	-
Loans Given to Financial Sector	703,210	-	-	-
Consumer Loans	10,910,453	2,793,135	903	99,075
Credit Cards	3,504,537	638,801	43,432	-
Other	29,137,013	3,034,708	208,440	895,143
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>58,556,274</b>	<b>8,642,147</b>	<b>276,704</b>	<b>1,573,097</b>

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	368,274	-
Significant increase in Credit Risk	-	776,207
<b>Total</b>	<b>368,274</b>	<b>776,207</b>

Number of Extensions	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 Times	650,933	427,538
Extended by 3,4 or 5 Times	959	67,262
Extended by Over 5 Times	1,574	87,789
<b>Total</b>	<b>653,466</b>	<b>582,589</b>

Extension Periods	Standard Loans	Loans Under Close Monitoring
0-6 Months	169,225	112,120
6-12 Months	26,483	105,539
1-2 Years	88,918	73,669
2-5 Years	192,089	137,259
5 Years and Over	176,751	154,002
<b>Total</b>	<b>653,466</b>	<b>582,589</b>

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**6. Information on loans: (continued)**

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>370,208</b>	<b>12,872,797</b>	<b>13,243,005</b>
Housing Loans	2,384	6,356,188	6,358,572
Vehicle Loans	6,802	432,917	439,719
General Purpose Loans	361,022	6,083,692	6,444,714
Other	-	-	-
<b>Consumer Loans -Indexed to FC</b>	<b>-</b>	<b>6,212</b>	<b>6,212</b>
Housing Loans	-	6,206	6,206
Vehicle Loans	-	-	-
General Purpose Loans	-	6	6
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>28</b>	<b>45,844</b>	<b>45,872</b>
Housing Loans	-	8,685	8,685
Vehicle Loans	-	8,945	8,945
General Purpose Loans	28	28,214	28,242
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2,585,379</b>	<b>39,282</b>	<b>2,624,661</b>
With Installments	839,139	39,282	878,421
Without Installments	1,746,240	-	1,746,240
<b>Individual Credit Cards-FC</b>	<b>9,606</b>	<b>-</b>	<b>9,606</b>
With Installments	-	-	-
Without Installments	9,606	-	9,606
<b>Personnel Loans-TL</b>	<b>6,884</b>	<b>64,476</b>	<b>71,360</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,884	64,476	71,360
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>33,321</b>	<b>51</b>	<b>33,372</b>
With Installments	11,654	51	11,705
Without Installments	21,667	-	21,667
<b>Personnel Credit Cards-FC</b>	<b>190</b>	<b>-</b>	<b>190</b>
With Installments	-	-	-
Without Installments	190	-	190
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>435,214</b>	<b>-</b>	<b>435,214</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>1,903</b>	<b>-</b>	<b>1,903</b>
<b>Total</b>	<b>3,442,733</b>	<b>13,028,662</b>	<b>16,471,395</b>

(\*) Overdraft Accounts include personnel loans amounting to TL4,909

(\*\*) Loans granted via branches abroad.

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

**6. Information on loans: (continued)**

- c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:  
(continued)

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>261,181</b>	<b>12,789,825</b>	<b>13,051,006</b>
Housing Loans	1,748	7,716,058	7,717,806
Vehicle Loans	6,577	452,642	459,219
General Purpose Loans	252,856	4,621,125	4,873,981
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>10,321</b>	<b>10,321</b>
Housing Loans	-	10,172	10,172
Vehicle Loans	-	-	-
General Purpose Loans	-	149	149
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>55</b>	<b>36,398</b>	<b>36,453</b>
Housing Loans	-	7,454	7,454
Vehicle Loans	-	8,039	8,039
General Purpose Loans	55	20,905	20,960
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2,203,323</b>	<b>-</b>	<b>2,203,323</b>
With Installments	790,380	-	790,380
Without Installments	1,412,943	-	1,412,943
<b>Individual Credit Cards-FC</b>	<b>8,635</b>	<b>-</b>	<b>8,635</b>
With Installments	-	-	-
Without Installments	8,635	-	8,635
<b>Personnel Loans-TL</b>	<b>6,586</b>	<b>61,341</b>	<b>67,927</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,586	61,341	67,927
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>27,949</b>	<b>-</b>	<b>27,949</b>
With Installments	10,118	-	10,118
Without Installments	17,831	-	17,831
<b>Personnel Credit Cards-FC</b>	<b>208</b>	<b>-</b>	<b>208</b>
With Installments	-	-	-
Without Installments	208	-	208
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>380,585</b>	<b>-</b>	<b>380,585</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>3,344</b>	<b>-</b>	<b>3,344</b>
<b>Total</b>	<b>2,891,866</b>	<b>12,897,885</b>	<b>15,789,751</b>

(\*) Overdraft Accounts include personnel loans amounting to TL5,218.

(\*\*) Loans granted via branches abroad.

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

**6. Information on loans: (continued)**

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment – TL</b>	<b>663,038</b>	<b>12,051,718</b>	<b>12,714,756</b>
Business Loans	228	288,515	288,743
Vehicle Loans	39,031	708,447	747,478
General Purpose Loans	623,779	11,054,756	11,678,535
Other	-	-	-
<b>Commercial loans with installment - Indexed to FC</b>	<b>7,828</b>	<b>574,245</b>	<b>582,073</b>
Business Loans	-	15,505	15,505
Vehicle Loans	431	188,305	188,736
General Purpose Loans	7,397	370,435	377,832
Other	-	-	-
<b>Commercial loans with installment – FC</b>	<b>432</b>	<b>-</b>	<b>432</b>
Business Loans	-	-	-
Vehicle Loans	12	-	12
General Purpose Loans	420	-	420
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,515,359</b>	<b>-</b>	<b>1,515,359</b>
With Installments	454,189	-	454,189
Without Installments	1,061,170	-	1,061,170
<b>Corporate Credit Cards-FC</b>	<b>3,582</b>	<b>-</b>	<b>3,582</b>
With Installments	-	-	-
Without Installments	3,582	-	3,582
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,210,475</b>	<b>-</b>	<b>1,210,475</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,400,714</b>	<b>12,625,963</b>	<b>16,026,677</b>

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment – TL</b>	<b>650,471</b>	<b>13,570,795</b>	<b>14,221,266</b>
Business Loans	2,997	323,359	326,356
Vehicle Loans	25,434	758,020	783,454
General Purpose Loans	622,040	12,489,416	13,111,456
Other	-	-	-
<b>Commercial loans with installment - Indexed to FC</b>	<b>16,092</b>	<b>710,279</b>	<b>726,371</b>
Business Loans	-	19,697	19,697
Vehicle Loans	2,015	189,745	191,760
General Purpose Loans	14,077	500,837	514,914
Other	-	-	-
<b>Commercial loans with installment – FC</b>	<b>112</b>	<b>-</b>	<b>112</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	112	-	112
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,212,899</b>	<b>-</b>	<b>1,212,899</b>
With Installments	380,553	-	380,553
Without Installments	832,346	-	832,346
<b>Corporate Credit Cards-FC</b>	<b>2,237</b>	<b>-</b>	<b>2,237</b>
With Installments	-	-	-
Without Installments	2,237	-	2,237
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,147,148</b>	<b>-</b>	<b>1,147,148</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,028,959</b>	<b>14,281,074</b>	<b>17,310,033</b>



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

**6. Information on loans: (continued)**

e) Domestic and foreign loans:

	<b>Current Period</b>
Domestic Loans	68,300,701
Foreign Loans	747,521
<b>Total</b>	<b>69,048,222</b>
	<b>Prior Period</b>
Domestic Loans	61,768,545
Foreign Loans	818,418
<b>Total</b>	<b>62,586,963</b>

f) Loans granted to subsidiaries and associates:

	<b>Current Period</b>
Direct Loans Granted to Subsidiaries and Associates	37,669
Indirect Loans Granted to Subsidiaries and Associates	-
<b>Total</b>	<b>37,669</b>
	<b>Prior Period</b>
Direct Loans Granted to Subsidiaries and Associates	132,994
Indirect Loans Granted to Subsidiaries and Associates	-
<b>Total</b>	<b>132,994</b>

g.1) Specific or non-performing loan (Stage 3) provisions for loans:

	<b>Current Period</b>
Loans and Receivables with Limited Collectability	216,926
Loans and Receivables with Doubtful Collectability	270,776
Uncollectible Loans and Receivables	938,153
<b>Total</b>	<b>1,425,855</b>

g.2) Specific provisions provided against loans:

	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	17,524
Loans and Receivables with Doubtful Collectability	67,574
Uncollectible Loans and Receivables	1,157,713
<b>Total</b>	<b>1,242,811</b>

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

**6. Information on loans: (continued)**

h) Information on loans under follow-up (Net):

h.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
Gross Amounts before Provisions	22,800	11,105	5,587
Restructured Loans	22,800	11,105	5,587
<b>Prior Period</b>			
(Gross amounts before Specific Provisions)			
Restructured Loans and Other Receivables	14,741	10,373	9,944
Rescheduled Loans and Other Receivables	14,741	10,373	9,944

h.2) The movement of loans under follow-up:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Prior period end balance</b>	<b>116,275</b>	<b>164,821</b>	<b>1,665,529</b>
Additions (+)	1,218,114	85,396	96,142
Transfers from other Categories of Loans under Follow-up (+)	-	649,254	248,095
Transfers to other Categories of Loans under Follow-up (-) (**)	650,470	248,897	-
Collections (-)	212,869	123,378	326,134
Write-Offs (-)	10	148	2,157
Sold Portfolio (-)(*)	-	-	381,407
Corporate and Commercial Loans	-	-	283,853
Retail Loans	-	-	48,143
Credit Cards	-	-	49,411
Other	-	-	-
<b>Current period end balance</b>	<b>471,040</b>	<b>527,048</b>	<b>1,300,068</b>
Provision (-)	216,926	270,776	938,153
<b>Net Balances on Balance Sheet</b>	<b>254,114</b>	<b>256,272</b>	<b>361,915</b>

(\*) Past due receivables portfolio amounting to TL381,407 for which TL368,644 of provision had been allocated is sold for TL18,911 in 2018. After all sales procedures were completed, such past due receivables have been written off from the accounts.

Information about the sales took place in 2018;

<b>Date of Sale</b>	<b>Sold to</b>	<b>Loans under Follow-Up</b>	<b>Provision</b>	<b>Sale Price</b>
29.03.2018	Hayat Varlık Yönetim A.Ş.	131,972	126,665	9,100
07.06.2018	Hayat Varlık Yönetim A.Ş.	90,869	87,574	4,660
27.09.2018	Hayat Varlık Yönetim A.Ş.	158,566	154,405	5,151
<b>Current Period Total</b>		<b>381,407</b>	<b>368,644</b>	<b>18,911</b>

(\*\*) In compliance with the related communique, retail loans amounting to TL2,018 are classified from loans under follow-up to performing loans.

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

**6. Information on loans: (continued)**

h) Information on loans under follow-up (Net): (continued)

h.3) Information on foreign currency loans under follow-up

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>30 September 2018</b>			
Period End Balance	25,408	12,595	199,498
Provision (-)	13,805	712	179,269
<b>Net Balance on Balance Sheet</b>	<b>11,603</b>	<b>11,883</b>	<b>20,229</b>
<b>31 December 2017</b>			
Prior Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
<b>Net Balance on Balance Sheet</b>	<b>984</b>	<b>685</b>	<b>42,210</b>

h.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	471,040	527,048	1,300,068
Provision (-)	216,926	270,776	938,153
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>254,114</b>	<b>256,272</b>	<b>361,915</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**6. Information on loans: (continued)**

h.5) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period(Net)</b>	<b>7,447</b>	<b>8,878</b>	<b>1,738</b>
Interest Accruals, Discounts and Valuation Differences	56,558	72,243	50,007
Provision Amount (-)	49,111	63,365	48,269
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals, Discounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

**7. Information on financial assets measured at amortized cost:**

a) a.1) Information on financial assets measured at amortized cost and subject to repurchase agreements: 582,673 (31 December 2017: None).

a.2) Information on financial assets measured at amortized cost and given as collateral / blocked:

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	1,288,759	-
Other	-	-
<b>Total</b>	<b>1,288,759</b>	<b>-</b>

Unrestricted financial assets measured at amortized cost are TL1,138,668

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Prior Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	329,307	-
Other	-	-
<b>Total</b>	<b>329,307</b>	<b>-</b>

Unrestricted financial assets held-to maturity amounting to TL72,547.

a.4) Information government debt securities measured at amortized cost:

	Current Period
Government Bonds	3,010,100
Treasury Bills	-
Other Public Sector Debt Securities	-
<b>Total</b>	<b>3,010,100</b>

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

**7. Information on financial assets measured at amortized cost: (continued)**

a.5) Information on held to maturity government debt securities:

	<b>Prior Period</b>
Government Bonds	401,854
Treasury Bills	-
Other Public Sector Debt Securities	-
<b>Total</b>	<b>401,854</b>

a.6) Information on financial assets measured at amortized cost:

	<b>Current Period</b>
Debt securities	3,010,100
Quoted on a Stock Exchange	3,010,100
Unquoted	-
Impairment Provision (-)	-
<b>Total</b>	<b>3,010,100</b>

a.7) Information on held to maturity investments:

	<b>Prior Period</b>
Debt securities	401,854
Quoted on a Stock Exchange	401,854
Unquoted	-
Impairment Provision (-)	-
<b>Total</b>	<b>401,854</b>

b.1) Movement of financial assets measured at amortized cost:

	<b>Current Period</b>
Beginning Balance	401,854
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year (*)	2,650,131
Disposals Through Sales and Redemptions	(41,885)
Impairment Provision (-)	-
<b>Closing Balance</b>	<b>3,010,100</b>

(\*) The Bank reassessed its business model in order to hold the financial assets to collect contractual cash flow the collection of contractual cash flows and sell the assets. Effective from the adoption date of TFRS 9, the Bank measures its marketable securities at amortized cost in accordance with its appropriate business model which aims to collect contractual cash flows, which is amounting to TL1,969,425 and previously classified as financial assets available-for-sale and measured at fair value. Accruals are included in purchases during the year

b.2) Movement of held-to-maturity investments:

	<b>Prior Period</b>
Beginning Balance	361,508
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year (*)	40,346
Disposals Through Sales and Redemptions	-
Impairment Provision (-)	-
<b>Closing Balance</b>	<b>401,854</b>

(\*) Accruals are included in purchases during the year.

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

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

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2017: None).
- a.2) Information on the unconsolidated associates: None (31 December 2017: None).
- a.3) Explanations of consolidated associates: None (31 December 2017: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2017: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2017: None).

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

- a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	<b>TEB Faktoring A.Ş.</b>	<b>TEB Yatırım Menkul Değerler A.Ş.</b>	<b>TEB Portföy Yönetimi A.Ş.</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	30,000	28,794	6,860
Reserves	45,870	44,224	6,534
Net income for the period and prior period income	40,177	38,653	4,940
Income/ Loss recognized under equity in accordance with TAS	-	-	(363)
Leasehold Improvements on Operational Leases (-)	372	168	-
Goodwill and intangible asset and the related deferred tax liability (-)	2,164	910	576
<b>Total Common Equity Tier 1 Capital</b>	<b>113,511</b>	<b>110,593</b>	<b>17,395</b>
General Provision	2,928	-	-
<b>Total Equity</b>	<b>116,439</b>	<b>110,593</b>	<b>17,395</b>

- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2017: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2017: None).

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

**9. Information on subsidiaries (Net): (continued)**

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

		Address (City/ Country)	The Bank's share percentage- If different voting percentage (%)	Other shareholders' share percentage (%)
1	TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	1,715,151	116,047	695	170,217	-	29,139	10,137	-
2	418,487	111,671	1,547	33,845	-	26,489	12,564	-
3	20,530	17,971	241	2,152	117	2,767	2,219	-

(\*) These figures are shown per BRSA financial statements as of 30 September 2017.

d.2) Information on consolidated subsidiaries:

	Current Period
Balance at the beginning of the period	115,986
Movements during the period	-
Purchases	-
Bonus shares obtained	-
Share in current year income	-
Sales	-
Revaluation increase	-
Provision for impairment	-
<b>Balance at the end of the period</b>	<b>115,986</b>
Capital commitments	-
Share percentage at the end of the period (%)	-
	Prior Period
Balance at the beginning of the period	115,986
Movements during the period	-
Purchases	-
Bonus shares obtained	-
Share in current year income	-
Sales	-
Revaluation increase	-
Provision for impairment	-
<b>Balance at the end of the period</b>	<b>115,986</b>
Capital commitments	-
Share percentage at the end of the period (%)	-

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

**9. Information on subsidiaries (Net): (continued)**

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,511
TEB Portföy Yönetimi A.Ş.	2,058
<b>Total</b>	<b>115,986</b>
	Prior Period
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,511
TEB Portföy Yönetimi A.Ş.	2,058
<b>Total</b>	<b>115,986</b>

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2017: None).

**10. Explanations on entities under common control (joint ventures):**

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	40,423	33,547	7,841	113,616	(99,185)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated the Bank's financial statements:

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

**11. Information on financial lease receivables (Net): None (31 December 2017: None).**



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

**12. Positive differences related to derivative financial assets for hedging purposes:**

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	1,233,355	3,151
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>1,233,355</b>	<b>3,151</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

As of 30 September 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges terminated by the Bank, accumulated valuation differences as of 30 September 2018 amounted TL6 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

	Prior Period	
	TL	FC
Fair Value Hedge	4,454	-
Cash Flow Hedge	81,486	1,335
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>85,940</b>	<b>1,335</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

As of 31 December 2017, valuation difference in the related fair value hedge accounting balance is TL99.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted as of 31 December 2017 TL18 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**13. Information on investment properties:** None (31 December 2017: None).

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

**14. Information on assets held for sale and discontinued operations:**

	<b>Current Period</b>
Beginning of Period Cost	90,677
Beginning of Period Accumulated Depreciation (-)	-
<b>Net Book Value</b>	<b>90,677</b>
Opening Balance	90,677
Acquired	87,867
Disposed(-)	59,091
Impairment (-)	307
Depreciation Value (-)	-
Period End Cost	119,146
Period End Accumulated Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>119,146</b>
	<b>Prior Period</b>
Beginning of Period Cost	93,224
Beginning of Period Accumulated Depreciation (-)	1,970
<b>Net Book Value</b>	<b>91,254</b>
Opening Balance	91,254
Acquired	92,643
Disposed(-)	90,366
Impairment (-)	2,854
Depreciation Value (-)	-
Period End Cost	90,677
Period End Accumulated Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>90,677</b>

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**II. Explanations and Disclosures Related to the Liabilities**

**1. a) Information on maturity structure of deposits:**

**a.1) Current period:**

	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Month- 1 Year</b>	<b>1 Year and Over</b>	<b>Accumulated Deposits</b>	<b>Total</b>
Saving Deposits	1,917,842	-	6,309,227	15,938,721	620,308	112,169	40,427	-	24,938,694
Foreign Currency Deposits	6,211,826	-	6,630,033	17,469,217	262,135	141,274	162,932	-	30,877,417
Residents in Turkey	5,756,631	-	6,241,829	16,702,016	242,941	102,990	154,446	-	29,200,853
Residents Abroad	455,195	-	388,204	767,201	19,194	38,284	8,486	-	1,676,564
Public Sector Deposits	177,813	-	87,494	122,983	36,798	-	-	-	425,088
Commercial Deposits	2,642,073	-	1,560,392	3,839,033	669,578	215,446	287,545	-	9,214,067
Other Institutions Deposits	117,470	-	549,056	912,485	1,315,086	1,345,458	107,635	-	4,347,190
Precious Metals Deposits	437,547	-	35,772	380,148	18,126	95,917	-	-	967,510
Bank Deposits	119,515	-	178,804	-	-	-	-	-	298,319
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	39	-	-	-	-	-	-	-	39
Foreign Banks	15,332	-	178,804	-	-	-	-	-	194,136
Special Financial Institutions	104,144	-	-	-	-	-	-	-	104,144
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,624,086</b>	<b>-</b>	<b>15,350,778</b>	<b>38,662,587</b>	<b>2,922,031</b>	<b>1,910,264</b>	<b>598,539</b>	<b>-</b>	<b>71,068,285</b>

**a.2) Prior period:**

	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Month- 1 Year</b>	<b>1 Year and Over</b>	<b>Accumulate d Deposits</b>	<b>Total</b>
Saving Deposits	1,579,123	-	3,775,899	12,996,864	646,500	49,920	29,352	-	19,077,658
Foreign Currency Deposits	4,298,539	-	4,003,364	12,945,150	168,275	84,585	41,763	-	21,541,676
Residents in Turkey	3,876,678	-	3,818,280	12,246,138	151,534	58,737	38,835	-	20,190,202
Residents Abroad	421,861	-	185,084	699,012	16,741	25,848	2,928	-	1,351,474
Public Sector Deposits	112,270	-	3,924	128,946	1,242	49	-	-	246,431
Commercial Deposits	3,162,029	-	1,579,379	5,086,824	507,806	240,276	22,194	-	10,598,508
Other Institutions Deposits	93,802	-	44,572	471,719	1,107,120	1,312,767	110,594	-	3,140,574
Precious Metals Deposits	238,094	-	27,741	317,908	40,024	68,732	-	-	692,499
Bank Deposits	20,549	-	258,821	-	-	-	-	-	279,370
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	20,528	-	258,821	-	-	-	-	-	279,349
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,504,406</b>	<b>-</b>	<b>9,693,700</b>	<b>31,947,411</b>	<b>2,470,967</b>	<b>1,756,329</b>	<b>203,903</b>	<b>-</b>	<b>55,576,716</b>

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

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

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

<b>Saving Deposits</b>	<b>Under the Guarantee of Insurance (*)</b>	<b>Exceeding the Limit of Insurance (*)</b>
	<b>Current Period</b>	<b>Current Period</b>
Saving Deposits	11,832,558	12,534,005
Foreign Currency Saving Deposits	3,337,387	12,724,511
Other Deposits in the Form of Saving Deposits	253,891	630,509
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-
<b>Total</b>	<b>15,423,836</b>	<b>25,889,025</b>

<b>Saving Deposits</b>	<b>Under the Guarantee of Insurance (*)</b>	<b>Exceeding the Limit of Insurance (*)</b>
	<b>Prior Period</b>	<b>Prior Period</b>
Saving Deposits	9,035,849	9,611,048
Foreign Currency Saving Deposits	2,346,653	8,271,415
Other Deposits in the Form of Saving Deposits	166,787	492,284
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-
<b>Total</b>	<b>11,549,289</b>	<b>18,374,747</b>

(\*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

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

b) Information on saving deposits under the guarantee of saving deposit insurance: (continued)

b.1) Saving deposits exceeding the limit of insurance: (continued)

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

	<b>Current Period</b>
Foreign Branches’ Deposits and Other Accounts	655,768
Deposits of Controlling Shareholders and Their Close Families	1,436,058
Deposits of Chairman and Members of the Board of Directors and Their Close Families	56,620
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-
	<b>Prior Period</b>
Foreign Branches’ Deposits and Other Accounts	481,344
Deposits of Controlling Shareholders and Their Close Families	1,824,044
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-

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

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	478,111	37,039
Swap Transactions	4,413,945	58,854
Futures Transactions	-	-
Options	537,554	9,055
Other	-	-
<b>Total</b>	<b>5,429,610</b>	<b>104,948</b>
	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	126,546	8,454
Swap Transactions	693,606	63,911
Futures Transactions	-	96
Options	54,655	10,017
Other	-	792
<b>Total</b>	<b>874,807</b>	<b>83,270</b>

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

**3. Information on funds borrowed and debt securities issued:**

a) Information on banks and other financial institutions:

	Current Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	202,104	477,186
From Foreign Banks, Institutions and Funds	-	13,108,220
<b>Total</b>	<b>202,104</b>	<b>13,585,406</b>

As of 30 September 2018, the Bank has borrowings from its related parties amounting to TL5,116,556.

	Prior Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	176,925	506,810
From Foreign Banks, Institutions and Funds	-	12,083,277
<b>Total</b>	<b>176,925</b>	<b>12,590,087</b>

As of 31 December 2017, the Bank has borrowings from its related parties amounting to TL5,074,868.

b) Maturity analysis of borrowings:

	Current Period	
	TL	FC
Short-term	202,104	11,587,012
Medium and long-term	-	1,998,394
<b>Total</b>	<b>202,104</b>	<b>13,585,406</b>

	Prior Period	
	TL	FC
Short-term	176,925	8,755,730
Medium and long-term	-	3,834,357
<b>Total</b>	<b>176,925</b>	<b>12,590,087</b>

c) Information on debt securities issued:

	Current Period	
	TL	FC
Bank Bonds	1,898,790	-
Treasury Bills	-	-
<b>Total</b>	<b>1,898,790</b>	<b>-</b>

	Prior Period	
	TL	FC
Bank Bonds	1,289,688	-
Treasury Bills	-	-
<b>Total</b>	<b>1,289,688</b>	<b>-</b>

**4. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total**

Other external funding payables amounting to TL688,206 (31 December 2017: TL599,037) do not exceed 10% of the total balance sheet.

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

**5. Explanations on financial lease obligations (Net):**

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Law.

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None

- c) Explanation on financial lease payables: None (31 December 2017: None).

- d) Explanations regarding operational leases:

For the period ended 30 September 2018, operational lease expenses amounting to TL183,225 (30 September 2017: TL162,072) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

- e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

**6. Negative differences related to derivative financial liabilities for hedging purposes:**

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	40,736	1,432
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>40,736</b>	<b>1,432</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. As of 30 September 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges by the Bank, as of 30 September 2018 accumulated valuation differences amounted TL6 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

	Prior Period	
	TL	FC
Fair Value Hedge	9,517	-
Cash Flow Hedge	433,500	314
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>443,017</b>	<b>314</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. As of 31 December 2017, total valuation difference in the related fair value hedge accounting balance is TL99.

According to cash flow hedges by the Bank, as of 31 December 2017 accumulated valuation differences amounted TL18 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

**7. Information on provisions:**

a) Information on general provisions:

	<b>Current Period</b>
Provisions for First Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Second Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Non-Cash Loans	-
Other	-
<b>Total</b>	<b>-</b>

  

	<b>Prior Period</b>
Provisions for First Group Loans and Receivables	471,369
Additional Provision for Loans and Receivables with Extended Maturities	20,152
Provisions for Second Group Loans and Receivables	66,355
Additional Provision for Loans and Receivables with Extended Maturities	18,414
Provisions for Non-Cash Loans	30,767
Other	7,848
<b>Total</b>	<b>576,339</b>

b) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2017: TL6,239).

c) The specific provisions provided for unindemnified non-cash loans amount to TL28,201 (31 December 2017: TL48,741).

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 30 September 2018, TL 18,359 (31 December 2017: TL13,333) unused vacation provision, TL 133,835 (31 December 2017: TL118,236) employee termination benefit provision, TL115,223 (31 December 2017: TL123,071) bonus provision and TL 2,550 (31 December 2017: None) health expense provision are presented under “Reserve for Employee Benefit” in financial statements.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2017: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	<b>Current Period</b>
Provision for Legal Cases	67,051
Provision for Non-Cash Loans	182,230
Provision for Promotions of Credit Cards and Banking Services	13,445
Other	42,704
<b>Total</b>	<b>305,430</b>

  

	<b>Prior Period</b>
Provision for Legal Cases	56,674
Provision for Unindemnified Non-Cash Loans	48,741
Provision for Promotions of Credit Cards and Banking Services	12,265
Other	67,114
<b>Total</b>	<b>184,794</b>



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

**8. Explanations on taxes payable:**

a) Information on current tax liability:

	<b>Current Period</b>
Corporate Tax Payable	-
Taxation on Securities	81,224
Property Tax	2,280
Banking Insurance Transaction Tax (BITT)	68,006
Foreign Exchange Transaction Tax	55
Value Added Tax Payable	1,411
Other (*)	22,057
<b>Total</b>	<b>175,033</b>

(\*) Others include income taxes deducted from wages amounting to TL 19,742 and stamp taxes payable amounting to TL 1,324

	<b>Prior Period</b>
Corporate Tax Payable	73,989
Taxation on Securities	49,230
Property Tax	2,275
Banking Insurance Transaction Tax (BITT)	46,035
Foreign Exchange Transaction Tax	34
Value Added Tax Payable	6,356
Other (*)	18,550
<b>Total</b>	<b>196,469</b>

(\*) Others include income taxes deducted from wages amounting to TL14,977 and stamp taxes payable amounting to TL1,239.

b) Information on premiums:

	<b>Current Period</b>
Social Security Premiums-Employee	26,909
Social Security Premiums-Employer	8,382
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Pension Fund Membership Fees and Provisions-Employee	-
Pension Fund Membership Fees and Provisions-Employer	-
Unemployment Insurance-Employee	653
Unemployment Insurance-Employer	1,069
Other	-
<b>Total</b>	<b>37,013</b>

	<b>Prior Period</b>
Social Security Premiums-Employee	24,362
Social Security Premiums-Employer	7,581
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Pension Fund Membership Fees and Provisions-Employee	-
Pension Fund Membership Fees and Provisions-Employer	-
Unemployment Insurance-Employee	584
Unemployment Insurance-Employer	948
Other	-
<b>Total</b>	<b>33,475</b>

c) Explanations on deferred tax liabilities, if any: Bank has TL66,113 deferred tax liabilities as of 30 September 2018 (31 December 2017: None)

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

**9. Information on Shareholders’ Equity:**

a) Presentation of Paid-in Capital:

	<b>Current Period</b>
Common Stock	2,204,390
Preferred Stock	-
	<b>Prior Period</b>
Common Stock	2,204,390
Preferred Stock	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so amount of registered share capital ceiling:

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Capital System	2,204,390	-

- c) Information on share capital increases, their sources and other information on increased capital shares in current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) 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: None.
- f) Indicators of the Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank’s equity due to the uncertainty of these indicators:

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and these test prevents the risks of effect. The profitability of the Bank is followed up and estimated by the Bank’s Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

- i. Information on preferred shares: None.
- ii. Information on marketable securities valuation differences:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(217,564)	(19,358)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(217,564)</b>	<b>(19,358)</b>
	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(41,282)	9,733
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(41,282)</b>	<b>9,733</b>

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Items**

**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	<b>Current Period</b>
Asset Purchase and Sale Commitments	7,868,142
Commitments for Credit Card Expenditure Limits	6,050,297
Loan Granting Commitments	4,810,319
Payment Commitments for Cheques	1,801,050
Time Deposit Purchase and Sale Commitments	177,926
Tax and Fund Liabilities from Export Commitments	48,033
Commitments for Promotions Related with Credit Cards and Banking Activities	4,649
Other Irrevocable Commitments	258,649
<b>Total</b>	<b>21,019,065</b>

	<b>Prior Period</b>
Asset Purchase and Sale Commitments	7,314,209
Commitments for Credit Card Expenditure Limits	5,411,646
Loan Granting Commitments	4,631,069
Payment Commitments for Cheques	2,387,642
Tax and Fund Liabilities from Export Commitments	31,047
Commitments for Promotions Related with Credit Cards and Banking Activities	3,723
Other Irrevocable Commitments	198,938
<b>Total</b>	<b>19,978,274</b>

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

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

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

	<b>Current Period</b>
Letters of Credit	3,513,238
Bank Acceptances	44,781
Other Commitments	5,658,912
Other Contingencies	1,044,633
<b>Total</b>	<b>10,261,564</b>

	<b>Prior Period</b>
Letters of Credit	2,396,568
Bank Acceptances	42,316
Other Commitments	3,876,432
Other Contingencies	1,227,786
<b>Total</b>	<b>7,543,102</b>

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)**

**1. Information on off-balance sheet liabilities:**

b.2) Guarantees, surety ships, and similar transactions:

	<b>Current Period</b>
Guarantee Letters	10,725,502
Advance Guarantee Letters	2,024,787
Guarantee Letters Given for Customs	590,771
Temporary Guarantee Letters	574,852
Other Guarantee Letters	1,865,487
<b>Total</b>	<b>15,781,399</b>
	<b>Prior Period</b>
Guarantee Letters	9,092,727
Advance Guarantee Letters	1,224,234
Temporary Guarantee Letters	779,900
Guarantee Letters Given for Customs	478,659
Other Guarantee Letters	1,463,760
<b>Total</b>	<b>13,039,280</b>

c) Total amount of non-cash loans:

	<b>Current Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,865,488
With Maturity of One Year or Less Than One Year	197,654
With Maturity of More Than One Year	1,667,834
Other Non-Cash Loans	24,177,475
<b>Total</b>	<b>26,042,963</b>
	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,482,962
With Maturity of One Year or Less Than One Year	264,000
With Maturity of More Than One Year	1,218,962
Other Non-Cash Loans	19,099,420
<b>Total</b>	<b>20,582,382</b>

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

**1. Explanations on Interest Income**

a) Information on interest income on loans:

	Current Period	
	TL	FC
<b>Interest income on loans (*)</b>		
Short term loans	2,960,537	215,808
Medium and long term loans	3,438,463	273,430
Interest on loans under follow-up	111,526	967
Premiums received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>6,510,526</b>	<b>490,205</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 82,050

	Prior Period	
	TL	FC
<b>Interest income on loans (*)</b>		
Short term loans	1,894,657	126,358
Medium and long term loans	2,965,730	189,915
Interest on loans under follow-up	35,611	-
Premiums received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>4,895,998</b>	<b>316,273</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL86,951.

b) Information on interest income on banks:

	Current Period	
	TL	FC
The Central Bank of Turkey	-	10,264
Domestic banks	108,417	2,273
Foreign banks	10,267	29,692
Branches and head office abroad	-	-
<b>Total</b>	<b>118,684</b>	<b>42,229</b>

	Prior Period	
	TL	FC
The Central Bank of Turkey	-	6,655
Domestic banks	31,007	492
Foreign banks	3,712	3,881
Branches and head office abroad	-	-
<b>Total</b>	<b>34,719</b>	<b>11,028</b>

c) Information on interest income on marketable securities portfolio:

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	100,526	10,852
Financial Assets at Fair Value Through Other Comprehensive Income	307,608	9,368
Financial Assets Measured at Amortized Cost	274,996	-
<b>Total</b>	<b>683,130</b>	<b>20,220</b>

	Prior Period	
	TL	FC
Financial Assets Held for Trading	24,171	1,452
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	326,757	660
Held-to-Maturity Investments	34,439	-
<b>Total</b>	<b>385,367</b>	<b>2,112</b>

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

**1. Explanations on Interest Income (continued)**

d) Interest Income on Subsidiaries and Associates:

	<b>Current Period</b>
Interest received from Subsidiaries and Associates	472
	<b>Prior Period</b>
Interest received from Subsidiaries and Associates	362

**2. Explanations on Interest Expense**

a) Information on interest expense on funds borrowed (\*):

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
The Central Bank of Turkey	-	-
Domestic banks	9,304	10,603
Foreign banks	-	324,504
Branches and head office abroad	-	-
Other financial institutions	-	-
<b>Total</b>	<b>9,304</b>	<b>335,107</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL12,829

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
The Central Bank of Turkey	-	-
Domestic banks	7,614	2,611
Foreign banks	-	216,652
Branches and head office abroad	-	-
Other financial institutions	-	10,292
<b>Total</b>	<b>7,614</b>	<b>229,555</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL8,129.

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

**2. Explanations on Interest Expense (continued)**

b) Information on interest expense on associates and subsidiaries:

	Current Period
Interest expenses to associates and subsidiaries	1,971
	Prior Period
Interest expenses to associates and subsidiaries	996

c) Information on interest expenses on securities issued:

	Current Period	
	TL	FC
Interest Expense on securities issued	218,001	116
<b>Total</b>	<b>218,001</b>	<b>116</b>
	Prior Period	
	TL	FC
Interest Expense on securities issued	49,540	-
<b>Total</b>	<b>49,540</b>	<b>-</b>

d) Distribution of interest expenses on deposits based on maturity of deposits:

Current Period		Time Deposits						Accumulated Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TL									
Bank Deposits	-	20,191	-	-	-	-	-	-	20,191
Saving Deposits	9	578,789	1,612,853	82,025	11,627	2,585	-	-	2,287,888
Public Sector Deposits	-	1,701	20,207	2,420	-	-	-	-	24,328
Commercial Deposits	7	227,161	575,282	99,898	36,931	16,183	-	-	955,462
Other Deposits	-	5,348	90,584	78,230	246,220	13,578	-	-	433,960
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Total	16	833,190	2,298,926	262,573	294,778	32,346	-	-	3,721,829
FC									
Foreign Currency Deposits	5	58,886	383,186	5,508	2,339	2,929	-	-	452,853
Bank Deposits	-	10,247	-	-	-	-	-	-	10,247
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	330	5,917	459	1,649	-	-	-	8,355
Total	5	69,463	389,103	5,967	3,988	2,929	-	-	471,455
Grand Total	21	902,653	2,688,029	268,540	298,766	35,275	-	-	4,193,284

Prior Period		Time Deposits						Accumulated Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TL									
Bank Deposits	-	12,239	-	-	-	-	-	-	12,239
Saving Deposits	-	248,509	1,011,838	58,783	2,685	1,984	-	-	1,323,799
Public Sector Deposits	-	1,096	6,355	1,034	4	-	-	-	8,489
Commercial Deposits	-	106,724	372,733	44,271	15,337	7	-	-	539,072
Other Deposits	-	2,555	83,038	109,240	80,415	5,081	-	-	280,329
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Total	-	371,123	1,473,964	213,328	98,441	7,072	-	-	2,163,928
FC									
Foreign Currency Deposits	-	44,565	267,551	4,071	1,621	918	-	-	318,726
Bank Deposits	-	4,354	-	-	-	-	-	-	4,354
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	298	3,380	355	1,119	-	-	-	5,152
Total	-	49,217	270,931	4,426	2,740	918	-	-	328,232
Grand Total	-	420,340	1,744,895	217,754	101,181	7,990	-	-	2,492,160

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

**3. Information on trading gain / loss:**

	<b>Current Period</b>
<b>Gains</b>	<b>54,617,449</b>
Gains on capital market operations	112,228
Gains on derivative financial instruments (*)	22,318,888
Foreign exchange gains (**)	32,186,333
<b>Losses (-)</b>	<b>54,985,064</b>
Losses on capital market operations	265,879
Losses on derivative financial instruments (*)	18,696,919
Foreign exchange losses (**)	36,022,266

(\*) Foreign exchange net gain on hedging transactions is TL 451,292

(\*\*) Foreign exchange net gain on derivative financial transactions are TL 764,213

	<b>Prior Period</b>
<b>Gains</b>	<b>17,198,956</b>
Gains on capital market operations	42,034
Gains on derivative financial instruments (*)	5,215,179
Foreign exchange gains (**)	11,941,743
<b>Losses (-)</b>	<b>17,909,300</b>
Losses on capital market operations	41,339
Losses on derivative financial instruments (*)	6,310,784
Foreign exchange losses (**)	11,557,177

(\*) Foreign exchange net gain on hedging transactions is TL41,729.

(\*\*) Foreign exchange net gain on derivative financial transactions are TL 21,326.

**4. Information on other operating income:**

Other operating income of the Bank mainly consists of all transaction costs collected from clients and disposal of assets.

**5. Provision expenses of banks for loans and other receivables:**

a) Allowance for Expected Credit Losses:

	<b>Current Period</b>
Expected Credit Losses	808,117
12-Month Expected Credit Losses (Stage 1)	113,976
Significant Increase in Credit Risk (Stage 2)	174,189
Credit-Impaired (Stage 3)	519,952
Impairment Provisions for Financial Assets	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	1,399
<b>Total</b>	<b>809,516</b>



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

**5. Provision expenses of banks for loans and other receivables: (continued)**

b) Provision expenses of banks for loans and other receivables:

	<b>Prior Period</b>
Specific provisions for loans and other receivables	250,638
III. Group Loans and Receivables	80,819
IV. Group Loans and Receivables	102,390
V. Group Loans and Receivables	67,429
General provision expenses	47,040
Provision expenses for possible losses	-
Marketable securities impairment losses	-
Financial assets at fair value through profit and loss	-
Financial assets available for sale	-
Impairment provision expense	-
Associates	-
Subsidiaries	-
Entities under common control (Joint Vent.)	-
Held to maturity investments	-
Other	7,325
<b>Total</b>	<b>305,003</b>

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

	<b>Current Period</b>
Personnel expenses	924,974
Reserve for employee termination benefits	15,599
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	58,769
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	43,071
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	307
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	712,392
Operating lease expenses	183,225
Maintenance expenses	15,171
Advertisement expenses	66,482
Other expenses	447,514
Loss on sales of assets	1,736
Other (*)	180,475
<b>Total</b>	<b>1,937,323</b>

(\*) Included in other TL 64,219 is premiums paid to the Saving Deposit Insurance Fund, TL 73,502 is other taxes and duties paid.

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

**6. Information on other operating expenses: (continued)**

	<b>Prior Period</b>
Personnel expenses	850,006
Reserve for employee termination benefits	16,751
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	64,104
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	33,644
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	1,228
Depreciation expenses of assets to be disposed	1,263
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	630,144
Operating lease expenses	162,072
Maintenance expenses	14,909
Advertisement expenses	67,727
Other expenses	385,436
Loss on sales of assets	1,563
Other (*)	163,290
<b>Total</b>	<b>1,761,993</b>

(\*) Included in other TL51,869 is premiums paid to the Saving Deposit Insurance Fund, TL76,495 is other taxes and duties paid.

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

- As of 30 September 2018, the current tax charge is TL 4,583 (30 September 2017: TL234,441). Deferred tax expense is TL 248,947 (30 September 2017: TL15,879 deferred tax income) and there is no current and deferred tax income/expense from discontinued operations (30 September 2017: None).
- Deferred tax expense on temporary differences resulted from continued operations is TL 248,947 (30 September 2017: TL15,879 deferred tax income).
- Tax reconciliation:

	<b>Current Period</b>
<b>Profit before tax</b>	<b>1,182,940</b>
<b>Additions</b>	<b>25,681</b>
Nonallowable expenses	19,743
Other	5,938
<b>Deductions</b>	<b>(47,383)</b>
Dividend income	(16,408)
Other	(30,975)
<b>Taxable Profit/ (Loss)</b>	<b>1,161,238</b>
Corporate tax rate	22%
<b>Tax calculated</b>	<b>255,472</b>
Previous year tax adjustment effect	(1,942)
<b>Tax charge</b>	<b>253,530</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**7. Information on tax provision for continued and discontinued operations: (continued)**

c) Tax reconciliation: (continued)

	Prior Period
<b>Profit before tax</b>	<b>1,037,334</b>
<b>Additions</b>	<b>74,072</b>
Nonallowable expenses	24,873
General Loan Loss Provision	46,834
Other	2,365
<b>Deductions</b>	<b>(18,598)</b>
Dividend income	(18,598)
<b>Taxable Profit/ (Loss)</b>	<b>1,092,808</b>
Corporate tax rate	20%
<b>Tax calculated</b>	<b>218,562</b>
<b>Tax charge</b>	<b>218,562</b>

**8. The explanations on net income/loss for the period:**

- 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: None (30 September 2017: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 September 2017: None).
- Profit/ loss attributable to minority interest: None (30 September 2017: None).

**9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:**

	Current Period
<b><u>Other fees and commissions received</u></b>	
Card Fee and Commissions	681,537
Service Commissions	113,835
Insurance Commissions	103,327
Intelligence Fee and Commissions	41,374
Settlement Expense Provision, Eft, Swift, Agency Commissions	29,458
Transfer Commissions	20,998
Fund Management Fees	17,145
Commissions and Fees Earned from Correspondent Banks	3,141
Other	193,695
<b>Total</b>	<b>1,204,510</b>
<b><u>Other fees and commissions paid</u></b>	
Credit Cards Commissions and Fees	324,966
Commission and Fees Paid to Correspondent Banks	24,477
Settlement Expense Provision, Eft, Swift, Agency Commissions	14,071
Other	66,215
<b>Total</b>	<b>429,729</b>

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

**9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items: (continued)**

	<b>Prior Period</b>
<b><u>Other fees and commissions received</u></b>	
Card Fee and Commissions	486,414
Service Commissions	93,606
Insurance Commissions	90,806
Intelligence Fee and Commissions	48,325
Settlement Expense Provision, Eft, Swift, Agency Commissions	23,960
Fund Management Fees	15,124
Transfer Commissions	10,913
Commissions and Fees Earned from Correspondent Banks	2,326
Other	187,214
<b>Total</b>	<b>958,688</b>
<b><u>Other fees and commissions paid</u></b>	
Credit Cards Commissions and Fees	210,578
Settlement Expense Provision, Eft, Swift, Agency Commissions	12,451
Commissions and Fees Paid to Correspondent Banks	12,144
Other	57,420
<b>Total</b>	<b>292,593</b>

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**V. Explanations and Disclosures Related to Risk Group of the Bank**

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:**

Balance sheet items of previous periods are presented as of 31 December 2017 and income/expense items of previous periods are presented as of 30 September 2017.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	132,994	1,089	167,506	301,623	275,065	134,644
Balance at End of Period	37,669	1,086	98,623	262,599	163,016	74,647
Interest and Commission Income	472	48	8,949	592	4,448	330

Direct and indirect shareholders of the Bank balance above includes TL 86,012 and other entities included in the risk group balance above includes TL 161,749 placement in "Banks".

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	79,163	942	240,153	188,104	104,280	124,716
Balance at end of Period	132,994	1,089	167,506	301,623	275,065	134,644
Interest and Commission Income	362	52	2,997	18	1,866	379

Direct and indirect shareholders of the Bank balance above includes TL67,455 and other entities included in the risk group balance above includes TL263,586 placement in "Banks".

c) c.1) Information on related party deposits balances:

Related parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	42,863	21,472	1,524,306	1,355,438	756,839	1,095,132
Balance at End of Period	92,299	42,863	1,792,889	1,524,306	1,212,611	756,839
Interest on Deposits	1,971	996	65,640	38,626	58,079	43,504

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of Period	-	78,862	35,229,756	25,275,220	655,880	247,304
End of Period	27,614	-	36,034,106	35,229,756	2,640,623	655,880
Total Profit/loss	3,228	16,798	(277,444)	(514,429)	(51,982)	7,650
Hedging Transactions purposes						
Beginning of Period	-	-	12,113,184	3,032,500	-	-
End of Period	-	-	18,465,860	12,113,184	-	-
Total Profit/Loss	-	-	718,390	(25,866)	-	-

d) As of 30 September 2018, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 38,120 (30 September 2017: TL26,845).

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**VI. Explanations and Disclosures Related to Subsequent Events**

- i) International credit rating agency Fitch Ratings revised down 20 Turkish banks 'Long Term Foreign Currency Issuer Default Rating and 12 Banks' Viability Rating on 1 October 2018. The notes of Türk Ekonomi Bankası A.Ş. have been revised as follows:
- Long-term Foreign Currency from BB / Negative to BB-/ Negative view
  - Viability Rating from "bb-" level to "b +"
- ii) The bond with a nominal value of TL316,187 with a maturity of 126 days and the ISIN Code of TRFTEBKE1823, issued by the Bank via the book building method at the dates of 28-29 May 2018, has been expired as of 4 October 2018 and redeemed.
- iii) The bond with a nominal value of TL151,300 with a maturity of 175 days and the ISIN Code of TRFTEBKE1815, issued by the Bank via the book building method at the dates of 9-10 April 2018, has been expired as of 4 October 2018 and redeemed.
- iv) The following resolutions were taken with the minutes of the Bank's Board of Directors dated 4 October 2018 and numbered 5863-142;
- The Bank's 2 subordinated loans, EUR 75.000.000 on 4 November 2011 and EUR 100.000.000 on 20 December 2011 from BNPP Fortis SA-NV are combined into a single loan. The subordinated loan's maturity is 4 November 2023 and the early redemption date is 5 November 2018 (although the early redemption date is 4 November 2018, since it is a weekend, the redemption date is revised to 5 November 2018).
  - The issuance of the borrowing instrument which has the characteristics of "Tier 2 Capital" in accordance with Article 8 of "Regulation on Equity of Banks" issued by Banking Regulation and Supervision Agency ("BRSA"),
- a. Nominal Value of the Borrowing Instrument: USD 210.000.000 (Two hundred and ten million USD)
  - b. Nature of the Debt Instrument: The nature of the debt instrument is Tier 2 Capital in accordance with the 'Regulation on Equity of Banks issued by the BRSA.
  - c. Term: 10 years from the closing date
  - d. Sales Type: Private placement
  - e. Cost Collection: It will be fully charged in cash.
  - f. Optional Redemption Conditions: No repayment option is available within the first 5 years. The borrowing instrument will either be redeemed on "Interest Payment Day" on November 2023 or the "Interest Payment Day" on May 2024 in condition the BRSA and the Board of Directors of the Bank approves.
  - g. Restraint on Alienation : Can not be assigned to our Bank's subsidiaries and affiliates
- v) The bond with a nominal value of TL307,904 with a maturity of 98 days and the ISIN Code of TRFTEBKE1831, issued by the Bank via the book building method at the dates of 2-3 July 2018, has been expired as of 11 October 2018 and redeemed.
- vi) The Bank signed a syndicated loan agreement on 11 September 2018 amounting to EUR433.500.000 and USD33.500.000 with a maturity of 367 days from international banks. The total cost of the loan to be used for trade finance is LIBOR+%2.75 for USD and EURIBOR+ %2.65 for EUR.
- vii) The bond with a nominal value of TL356,266 with a maturity of 98 days and the ISIN Code of TRFTEBKE1849, issued by the Bank via the book building method at the dates of 9-10 July 2018, has been expired as of 18 October 2018 and redeemed.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**SECTION SIX**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

**I. Explanations on the Independent Auditor’s Review Report**

The unconsolidated financial statements of the Bank were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 30 October 2018 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by the Independent Auditors**

None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**SECTION SEVEN (\*)**

**INFORMATION ON INTERIM ACTIVITY REPORT**

**I. Interim Period Reports Included Chairman Of The Board of Directors and Ceo’s of the Bank Assessments For The Interim Activities**

**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities**

**Chairman of Board of Director’s Message**

Noting that global trade tensions posed risks to financial conditions, the IMF dialed down its global growth estimates for 2018 and 2019 from 3.9% to 3.7% in the October 2018 issue of *Global Financial Stability Report*. In the same report, the IMF lowered its growth projections for the Turkish economy from 4.2% to 3.5% in 2018 and from 4% to just 0.4% in 2019. The loss in the value of the Turkish lira, persistent market uncertainties, and high borrowing costs were influential in the decision to reduce growth rate projections. The fund’s 2018 growth projection for the US economy was left unchanged at 2.9% but its 2019 projection was lowered slightly from 2.7% to 2.5% owing to that country’s ongoing row with China over trade war. The IMF revised its eurozone growth projections downward as well.

Decisions taken by both the US Federal Reserve Bank and the European Central Bank at their most recent meetings indicate that developed countries’ monetary policies are likely to undergo tightening more quickly than is anticipated. The adoption of more competitive international trade policies in the US, China, and the EU have increased the likelihood that companies’ profitability will suffer in the near term. Such adverse expectations are also prompting investors to shy away from emerging markets.

Rising exchange rate volatilities in the first half of 2018 along with domestic and international market uncertainties, and a surge in inflationary pressures are boosting Turkey’s risk premium and causing its economy to fall behind those of other developing countries. By impacting on banks’ lending policies, this situation is also reducing the amount of credit they are willing to lend to businesses. The upshot is that the twelve-month rate of growth in the credit supply has fallen from around 16% in January to just 5% at present, even before the effects of exchange-rate movements are taken into account.

Turning now to inflation, the twelve-month rise in the consumer price index hit 24.52% in September, with the one-month rise weighing in at 6.3%. The sharp drop in the value of the Turkish lira that took place in August led to price increases in import-dependent basic goods. Such a rapid surge in inflation prompted Turkey’s central bank to tighten its monetary policy sharply: the bank had recourse to a 625 basis-point rise in the policy rate that was announced at the September meeting of the Monetary Policy Committee. The effect of this decision was to increase the average funding cost in September to 24% or so, nearly double the 12% level at which it stood at the end of 2017.

The erosion in the value of the Turkish lira taking place since the beginning of the year has led to a severe drop in imports. One outcome of this is that Turkey’s balance of payments showed a surplus for the first time in three years in August, thereby bringing the twelve-month current account deficit down to USD 51.1 billion. There are signals that this contraction will continue in the months ahead as well. The current account deficit contraction also suggests that the Turkish economy will grow modestly overall in 2018 having registered above-potential growth rates in 2017 and in the first quarter of 2018. In the “New Economic Program” published by the Treasury covering 2019-2021, growth rates of 3.8% and 2.3% are projected for 2018 and 2019 respectively.



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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities  
(continued)**

**Chairman of Board of Director’s Message (continued)**

The program also posits an end-2018 current account deficit of USD 36 billion and a 20.8% rate of inflation. The goals of the same program include such things as maintaining fiscal discipline, the central bank’s taking additional measures to combat inflation, and restoring balance to the national economy.

TEB for its part will continue to advance on the strong foundations which it possesses and which it improves year after year. Just as it has done in the course of its first 90 years, our bank will go on fulfilling its responsibilities to work, to produce, and to share the fruits of its efforts.

Yours respectfully,  
Yavuz Canevi

(\*) Amounts in section seven expressed in full Turkish Lira (“TL”) amount unless otherwise stated.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities (continued)**

**CEO’s Message**

As of 30 September 2018, TEB’s total assets had increased by 31% since the beginning of the year and reached TL 112.4 billion in value while net profit stood at TL 929.4 million. Loans, the most important indicators of the support that TEB provides to the economy and its customers corresponded to 61% of total assets during the same period. Nearly half of the bank’s TL 68.8 billion worth of lendings went to SMEs, the engines of Turkey’s national economy.

Giving importance to risk management and asset quality as it always does, TEB’s NPL ratio in the first nine months was on the order of 3.22%. During the same period, total deposits grew by 28% and reached TL 71.1 billion in value. Continuing to maintain solid growth with a strong capital structure, TEB’s shareholders’ equity reached TL 10 billion while the bank’s 16.58% capital adequacy ratio was well above the targeted 12% figure.

“TEB Practical Branch”, TEB’s innovative approach of combining the best aspects of “virtual” and “bricks-and-mortar” banking, are continuing to proliferate throughout Turkey. Every TEB Practical Branch is equipped with “Jet” and “Turbo” units that were developed by TEB’s R&D engineers working together with the bank’s own IT and operations departments. As of end-September the number of these branches reached twenty-five, of which eight are in İstanbul, eight are in Bursa, five are in Denizli, and four are in İzmir. TEB Practical Branches make it possible to perform not only banking transactions that involve the handing over of physical objects such as withdrawing and depositing cash and taking delivery of credit cards but also those that require an original signature such as applying for and accepting cash loans. The bank plans to further increase the number of these branches in the last quarter of 2018.

Continuing to come up with innovative ways that are mindful of its customers’ needs and help them take care of their banking business faster and more conveniently, TEB Private Banking launched its Mobile Confirmation project in the third quarter of 2018. As a result of this change, an original signature is no longer required of TEB Private Banking customers when they give the bank instructions or perform derivative transactions and they may confirm such operations both online and using their mobile phones. With the introduction of Mobile Confirmation, TEB Private Banking customers can also confirm these operations using the bank’s CEPTETEB mobile app. Besides minimizing transaction risks, this change also reduces operational workloads for both the bank and its customers.

With a customer base reaching 600 thousand as of the third quarter of 2018, TEB’s digital banking app CEPTETEB provides TEB customers with convenient access to Turkey’s fastest-growing digital banking platform. The number of TEB customers making active use of the bank’s online and mobile delivery channels has passed 1.2 million and there are now a million TEB mobile banking users.

Besides providing its users with transaction ease, superior security standards, and rich content, CEPTETEB also gives them access to the world of mobile banking and other conveniences. For example a recent update to the CEPTETEB app allows its users to take advantage of fast-track access at Sabiha Gökçen International Airport in İstanbul.

In its ongoing efforts to nurture Turkey’s entrepreneurial ecosystem and the people and businesses that make it up for nearly six years, TEB Startup Business Banking has initiated and carried out many a project aimed at addressing the particular needs of entrepreneurs. Besides providing people with technology-intensive ideas that have the potential to become world-class brands with advice on formulating business models, competing effectively, and going global, TEB also supports and helps them in dealing with such issues as finding potential investors and customers and breaking into world markets.

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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities (continued)**

**CEO’s Message (continued)**

TEB Startup Business Banking’s aim is to help create successful world-class companies by showing entrepreneurs with export-focused technology projects how to enter international markets by accelerating their investment and development stages. In line with this, TEB is one of the original partners in Growth Circuit, Turkey’s most global accelerator program. With the support of TEB Startup Business Banking, eight startups benefitted from mentoring at UC Berkeley and Draper universities in San Francisco. Entrepreneurs taking part in the program were also given the opportunity to make presentations and to pitch their ideas and projects to more than fifty investors at Draper University Demo Day in July of this year.

In collaboration with the US Embassy in Ankara, TEB Startup Business Banking also had the “TEB Let’s Up” entrepreneurship program added to the curriculums of seven universities in Turkey. On 4-11 August 2018, sixteen of the students who successfully completed this program were given the opportunity to meet with managers of such global technology giants as Google and Facebook in San Francisco as well as with investment specialists and the owners and managers of Turkish entrepreneurs who had already proven themselves in Silicon Valley and to take part in a variety of workshop activities.

Having taken a “SME Consultant Bank” approach in dealing with small- and medium-sized enterprises since 2005, this year TEB SME Banking was the recipient of two international awards for its exceptional performance in the provision of non-financial services.

TEB SME Banking’s “Consultants Marathon” project received an award in the “Corporate Citizenship” category at the International CSR Excellence Awards, which are handed out to corporate social responsibility projects from all over the world in many different sectors. Under the TEB SME Consultants Marathon Program, TEB-employed SME, Microbusiness, and Agricultural banking customer representatives who have completed SME Consultancy training at the bank analyze the circumstances of firms and give them advice on ways in which to pursue growth in their particular business lines.

At the year’s “Global Business Excellence Awards” gathering, TEB SME Banking received an award in the “Outstanding Event” category for its “Industry 4.0 Get-Togethers” program. TEB conducts these get-togethers especially for SMEs that are based in manufacturing-intensive localities in order to help them compete more effectively at the global level and to adapt themselves more efficiently to the “Industry 4.0” process. To date, more than two thousand SMEs have benefitted from these events, during which they are provided with information about the requirements, standards, and world-class examples of next-generation manufacturing industries as well as about the details of the Industry 4.0 process and what changing over to it entails.

TEB is the recipient of awards in two different categories given to it by Euromoney, one of the international finance world’s most influential and prestigious publications. Based on the responses that TEB customers gave in the 2018 Global Cash Management Survey conducted by the magazine, TEB outstripped all of its rivals and placed first in the “Cash Management Bank With The Best Service in Turkey” category and second in the “Market Leader” category.

Yours respectfully,  
Ümit Leblebici

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**B. Shareholding Structure**

As of 30 September 2018;

Name of Shareholders	TL2,204,390,000.00 Paid in Capital	
	Share	Ratio
TEB Holding A.Ş.	1,212,414,500.002	55.0000%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.5141%
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.2249%
BNP Paribas SA	5,253,352.000	0.2383%
Kocaeli Chamber of Commerce	500,500.643	0.0227%
<b>Total</b>	<b>2,204,390,000.00</b>	<b>100.00%</b>

**C. Management And Corporate Governance Practices**

**The Chairman and the Members of Board of Directors**

Name	Title
Yavuz Canevi	Chairman of the Board of Directors
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors
Jean Paul Sabet	Deputy Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Deputy Chairman of the Audit Committee
François Andre Jesualdo Benaroya	Member of the Board of Directors
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee
Sabri Davaz	Member of the Board of Directors and Audit Committee
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Xavier Henri Jean Guilmineau	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee
Ümit Leblebici	Executive Member and General Manager

**Information on Participation of Board Members and Committee Members into Respective Meetings**

As of 30 September 2018 the Board of Directors have accepted 140 resolutions and Audit Committee 38 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**C. Management And Corporate Governance Practices (continued)**

**Executive Management**

General Manager, Assistant General Managers and Their Responsibilities in the Bank

<b>Name</b>	<b>Title</b>
Ümit Leblebici	Executive Member and General Manager
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking Group
Turgut Boz	Senior Assistant General Manager and Deputy General Manager, SME, Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Control (Affairs) Group
Dr.Nilsen Altıntaş	Assistant General Manager, Human Resources Group
Gökhan Özdil	Assistant General Manager, Corporate Credits Group
Osman Durmuş	Assistant General Manager, Retail and Micro SME Credits Group
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Kubilay Güler	Assistant General Manager, Banking Operations and Support Services
Akil Özçay	Assistant General Manager, Fixed Income
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate Investment Banking
Dr.Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager, Corporate Banking
Nimet Elif Akpınar	Chief Risk Officer
Hakan Tıraşın	Internal Audit Group
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

**D. Significant Events and Transactions in the Current Period**

**Amendments to Main Contract in 1 January – 30 September 2018:**

There have been no changes to the main contract during the period of 1 January – 30 September 2018.

**Significant Events and Transactions in the Current Period:**

TL 381,407 of the Bank's non-performing loan portfolio for which TL 368,644 of provision held were sold for TL 18,911 in 2018. After completing all necessary procedures, sales fee has been collected and the related non-performing loans excluded from the records.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**D. Significant Events and Transactions in the Current Period (continued)**

**Summary of Financial Results:**

	<b>30 September 2018</b>
	<b>Unconsolidated Financial</b>
	<b>Statements</b>
(mln TL)	
Total Assets	112,416
Measured at Amortized Cost	69,048
Non-performing Loans	2,298
12 Month Expected Credit Losses (Stage I)	(368)
Significant Increase in Credit Risk (Stage II)	(776)
Credit-Impaired Losses (Stage III)	(1,426)
Loans, Net	68,776
Deposits	71,068
Shareholder’s Equity	10,049
Net Income	929

	<b>31 December 2017</b>
	<b>Unconsolidated Financial</b>
	<b>Statements</b>
(mln TL)	
Total Assets	85,758
Loans	62,587
Loans Under Follow-up	1,947
Specific Provisions	(1,243)
Loans, Net	63,291
Deposits	55,577
Shareholder’s Equity	9,020
Net Income (Prior Period 30 September 2017)	819

**Summary on Financial Ratios**

	<b>30 September 2018</b>
	<b>Unconsolidated Financial</b>
	<b>Statements</b>
Loans / Total Assets	61.18%
Deposits / Total Assets	63.22%
Return on Equity	13.60%
NPL Ratio	3.22%
Capital Adequacy Ratio	16.58%
Coverage Ratio	62.04%
	<b>31 December 2017</b>
	<b>Unconsolidated Financial</b>
	<b>Statements</b>
Loans / Total Assets	73.80%
Deposits / Total Assets	64.81%
Return on Equity (Prior Period 30 September 2017)	13.98%
NPL Ratio	3.02%
Capital Adequacy Ratio	16.12%
Coverage Ratio	63.84%

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**E. Credit Ratings Assigned By Rating Agencies and Information on Their Contents (\*)**

TEB maintained its position as one of the most highly rated banks in Turkey. As of the third quarter of 2018, TEB’s ratings were as follows:

**Moody’s Investor Services:**

Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	ba3
Long Term FC Bank Deposits	B1
Short Term FC Bank Deposits	NP
Long Term LC Bank Deposits	Ba3
Short Term LC Bank Deposits	NP
Outlook	Negative

**Fitch Ratings:**

*Foreign Currency*

<b>Long-term</b>	<b>BB</b>
Short-term	B
Outlook	Negative

*Turkish Lira*

<b>Long-term</b>	<b>BB+</b>
Short-term	B
Outlook	Negative
National	AAA (tur)
Outlook	Stable
Individual Rating	bb-
Support Points	

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

**F. Donations**

The Bank has donated TL 595,488 with 160 items to the several agencies and institutions during the period of 1 January 2018 - 30 September 2018.