



**TEB**

**2016 Annual Report**



## CONTENTS

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 27 MARCH 2017	2
STATEMENT OF RESPONSIBILITY PREPARED AS PER CMB'S FINANCIAL REPORTING COMMUNIQUE SERIES NO: II-14.1., ARTICLE 9	3
SHAREHOLDING STRUCTURE OF TEB	5
TEB: PAST AND PRESENT	6
CHAIRMAN'S MESSAGE	30
TÜRK EKONOMİ BANK'S PERFORMANCE IN 2016	39
IN GENERAL	39
TEB'S POSITION IN THE SECTOR	39
CORPORATE BANKING	42
CASH MANAGEMENT	44
THE SME BANKING GROUP	47
MICROBUSINESS BANKING	50
GOLD BANKING	50
PUBLIC SECTOR BANKING	51
AGRICULTURAL BANKING	51
STARTUP BUSINESS BANKING	52
WOMEN BANKING	53
THE RETAIL AND PRIVATE BANKING GROUP	58
BUSINESS DEVELOPMENT, CUSTOMER EXPERIENCE AND BANCASSURANCE	58
RETAIL BANKING MARKETING	59
SALES MANAGEMENT	61
PRIVATE BANKING SALES AND MARKETING	63
CARD PRODUCTS MANAGEMENT	65
DIGITAL BANKING	66
ASSET AND LIABILITY MANAGEMENT AND TREASURY GROUP	68
CORPORATE INVESTMENT BANKING GROUP	68
SECURITIES SERVICES	69
NEW PRODUCTS AND SERVICES	71
TEB FINANCIAL SERVICES GROUP	73
SECTION 2 - INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES	77
HEAD OFFICE ORGANIZATION CHART	77
BOARD OF DIRECTORS	78
EXECUTIVE MANAGEMENT	85
COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş	93
INFORMATION ON TRANSACTIONS CONDUCTED WITH RELATED PARTIES	101
ACTIVITIES FOR WHICH SUPPORT SERVICES ARE RECEIVED AND SUPPLIERS	102
PERFORMANCE BONUSES AND SALES PREMIUMS	107
FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES	107
REMARKS ON INDEPENDENT AND PUBLIC AUDITS	108
INFORMATION ABOUT LAWSUITS FILED AGAINST THE BANK THAT MAY POTENTIALLY AFFECT THE COMPANY'S FINANCIAL POSITION AND OPERATIONS AND ABOUT THEIR POSSIBLE OUTCOMES	108
ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND THE BOARD OF DIRECTORS MEMBERS ON ACCOUNT OF BREACH OF LEGISLATION	109
CHANGES IN EQUITY STAKE HELD IN SUBSIDIARIES	109
INFORMATION ABOUT DEALINGS WITH THE CONTROLLING COMPANY	109
TEB HUMAN RESOURCES GROUP	110
SUMMARY OF BOARD DIRECTORS' REPORT PRESENTED TO THE GENERAL ASSEMBLY	120
PROFIT DISTRIBUTION PROPOSAL	121
SECTION 3 - ASSESSMENT OF FINANCIAL POSITION AND RISK MANAGEMENT	122
THE AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ACTIVITIES DURING THE REPORTING PERIOD	122
EVALUATION OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY	124
RISK MANAGEMENT POLICIES ACCORDING TO VARIOUS TYPES OF RISKS	125
CREDIT RATINGS ASSIGNED BY RATING AGENCIES AND INFORMATION ON THEIR CONTENTS	129
DONATIONS	130
FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD BRANCHES	138
ANNUAL REPORT COMPLIANCE OPINION	171
INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2016	174
SECTION 4 CONSOLIDATED FINANCIAL INFORMATION	291
INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2016	291

**AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 27 MARCH 2017**

- 1- Opening and formation of the Presidential Board,
- 2- Granting authorization to the Presidential Board for signing the meeting minutes,
- 3- Reading, discussion and approval of the Board of Directors' Activity Report for the year 2016,
- 4- Reading, discussion and approval of the 2016 financial statements,
- 5- Release of the Board Members from their transactions in 2016,
- 6- Discussion and approval of the Board of Director's proposal on the dividend distribution or passing resolution on approval of the amended version or disapproval of the same,
- 7- Reading of the annual audit report prepared by the Independent Audit Firm, and passing resolution on the appointment of the Independent Audit Firm and the Group auditor proposed by the Board of Directors for the independent audit of our Bank for the year 2017,
- 8- Determination of number and term of office of the Board Members and election of the same,
- 9- Determination of benefit such as fees and remunerations to be paid to the Board of Directors,
- 10- To Authorise the Board of Directors for a period of fifteen months in order to issue capital market instruments having the nature of a debt instrument,
- 11- Passing resolution on granting authorization to the members of the Board of Directors to carry out the commercial transactions set forth in Articles 334 - 335 of the Turkish Commercial Code.

TÜRK EKONOMİ BANKASI A.Ş.

Yavuz CANEVİ  
Chairman of the Board of Directors

Dr. Akın AKBAYGİL  
Deputy Chairman of the Board of Directors

**STATEMENT OF RESPONSIBILITY AS PER THE CAPITAL MARKETS BOARD'S COMMUNIQUE ON  
PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1., BULLET 9)**

We hereby would like to state that the annual report of Türk Ekonomi Bank A.Ş. prepared for the period 01.01.2016 - 31.12.2016 in accordance with the Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1) of Capital Markets Board is examined by us; and

- within the frame of information held by us in our fields of duty and responsibility in the Bank, the annual report does not contain any untrue statement on material events or any deficiency which may make it misleading as of the date of statement; and
- within the frame of information held by us in our fields of duty and responsibility in the Bank, the annual report fairly reflects the progress and performance of business and the financial situation of the Bank, together with material risks and uncertainties exposed by the Bank.



**Yavuz CANEVi**  
Chairman of the Board of Directors



**Ümit LEBLEBİCi**  
General Manager



**M. Aşkın DOLAŞTIR**  
Assistant General Manager  
Responsible of Financial  
Reporting

GENERAL INFORMATION

<b>Reporting Period:</b>	01.01.2016-31.12.2016
<b>Title of the Bank:</b>	Türk Ekonomi Bankası A.Ş.
<b>Headquarters:</b>	TEB Kampüs C ve D Blok Saray Mah. Sokullu Cad. No: 7A-7B Ümraniye 34768 İstanbul, Turkey
<b>Telephone:</b>	+90 216 635 35 35
<b>Fax:</b>	+90 216 636 36 36
<b>Web site:</b>	<a href="http://www.teb.com.tr">www.teb.com.tr</a>
<b>E-mail:</b>	<a href="mailto:yatirimciiliskileri@teb.com.tr">yatirimciiliskileri@teb.com.tr</a>
<b>Trade Registration Number:</b>	189356
<b>Central Registry Number (Mersis):</b>	876004342000105

## SHAREHOLDING STRUCTURE OF TEB

## THE DISTRIBUTION OF THE BANK'S TL 2,204,390,000 PAID-IN CAPITAL AS OF 31 DECEMBER 2016

Shareholder's Name/Title	Within TL 2,204,390,000.00 Capital;	
	Amount	Share
TEB HOLDİNG A.Ş.	1,212,414,500.002	55.00%
BNPP YATIRIMLAR HOLDİNG A.Ş.	518,342,498.520	23.51%
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467,879,148.835	21.23%
BNP PARIBAS SA	5,253,352.000	0.24%
KOCAELİ TİCARET ODASI (KOCAELİ CHAMBER OF COMMERCE)	500,500.643	0.02%
<b>TOTAL</b>	<b>2,204,390,000.000</b>	<b>100.00%</b>

There have been no changes in the ownership or capital structure in 2016.

## Information on the Bank's Qualified Shareholders

Shareholder's Name/Title	Within TL 2,204,390,000.00 Capital;	
	Amount	Share
TEB HOLDİNG A.Ş.	1,212,414,500.002	55.00%
BNPP YATIRIMLAR HOLDİNG A.Ş.	518,342,498.520	23.51%
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467,879,148.835	21.23%

TEB Holding A.Ş. is a member of the Çolakoğlu Group and BNP Paribas Group of Companies. A total of 50% of the shares in TEB Holding A.Ş. are controlled by BNP Paribas Fortis Yatırımlar Holding A.Ş., while the other 50% of the shares are controlled by the Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA, which holds 100% of the shares in BNP Paribas Fortis Yatırımlar Holding A.Ş. On the other hand, BNP Paribas S.A. controls BNPP Yatırımlar Holding A.Ş. by 100% of the shares.

## Explanations Regarding the Shares Owned by the Bank's Chairman and Board Members, General Manager and Assistant General Managers

There are no Bank shares owned by the Bank's Chairman and Board Members, General Manager or Assistant General Managers.

## TEB: PAST AND PRESENT

Starting out as Kocaeli Halk Bankası TAŞ in 1927, a small local bank based in İzmit, TEB was acquired by the Çolakoğlu Group in 1982. The same year its name was changed to “Türk Ekonomi Bankası A.Ş.” and its headquarters were relocated to İstanbul.

Having focused its attentions on the foreign trade finance and investment banking business lines in the 1980s, TEB undertook an initial public offering in February 2000 after which its shares began trading on the İstanbul Stock Exchange’s national market and was simultaneously quoted on the London Stock Exchange’s depository receipt market.

On 10 February 2005, TEB entered into a partnership agreement with BNP Paribas, a leading Europe-based international financial services group whose members had operations in 74 countries as of end-2015. By joining forces with the BNP Paribas Group, one of the most respected names in international markets, TEB further expanded the scope of its global vision.

In 2009 the BNP Paribas Group acquired majority stakes in Fortis Bank Belgium and Fortis Bank Luxembourg, as a result of which purchases the group also became the biggest shareholder in Fortis Bank’s Turkish subsidiary. Subsequently the BNP Paribas Group, which now indirectly controlled a majority stake in TEB and the Çolakoğlu Group reached an agreement under which it was decided to merge Fortis Bank Turkey into TEB. This merger formally took place on 14 February 2011.

As a result of this merger, TEB Holding now controls a majority (55%) stake in TEB while the Çolakoğlu Group and BNP Paribas each control an equal (50%) stake in TEB Holding.

At a time when TEB’s publicly-traded shares were listed on Borsa İstanbul National Market, on 14 November 2014, BNP Paribas Fortis Yatırımlar Holding A.Ş., acting on behalf of shareholders

controlling a sufficient majority in TEB, applied to exercise their squeeze-out rights as provided for under current capital market regulations. With the completion of the delisting process on 25 June 2015, the shares in TEB A.Ş. were delisted from the stock exchange and TEB A.Ş. was excluded from the scope of Capital Market Law as a share issuer. Following an application from TEB, which is listed on the London Stock Exchange, depository receipts were also closed to processing and delisted as of 31 March 2015. Furthermore, the depository receipt program was terminated on 6 June 2015.

Benefitting from the worldwide organization and expertise of the BNP Paribas Group, TEB provides its customers with a complete array of corporate, small-business, treasury, capital market, retail and private banking financial products and services as well as an extensive line-up of investment, leasing, factoring, insurance and portfolio management products and services through its subsidiaries and group companies.

As of year-end 2016 TEB was at the service of; 5.1 million customers with,

- 9,640 employees,
- 515 branches,
- 1,708 ATMs,
- on online branch at [www.teb.com.tr](http://www.teb.com.tr),
- a call center on 0850 200 0 666.

Supported by BNP Paribas’s strength and its presence in 74 countries, TEB gives its customers access to BNP Paribas’s global vision and operational capabilities. A synergetic collaboration with BNP Paribas also makes it possible for the Bank to keep a close and constant watch on developments taking place in global markets as they unfold.

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Our Bank’s shares had been squeezed out from the exchange list by Borsa İstanbul A.Ş. and removed from the scope of the Capital Markets Law by the Capital Markets Board. The following changes have been made:

<b>TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ</b>	
<b>THE AMENDMENT DRAFT SHOWING THE CURRENT AND NEW VERSIONS OF THE AMENDED ARTICLES</b>	
<b>CURRENT VERSION</b>	<b>NEW VERSION</b>
<p><b>Objectives and Fields of Business</b> <b>Article 2-</b> The Company was established in order to engage in the field of banking business in accordance with current legislation as well as in other fields of business permitted to banks.</p> <p>For the purpose of realizing this objective, the Bank may engage in the following activities:</p> <p>a) It may perform all kinds of banking activities and transactions,</p> <p>b) According to the provisions of the Banking Code and the Turkish Commercial Code and other applicable legislation, provided to have the required authorizations, it may open banks, branches, offices and representative offices both in Turkey and abroad and maintain relations with correspondents, it may establish companies with real persons and/or legal entities and enter into joint ventures in Turkey and abroad; and may participate in existing or future commercial and/or industrial establishments, banks and financial institutions and also transfer and assign such participations without prejudice to provisions of Capital Market Legislations,</p> <p>c) It may undertake and perform all kinds of industrial, commercial and insurance transactions, to the extent not prohibited by the Banking Code or by other relevant laws, not only on its own account, but also jointly or as representative for domestic or foreign establishments in the name and on the account of such establishments; and may assume agencies; may enter into any and all kinds of commitments towards governmental or non-governmental institutions,</p>	<p><b>Objectives and Fields of Business</b> <b>Article 2-</b> The Company was established in order to engage in the field of banking business in accordance with current legislation as well as in other fields of business permitted to banks.</p> <p>For the purpose of realizing this objective, the Bank may engage in the following activities:</p> <p>a) It may perform all kinds of banking activities and transactions,</p> <p>b) According to the provisions of the Banking Code and the Turkish Commercial Code and other applicable legislation, provided to have the required authorizations, it may open banks, branches, offices and representative offices both in Turkey and abroad and maintain relations with correspondents, it may establish companies with real persons and/or legal entities and enter into joint ventures in Turkey and abroad; and may participate in existing or future commercial and/or industrial establishments, banks and financial institutions and also transfer and assign such participations without prejudice,</p> <p>c) It may undertake and perform all kinds of industrial, commercial and insurance transactions, to the extent not prohibited by the Banking Code or by other relevant laws, not only on its own account, but also jointly or as representative for domestic or foreign establishments in the name and on the account of such establishments; and may assume agencies; may enter into any and all kinds of commitments towards governmental or non-governmental institutions,</p>



<p>d) It may buy and/or sell any and all types of securities, stocks and bonds whether on its own account or in the name and on the account of others; provided to obtain authorization and in accordance with the provisions of relevant laws, may issue securities, stocks and bonds;; contract debts by syndication, bond issue or direct borrowing, and perform any and all kind of capital markets transactions and engage in activities on the stock exchanges. The Bank shall comply with provisions of Capital Market Legislations in all of its capital market operations or transactions.</p> <p>e) It may accept mortgages, pledges, sureties and other guarantees established in favor of the Company and it may grant mortgages, pledges, sureties and other guarantees in the name of the Company,</p> <p>f) It may purchase, lease and sell vehicles necessary for the Company's business,</p> <p>g) To the extent permitted by the law and regulations, it may lease equipment and it may undertake real estate financing and it may execute factoring transactions,</p> <p>h) It may acquire intangible rights related to its fields of activity and may dispose of them,</p> <p>i) Within the framework of applicable laws and regulations, the Company may purchase real estate properties which it needs in order to conduct its banking activities, and may sell its real estate properties, build or have them built, and put them out to lease or lease them from others. The Company may establish any and all types of rights in rem including mortgages over them and release the same. The Company may have any types of annotations and registrations made in the Land Registry and may have them rescinded; and may also engage in any and all kinds of dispositions on the real estates, related to its objectives and fields of activity.</p> <p>j) It may make any kind of donation in accordance with the applicable laws and regulations provided that the limit of such donation is determined by the General Assembly.</p>	<p>d) It may buy and/or sell any and all types of securities, stocks and bonds whether on its own account or in the name and on the account of others; provided to obtain authorization and in accordance with the provisions of relevant laws, may issue securities, stocks and bonds;; contract debts by syndication, bond issue or direct borrowing, and may perform capital markets transactions within the framework permitted by the relevant legislation and capital market regulations,</p> <p>e) It may accept mortgages, pledges, sureties and other guarantees established in favor of the Company and it may grant mortgages, pledges, sureties and other guarantees in the name of the Company,</p> <p>f) It may purchase, lease and sell vehicles necessary for the Company's business,</p> <p>g) To the extent permitted by the law and regulations, it may lease equipment and it may undertake real estate financing and it may execute factoring transactions,</p> <p>h) It may acquire intangible rights related to its fields of activity and may dispose of them,</p> <p>i) Within the framework of applicable laws and regulations, the Company may purchase real estate properties which it needs in order to conduct its banking activities, and may sell its real estate properties, build or have them built, and put them out to lease or lease them from others. The Company may establish any and all types of rights in rem including mortgages over them and release the same. The Company may have any types of annotations and registrations made in the Land Registry and may have them rescinded; and may also engage in any and all kinds of dispositions on the real estates, related to its objectives and fields of activity.</p> <p>j) It may make any kind of donation in accordance with the applicable laws and regulations. Moreover, the Company may perform any and all types of transactions which relate to its objectives and field of activity.</p>
--	---

<p>The donations shall not contradict with Capital Market Legislations, relevant special circumstance declarations shall be made and on condition that the donations made within the year are submitted for information of the shareholders in the general assembly, the donations shall be made in a manner not to hinder its own objectives and fields. Moreover, the Company may perform any and all types of transactions which relate to its objectives and field of activity.</p> <p>In the event that it should be necessary and useful for the Company to engage in businesses other than those indicated above, the matter shall be submitted, upon a proposal of the Board of Directors, for the approval of the General Assembly of Shareholders and after having obtained a decision to that effect, the Company may perform whatever business it wishes within the scope of the General Assembly's resolution and pursuant to Turkish Commercial Code, Banking Legislation and Capital Market Legislations.</p> <p>Such decisions which are in the nature of an amendment to these Articles of Association, before they can be resolved, shall be subject to the prior consent of the required authorities in accordance with the provisions of the Turkish Commercial Code, the Banking Code and the Capital Markets Act.</p>	<p>In the event that it should be necessary and useful for the Company to engage in businesses other than those indicated above, the matter shall be submitted, upon a proposal of the Board of Directors, for the approval of the General Assembly of Shareholders and after having obtained a decision to that effect, the Company may perform whatever business it wishes within the scope of the General Assembly's resolution and the applicable laws and regulations.</p> <p>Such decisions which are in the nature of an amendment to these Articles of Association, before they can be resolved, shall be subject to the prior consent of the required authorities in accordance with the provisions of the Turkish Commercial Code and Banking Law.</p>
<p><b>Legal Title, Headquarters and Abbreviated Business Name</b>  <b>Article 3-</b>  The legal title of the Company is "TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ", and it shall be referred to hereinafter as "the Company or the Bank". The Company's abbreviated business name is "TEB".</p> <p>Its headquarters is located in Istanbul. Its address is at "TEB Kampüs C ve D Blok, Saray Mahallesi, Sokullu Caddesi, No: 7A-7B Ümraniye/İSTANBUL". In case of change of address, the new address shall be registered in the Trade Registry and announced in the Turkish Trade Registry Gazette and furthermore be notified to the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and other relevant authorities. Notices delivered to the registered and announced address of the Company shall be deemed to have been duly served to the Company.</p>	<p><b>Legal Title, Headquarters and Abbreviated Business Name</b>  <b>Article 3-</b>  The legal title of the Company is "TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ", and it shall be referred to hereinafter as "the Company or the Bank". The Company's abbreviated business name is "TEB".</p> <p>Its headquarters is located in Istanbul. Its address is at "TEB Kampüs C ve D Blok, Saray Mahallesi, Sokullu Caddesi, No: 7A-7B Ümraniye/İSTANBUL". In case of change of address, the new address shall be registered in the Trade Registry and announced in the Turkish Trade Registry Gazette and furthermore be notified to the Banking Regulation and Supervision Agency ("BRSA"), and other relevant authorities. Notices delivered to the registered and announced address of the Company shall be deemed to have been duly served to the Company. Failure of the Company to have its</p>

<p>Failure of the Company to have its new address registered in the legal period of time after leaving its ex registered and announced address will constitute a ground for dissolution of the Company.</p>	<p>new address registered in the legal period of time after leaving its ex registered and announced address will constitute a ground for dissolution of the Company.</p>
<p><b>Term</b> <b>Article 4-</b> The legal existence of the Company has not been restricted to any specific term. Nevertheless, the General Assembly of Shareholders may, provided that it shall comply with meeting and decision quorum stipulated by law, amend this Articles of Association and limit the term of the Company.</p> <p>Before the implementation of such decisions which are in the nature of amendments to these Articles of Association, the approbation of the BRSA, the approval of the CMB, and the permission of the Ministry of Customs and Trade must be obtained.</p>	<p><b>Term</b> <b>Article 4-</b> The legal existence of the Company has not been restricted to any specific term. Nevertheless, the General Assembly of Shareholders may, provided that it shall comply with meeting and decision quorum stipulated by law, amend this Articles of Association and limit the term of the Company.</p> <p>Before the implementation of such decisions which are in the nature of amendments to these Articles of Association, the approbation of the BRSA, and the permission of the Ministry of Customs and Trade must be obtained.</p>
<p style="text-align: center;"><b>SECTION TWO</b> <b>THE CAPITAL STOCK</b></p> <p><b>Capital of the Company</b> <b>Article 5-</b> In accordance with the provisions of the Capital Markets Act, the Company has accepted the registered capital system and started to apply the registered capital system upon the permission, ref. 53/704, dated 10/6/1999, of the Capital Markets Board.</p> <p>The Company's upper limit of registered capital is TL2.204.390.000,- (TWO BILLION TWO HUNDRED FOUR MILLION THREE HUNDRED NINETY THOUSAND TURKISH LIRAS), divided into 2.204.390.000,- (TWO BILLION TWO HUNDRED FOUR MILLION THREE HUNDRED NINETY THOUSAND), registered shares each with a nominal value of TL1 (ONE TURKISH LIRA).</p> <p>The permission for upper limit of registered capital given by Capital Market Board is valid for years 2013 – 2017 (5 years). Even if the upper limit of registered capital could not be reached at the end of 2017, in order for the board to make increasing decision after the year 2017; it is mandatory that an authorization is obtained from general assembly for new period, not exceeding 5 years, by means of receiving permission from Capital Market Board for the upper limit amount</p>	<p style="text-align: center;"><b>SECTION TWO</b> <b>THE CAPITAL STOCK</b></p> <p><b>Capital of the Company</b> <b>Article 5-</b> The capital is TL2.204.390.000,- (TWO BILLION TWO HUNDRED FOUR MILLION THREE HUNDRED NINETY THOUSAND TURKISH LIRAS) divided into 2.204.390.000,- (TWO BILLION TWO HUNDRED FOUR MILLION THREE HUNDRED NINETY THOUSAND), registered shares each with a nominal value of TL1 (ONE TURKISH LIRA) and fully and non-collusively paid.</p> <p>It is mandatory for the Company's shares to be issued against cash payment and to be registered.</p>

<p>for which a permission is given before or for a new upper limit amount. In case such authorization is not obtained, the company shall be deemed removed from the capital system.</p> <p>The issued capital is TL2.204.390.000,- (TWO BILLION TWO HUNDRED FOUR MILLION THREE HUNDRED NINETY THOUSAND TURKISH LIRAS) and the mentioned issued capital is fully and non-collusively paid.</p> <p>This time, the shares of our shareholders other than our controlling shareholders and Kocaeli Chamber of Commerce amounting to TL3.977.638,32 (THREE MILLION NINE HUNDRED SEVENTY SEVEN THOUSAND SIX HUNDRED AND THIRTY EIGHT HUNDRED TURKISH LIRAS AND THIRTY TWO KURUS) are cancelled pursuant to article 5 of the Communiqué Regarding Squeeze Out of the Partnership and Sell Out Rights issued by the Capital Market Board under number II-27.2</p> <p>An allocated capital increase in the amount of TL3.977.638,32 (THREE MILLION NINE HUNDRED SEVENTY SEVEN THOUSAND SIX HUNDRED AND THIRTY EIGHT HUNDRED TURKISH LIRAS AND THIRTY TWO KURUS) has been made to the shareholder exercising its right to squeeze out of the partnership against these cancelled shares, the capital of the Company has increased again to TL2.204.390.000 (TWO BILLION TWO HUNDRED AND FOUR MILLION THREE HUNDRED NINETY THOUSAND TURKISH LIRAS).</p> <p>The shares representing the capital shall be monitored through the records kept in accordance with the dematerialization principles.</p> <p>It is mandatory for the Company's shares to be issued against cash payment and to be registered.</p>	
<p><b>Capital Increase, Decrease- Increase of the Registered Capital Ceiling</b> <b>Article 6-</b></p> <p>The Company's capital may be increased or decreased provided that they are in accordance with provisions of Capital Market Legislation and Banking Legislation. The General Assembly shall be authorized to increase the Company's registered capital ceiling, and the Board of Directors shall be authorized to increase the issued</p>	<p><b>Capital Increase, Decrease</b> <b>Article 6-</b></p> <p>The Company's capital may be increased or decreased provided that they are in accordance with provisions of Turkish Commercial Code and Banking Legislation.</p> <p>Unless otherwise resolved, in case of the increase of the capital, the Company's then current shareholders have</p>

<p>capital up to the registered capital ceiling in accordance with the Capital Markets Act and other applicable legislation.</p> <p>The Board of Directors shall be authorized to issue shares worth above the nominal value per share, to restrict or to remove the shareholders' pre-emptive rights, and to sell them through public offering or without public offering. The authority to restrict the shareholders' pre-emptive rights may not be exercised in a way to cause inequality between the shareholders.</p> <p>Unless otherwise resolved, in case of the increase of the issued capital, the Company's then current shareholders have the pre-emptive rights to purchase new shares pro rata to their shares in then current capital.</p> <p>The transactions regarding the increase of the issued capital and the exercise of the pre-emptive rights and, in case the pre-emptive rights are not exercised within the given legal period, the transactions regarding the remaining shares shall be in accordance with the provisions of Turkish Commercial Code, Capital Market Legislation and Banking Legislation.</p> <p>At the capital increases, the bonus shares will be distributed to the then current shareholders pro rata to their shareholding ratio.</p> <p>Procedures pertaining to increase of the registered capital ceiling and decrease of the capital, which by nature is an amendment of these Articles of Association, shall be carried out in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Act, the Banking Code and other relevant laws and regulations. It is mandatory to obtain the prior permission of the CMB, the BRSA and the Ministry of Customs and Trade.</p>	<p>the pre-emptive rights to purchase new shares pro rata to their shares in then current capital.</p> <p>The transactions regarding the increase of the capital and the exercise of the pre-emptive rights and, in case the pre-emptive rights are not exercised within the given legal period, the transactions regarding the remaining shares shall be in accordance with the provisions of Turkish Commercial Code and Banking Legislation.</p> <p>At the capital increases realised from internal resources, the bonus shares will be distributed to the then current shareholders pro rata to their shareholding ratio.</p> <p>Procedures pertaining to increase of the capital and decrease of the capital, which by nature is an amendment of these Articles of Association, shall be carried out in accordance with the provisions of the Turkish Commercial Code, the Banking Code and other relevant laws and regulations. It is mandatory to obtain the prior permission of the BRSA and the Ministry of Customs and Trade.</p>
<p><b>Issuance of Capital Market Instruments in the Nature of Debt Securities</b>  <b>Article 7-</b>  The Board of Directors of the Company may resolve to issue capital market instruments in the nature of debt securities. For adoption and implementation of such a resolution, all pertinent provisions of Capital Market</p>	<p><b>Issuance of Capital Market Instruments in the Nature of Debt Securities</b>  <b>Article 7-</b>  The Company may issue capital market instruments in the nature of debt securities by adopting a General Assembly Resolution. The General Assembly may delegate such authority to the Board of Directors for a</p>

<p>Legislation and Banking Legislation must be strictly complied with</p>	<p>maximum period of fifteen months. For any and all kind of issuance of capital market instruments in the nature of debt securities, all pertinent provisions of Capital Markets Act, Banking Legislation and Turkish Commercial Code must be strictly complied with.</p>
<p><b>Transfer of Shares</b> <b>Article 10-</b> Transfer of the shares and exercise of the rights pertaining to the shares will be governed by the pertinent provisions of the Turkish Commercial Code, the Banking Code, the Capital Markets Act and other applicable laws and regulations.</p> <p>Transfer of shares corresponding to the percentages specified in the Banking Code and transfer of shares holding rights of usufruct shall be subject to the prior permission of the Banking Regulation and Supervision Agency.</p>	<p><b>Transfer of Shares</b> <b>Article 10-</b> Transfer of the shares and exercise of the rights pertaining to the shares will be governed by the pertinent provisions of the Turkish Commercial Code, the Banking Code and other applicable laws and regulations.</p> <p>Transfer of shares corresponding to the percentages specified in the Banking Code and transfer of shares holding rights of usufruct shall be subject to the prior permission of the Banking Regulation and Supervision Agency.</p>
<p><b>Company's Acquisition of its Own Shares or Pledge of the Company's Shares in favour of the Company</b> <b>Article 11-</b> Within the limits to be defined by the applicable laws and regulations, the Banking Regulation and Supervision Agency and the Capital Markets Board, the Company may acquire its own shares and accept its own shares to be pledged in favor of the Company.</p>	<p><b>Company's Acquisition of its Own Shares or Pledge of the Company's Shares in favour of the Company</b> <b>Article 11-</b> Within the limits to be defined by the applicable laws and regulations, the Banking Regulation and Supervision Agency and Turkish Commercial Code, the Company may acquire its own shares and accept its own shares to be pledged in favor of the Company.</p>
<p style="text-align: center;"><b>SECTION FOUR</b> <b>CORPORATE BODIES</b></p> <p><b>A. General Assembly of Shareholders</b> <b>Article 12-</b> This is the decision-making body which is convened in the occasions clearly set forth by the law and the Articles of Association. The General Assembly of Shareholders convened as per the Turkish Commercial Code and these Articles of Association represents all shareholders. The resolutions made by the General Assembly of Shareholders convened in that way are legally binding not only for dissenting shareholders but also for those who have not participated to that meeting.</p>	<p style="text-align: center;"><b>SECTION FOUR</b> <b>CORPORATE BODIES</b></p> <p><b>A. General Assembly of Shareholders</b> <b>Article 12-</b> This is the decision-making body which is convened in the occasions clearly set forth by the law and the Articles of Association. The General Assembly of Shareholders convened as per the Turkish Commercial Code and these Articles of Association represents all shareholders. The resolutions made by the General Assembly of Shareholders convened in that way are legally binding not only for dissenting shareholders but also for those who have not participated to that meeting.</p>
<p>The shareholders shall hold ordinary and extraordinary meetings as the General Assembly of Shareholders. Ordinary meetings of the General Assembly shall be</p>	<p>The shareholders shall hold ordinary and extraordinary meetings as the General Assembly of Shareholders. Ordinary meetings of the General Assembly shall be</p>

<p>held within three months following the closing of the fiscal year and in any case, once a year. At these meetings the issues stipulated in the relevant provisions of the Turkish Commercial Code, Capital Market Legislation and Banking Legislation and other issues that are duly included in the agenda shall be discussed and resolved. The Extraordinary General Assembly meeting is convened when and at the time and with the agenda deemed necessary for the Company's businesses.</p> <p>The presence of any and all of the executive directors and at least one of the Board of Directors members is mandatory. The auditor shall also participate to the meetings.</p> <p>In addition, the persons who are required to make explanations for the agenda issues and/or who are in charge of these issues shall participate to the meetings.</p> <p>The Board of Directors shall prepare an internal guideline including the rules concerning working procedures and principles of the General Assembly and this internal guideline shall be enacted upon the approval of the General Assembly. This internal guideline shall be registered and published.</p> <p>Saved the provisions of the Turkish Commercial Code setting forth the non-transferable duties and powers of the General Assembly of Shareholders, the following duties and powers may not be transferred:</p> <ul style="list-style-type: none"> <li>a) Amendment of the Articles of Association.</li> <li>b) Appointment of the Board of Directors' members, decision on the Board of Directors' members' term of office, fees, honorariums, bonuses, premiums and similar fiscal rights, decision on their release and their dismissals.</li> <li>c) Saved the exceptions in the law, the appointment and dismissal of the auditor.</li> <li>d) Decision on the financial statements, the Board of Directors' yearly activity report, the disposal of</li> </ul>	<p>held within three months following the closing of the fiscal year and in any case, once a year. At these meetings the issues stipulated in the relevant provisions of the Turkish Commercial Code, and Banking Legislation and other issues that are duly included in the agenda shall be discussed and resolved. The Extraordinary General Assembly meeting is convened when and at the time and with the agenda deemed necessary for the Company's businesses.</p> <p>The presence of any and all of the executive directors and at least one of the Board of Directors members is mandatory. The auditor shall also participate to the meetings.</p> <p>In addition, the persons who are required to make explanations for the agenda issues and/or who are in charge of these issues shall participate to the meetings.</p> <p>The Board of Directors shall prepare an internal guideline including the rules concerning working procedures and principles of the General Assembly and this internal guideline shall be enacted upon the approval of the General Assembly. This internal guideline shall be registered and published. Furthermore, the same should also be published in the Company's website.</p> <p>Saved the provisions of the Turkish Commercial Code setting forth the non-transferable duties and powers of the General Assembly of Shareholders, the following duties and powers may not be transferred:</p> <ul style="list-style-type: none"> <li>a) Amendment of the Articles of Association.</li> <li>b) Appointment of the Board of Directors' members, decision on the Board of Directors' members' term of office, fees, honorariums, bonuses, premiums and similar fiscal rights, decision on their release and their dismissals.</li> <li>c) Saved the exceptions in the law, the appointment and dismissal of the auditor.</li> <li>d) Decision on the financial statements, the Board of Directors' yearly activity report, the disposal of</li> </ul>
---	---

<p>the yearly profit, determining the dividend share, decision on the utilization of the reserve including its transfer to the share capital or to the profit to be distributed.</p> <p>e) Except for the exceptions set forth in the law, the dissolution of the Company.</p> <p>f) The whole sale of a material amount of the Company's assets.</p> <p><b>Participation to General Assembly meeting through electronic media:</b></p> <p>The persons entitled to participate to the Company's General Assembly meeting may participate through electronic media as per the article 1527 of the Turkish Commercial Code. The Company may either establish an electronic general assembly meeting system allowing the related parties to participate the General Assembly meetings, to express their opinions, to make proposals and to vote through electronic media as per the "Regulation regarding the General Assembly Meetings of Joint Stock Companies through Electronic Media" or may purchase services from system providers for this purpose.</p> <p>In each General Assembly meeting, exercise of the rights granted by the said Regulation provisions to the stakeholders and their representatives must be ensured through the system installed.</p> <p>Participation to the general assembly meeting through electronic media, appointing representative, making motions and/or declarations and voting shall be exercised through the Electronic General Assembly System ("EGAS") to be provided by MKK.</p>	<p>the yearly profit, determining the dividend share, decision on the utilization of the reserve including its transfer to the share capital or to the profit to be distributed.</p> <p>e) Except for the exceptions set forth in the law, the dissolution of the Company.</p> <p>f) The whole sale of a material amount of the Company's assets.</p>
<p><b>Invitation and Meeting Place</b> <b>Article 13-</b> The General Assembly shall be convened upon the Board of Directors' invitation. The provisions of the Turkish Commercial Code and the Capital Markets Legislation and Banking Legislation related to convening the General Assembly of Shareholders for meeting are however reserved.</p>	<p><b>Invitation and Meeting Place</b> <b>Article 13-</b> The General Assembly shall be convened upon the Board of Directors' invitation. The provisions of the Turkish Commercial Code and Banking Legislation related to convening the General Assembly of Shareholders for meeting are however reserved.</p>



<p>The shareholders holding shares representing at least one in twenty of the Company's issued capital may request from the Board of Directors and mentioning in writing the grounds for it and the agenda, to convene the General Assembly or, in the case the General Assembly is about to convene, to include in the agenda the issues they want to be discussed. The request to add an item to the agenda must be sent via notary public and be delivered to the Board of Directors before the payment of the fees related to the publication of the resolution for invitation in the Turkish Trade Registry Gazette.</p> <p>In case the Board of Directors rejects the request for convening the General Assembly meeting or inclusion of an item to the agenda or in case no affirmative answer was given within seven business days, upon the application of the same shareholders, the competent commercial court in the Company's headquarters address may resolve to convene the General Assembly meeting.</p> <p>The General Assembly meetings shall be convened in the Company's headquarters or, when deemed necessary by the Board of Directors, in another appropriate place in the same city. The meeting place shall be mentioned in the invitation letters and the related announcements.</p>	<p>The shareholders holding shares representing at least one in ten of the Company's capital may request from the Board of Directors and mentioning in writing the grounds for it and the agenda, to convene the General Assembly or, in the case the General Assembly is about to convene, to include in the agenda the issues they want to be discussed. The request to add an item to the agenda must be sent via notary public and be delivered to the Board of Directors before the payment of the fees related to the publication of the resolution for invitation in the Turkish Trade Registry Gazette.</p> <p>In case the Board of Directors rejects the request for convening the General Assembly meeting or inclusion of an item to the agenda or in case no affirmative answer was given within seven business days, upon the application of the same shareholders, the competent commercial court in the Company's headquarters address may resolve to convene the General Assembly meeting.</p> <p>The General Assembly meetings shall be convened in the Company's headquarters or, when deemed necessary by the Board of Directors, in another appropriate place in the same city. The meeting place shall be mentioned in the invitation letters and the related announcements.</p>
<p><b>Announcements</b> <b>Article 14-</b> The announcement for the General Assembly meeting shall be made not only as per the term and procedures stipulated in the Turkish Commercial Code, the Capital Markets Legislation and Banking Legislation and other applicable legislation but also, to the extent possible as per the Company's possibilities, in a way to access the maximum number of shareholders, including the Company's web site, electronic media and other appropriate means of communication.</p> <p>It is mandatory to mention in the announcement the meeting agenda, place, date and time. Align with the General Assembly announcement, the power of attorney template for the persons who will be represented by proxy shall also be announced and moreover any and all information and documents</p>	<p><b>Announcements</b> <b>Article 14-</b> The announcement for the General Assembly meeting shall be made on the Company's website and the Turkish Trade Registry Gazette in accordance with the term and procedures stipulated in the Turkish Commercial Code and Banking Legislation. The provisions of Article 416 of the Turkish Commercial Code are preserved.</p> <p>It is mandatory to mention in the announcement the meeting agenda, place, date and time. Align with the General Assembly announcement, the power of attorney template for the persons who will be represented by proxy shall also be announced and moreover any and all information and documents</p>

<p>related to the meeting shall be made available to the shareholders on the Company's website.</p>	<p>related to the meeting shall be made available to the shareholders on the Company's website for their review.</p>
<p><b>Meeting and Decision Quorum</b> <b>Article 15-</b> The meeting quorums and decision quorums for the General Assembly meetings are subject to the Turkish Commercial Code and in case of specific provisions, to the Capital Markets Legislation and Banking Legislation.</p> <p>As per the relevant provision of the Turkish Commercial Code, in order to confirm and check the right to participate to the General Assembly meeting for the dematerialized shares, the shareholding list to be obtained by the Board of Directors from MKK in accordance with the Capital Markets Act will be taken into consideration. The Turkish Commercial Code and the Capital Markets Legislation and Banking Legislation shall apply to the participation of the shareholders to the General Assembly meeting and the exercise of the voting rights.</p> <p>In case a higher decision quorum imposed by the applicable legislation which may not be lowered, the rule is that the decisions are made with the affirmative vote of the majority of the participants. This majority rule applies as to the appointment of the Board of Directors' Members and the auditor. However, if the majority is not reached for the appointment of the Board of Directors' Members, the same shall be voted once again. In that second voting, the nominees in the order of having the highest votes shall be appointed as the Board of Directors Members. In case of parity of the votes there shall be a draw.</p>	<p><b>Meeting and Decision Quorum</b> <b>Article 15-</b> The meeting quorums and decision quorums for the General Assembly meetings are subject to the Turkish Commercial Code and in case of specific provisions, to the Banking Legislation.</p> <p>The Turkish Commercial Code and Banking Legislation shall apply to the participation of the shareholders to the General Assembly meeting and the exercise of the voting rights.</p> <p>In case a higher decision quorum imposed by the applicable legislation which may not be lowered, the rule is that the decisions are made with the affirmative vote of the majority of the participants. This majority rule applies as to the appointment of the Board of Directors' Members and the auditor. However, if the majority is not reached for the appointment of the Board of Directors' Members, the same shall be voted once again. In that second voting, the nominees in the order of having the highest votes shall be appointed as the Board of Directors Members. In case of parity of the votes there shall be a draw.</p>
<p><b>Votes</b> <b>Article 16-</b> Each shareholder participating in meetings of the General Assembly of Shareholders shall be entitled to one vote for each share he holds. Voting through proxies is also valid. The provisions of the Banking Code in connection therewith are, however, reserved. For voting through proxy, a power of attorney must be submitted to the Company at the General Assembly meeting, together with a statement showing the number of shares, before election of the Meeting</p>	<p><b>Votes</b> <b>Article 16-</b> Each shareholder participating in meetings of the General Assembly of Shareholders shall be entitled to one vote for each share he holds. Voting through proxies is also valid. The provisions of the Banking Code in connection therewith are, however, reserved. For voting through proxy, a power of attorney must be submitted to the Company at the General Assembly meeting, and such power of attorney must contain the total number of shares, before election of the Meeting</p>

Chairmanship in the meeting of the General Assembly of Shareholders at the latest. The provisions of the Capital Markets Act regarding the form of the power of attorney and the voting through proxy are reserved.

However, if a shareholder is a government organization, an incorporation, an establishment having a legal personality, or a real person placed under guardianship, no separate power of attorney is required provided that the documents evidencing the representation rights as per the applicable legislation are submitted. The voting right pertaining to a share with multiple shareholders may only be exercised by a representative. The transfer or delivery of the share to another person for the purposes of exploiting loopholes regarding the restrictions over the exercise of the voting rights or to render them ineffective are null and void. The provisions of the Turkish Commercial Code, Banking Legislation and Capital Market Legislation regarding the representation and the right to vote of the shareholders in the General Assembly meetings are reserved.

The shareholders who are physically present in the General Assembly meeting shall vote by raising their hands, the persons who participate through electronic media shall vote through the electronic system. However, upon the request of the majority of the participant shareholders voting by ballot may be exercised. In case of ballot, for each item of the agenda, a ballot paper showing the number of votes of each participant shall be distributed to the participants by respecting the secrecy of the ballot.

The Board of Directors shall take the measures in order to confirm and check the participation right to the meeting and the discussions and voting rights of the shareholders.

A shareholder may not vote in the discussions related to a business, transaction or a dispute before a court or arbitration concerning the Company and himself, his spouse, his descendants or ascendants or sole proprietorships where he or one of the persons listed herein is a shareholder or equity companies which are under their control.

Chairmanship in the meeting of the General Assembly of Shareholders at the latest. The provisions of the Turkish Commercial Code and the related legislations regarding the form of the power of attorney and the voting through proxy are reserved.

However, if a shareholder is a government organization, an incorporation, an establishment having a legal personality, or a real person placed under guardianship, no separate power of attorney is required provided that the documents evidencing the representation rights as per the applicable legislation are submitted. The voting right pertaining to a share with multiple shareholders may only be exercised by a representative. The transfer or delivery of the share to another person for the purposes of exploiting loopholes regarding the restrictions over the exercise of the voting rights or to render them ineffective are null and void. The provisions of the Turkish Commercial Code and Banking Legislation regarding the representation and the right to vote of the shareholders in the General Assembly meetings are reserved.

The shareholders who are physically present in the General Assembly meeting shall vote by raising their hands, the persons who participate through electronic media shall vote through the electronic system. However, upon the request of the majority of the participant shareholders voting by ballot may be exercised. In case of ballot, for each item of the agenda, a ballot paper showing the number of votes of each participant shall be distributed to the participants by respecting the secrecy of the ballot.

The Board of Directors shall take the measures in order to confirm and check the participation right to the meeting and the discussions and voting rights of the shareholders.

A shareholder may not vote in the discussions related to a business, transaction or a dispute before a court or arbitration concerning the Company and himself, his spouse, his descendants or ascendants or sole proprietorships where he or one of the persons listed herein is a shareholder or equity companies which are under their control.

<p>The Board of Directors' members and the persons who have management and signing authorities cannot exercise the voting rights pertaining to their shares for the resolutions concerning the release of the Board of Directors members.</p> <p>Shareholders holding less shares than the number of shares required to participate in meetings of the General Assembly of Shareholders, may choose a proxy among themselves to represent them jointly.</p>	<p>The Board of Directors' members and the persons who have management and signing authorities cannot exercise the voting rights pertaining to their shares for the resolutions concerning the release of the Board of Directors members.</p> <p>Shareholders holding less shares than the number of shares required to participate in meetings of the General Assembly of Shareholders, may choose a proxy among themselves to represent them jointly.</p>
<p><b>Sessions</b> <b>Article 17-</b></p> <p>A roster indicating the signatures, names, surnames, residences and number of shares of the shareholders or their proxies or their representatives present in the General Assembly meeting shall be drawn up and made available in the place where the meeting will be held, before the first collection of the first votes.</p> <p>Meetings of the General Assembly shall be chaired by the Chairman or the Vice Chairman of the Board of Directors or in their absence by a person elected by the General Assembly among the members of the Board of Directors. The Chairman shall designate a secretary and, if he deems necessary, a vote collector, and thus shall form the Meeting Chairmanship.</p> <p>The Meeting Chairman may decide to continue the meeting in form of series of sessions until decisions have been adopted by the General Assembly on all the matters included in the agenda. Upon demand of a present majority or of a present minority of at least one in twenty of the Company's capital stock, discussions on the ratification of the balance sheet shall be postponed for one month; notification thereof shall be made to the shareholders as stipulated in the relevant article of the Turkish Commercial Code through announcement. Furthermore, in order for discussions to be re-postponed upon demand of a minority of at least one in twenty of the Company's capital stock, the objected issues on the balance sheet must still remain insufficiently explained.</p>	<p><b>Sessions</b> <b>Article 17-</b></p> <p>A roster indicating the signatures, names, surnames, residences and number of shares of the shareholders or their proxies or their representatives present in the General Assembly meeting shall be drawn up and made available in the place where the meeting will be held, before the first collection of the first votes.</p> <p>Meetings of the General Assembly shall be chaired by the Chairman or the Vice Chairman of the Board of Directors or in their absence by a person elected by the General Assembly among the members of the Board of Directors. The Chairman shall designate a secretary and, if he deems necessary, a vote collector, and thus shall form the Meeting Chairmanship.</p> <p>The Meeting Chairman may decide to continue the meeting in form of series of sessions until decisions have been adopted by the General Assembly on all the matters included in the agenda. Upon demand of a present majority or of a present minority of at least one in ten of the Company's capital stock, discussions on the ratification of the balance sheet shall be postponed for one month; notification thereof shall be made to the shareholders as stipulated in the relevant article of the Turkish Commercial Code through announcement. Furthermore, in order for discussions to be re-postponed upon demand of a minority of at least one in ten of the Company's capital stock, the objected issues on the balance sheet must still remain insufficiently explained.</p>

<p><b>Board of Directors</b> <b>Article 21-</b> <b>Number- Composition:</b> The Board of Directors shall consist of 14 (fourteen) members one being the General Manager, elected by the General Assembly amongst the candidates having the qualifications set forth in the Turkish Commercial Code, the Capital Markets Act and the Banking Code. The General Manager, and in his absence, his deputy are the natural member of the Board of Directors. Natural memberships of the General Manager or his deputy to the Board of Directors shall continue as long as they hold their positions. A same person cannot assume the duties of the General Manager and of the Chairman of the Board of Directors.</p> <p><b>Qualifications:</b> At least one more than half of the members of the Board of Directors and the executive directors must have the qualifications of the General Manager as required by the Banking Act, must hold civil capacity and be able to exercise the civil rights and must not be hindered by any legal encumbrance against membership.</p> <p><b>Independent Members:</b> Minimum number and qualifications of the Independent Members to be appointed to the Board of Directors shall be determined pursuant to the corporate governance regulations of the Capital Markets Board.</p> <p>In case independence is jeopardized in any way within the Independent Board Member’s term of office or in case a situation is occurred in which the Independent Member is not able to fulfil his duty, then this member, who lost his independency, shall, in principle, resign within the framework of the Corporate Governance Principles of the Capital Markets Board.</p> <p><b>Oath:</b> The Chairman and Members of the Board of Directors are obliged to take an oath in accordance with the provisions of the Banking Act following their first election or appointment. Members of the Board of Directors may not take office unless and until they take this oath.</p>	<p><b>Board of Directors</b> <b>Article 21-</b> <b>Number- Composition:</b> The Board of Directors shall consist of 12 (twelve) members one being the General Manager, elected by the General Assembly amongst the candidates having the qualifications set forth in the Turkish Commercial Code and the Banking Code. The General Manager, and in his absence, his deputy are the natural member of the Board of Directors. Natural memberships of the General Manager or his deputy to the Board of Directors shall continue as long as they hold their positions. A same person cannot assume the duties of the General Manager and of the Chairman of the Board of Directors.</p> <p><b>Qualifications:</b> At least one more than half of the members of the Board of Directors and the executive directors must have the qualifications of the General Manager as required by the Banking Act, must hold civil capacity and be able to exercise the civil rights and must not be hindered by any legal encumbrance against membership.</p> <p><b>Oath:</b> The Chairman and Members of the Board of Directors are obliged to take an oath in accordance with the provisions of the Banking Act following their first election or appointment. Members of the Board of Directors may not take office unless and until they take this oath.</p>
<p><b>Fiscal Rights:</b> The Chairman and Members of the Board of Directors shall receive a monthly or yearly fee or a</p>	<p><b>Fiscal Rights:</b> The Chairman and Members of the Board of Directors shall receive a monthly or yearly fee or a</p>

<p>fixed allowance per meeting (honorarium) to be determined by the General Assembly of Shareholders. Payment plans prepared based on the Company's performance shall not be taken into account for remuneration of the Independent Board Members.</p>	<p>fixed allowance per meeting (honorarium) to be determined by the General Assembly of Shareholders.</p>
<p><b>Term of Office of the Board of Directors Members</b> <b>Article 22-</b> Members of the Board of Directors including Independent Members may be elected by the General Assembly for a term of office of three years utmost. Before election, the General Assembly shall determine the Board of Directors Members' terms of office. The Board of Directors Members may be re-elected when their terms of office have expired. The General Assembly of Shareholders, if deem necessary, may at any time change the Members of the Board of Directors.</p> <p>If a membership should become vacant due to death, loss of legal capacity, resignation, dismissal or any of the reasons pursuant to the Banking Code, the Turkish Commercial Code and the Corporate Governance Principles of the Capital Markets Board, or other relevant legislation, then, as per the applicable legislation, the Board of Directors shall temporarily appoint a person having the qualifications sought for election to the Board of Directors and submit such appointment for approval at the next meeting of the General Assembly. Upon approval in the next meeting of the General Assembly, a member appointed in this way shall complete the term of office of his predecessor. The member appointed in this way shall have the same term of office as the other members.</p>	<p><b>Term of Office of the Board of Directors Members</b> <b>Article 22-</b> Members of the Board of Directors may be elected by the General Assembly for a term of office of three years utmost. Before election, the General Assembly shall determine the Board of Directors Members' terms of office. The Board of Directors Members may be re-elected when their terms of office have expired. The General Assembly of Shareholders, if deem necessary, may at any time change the Members of the Board of Directors.</p> <p>If a membership should become vacant due to death, loss of legal capacity, resignation, dismissal or any of the reasons pursuant to the Banking Code, the Turkish Commercial Code or other relevant legislation, then, as per the applicable legislation, the Board of Directors shall temporarily appoint a person having the qualifications sought for election to the Board of Directors and submit such appointment for approval at the next meeting of the General Assembly. Upon approval in the next meeting of the General Assembly, a member appointed in this way shall complete the term of office of his predecessor. The member appointed in this way shall have the same term of office as the other members.</p>
<p><b>Board of Directors Meetings and Quorum</b> <b>Article 23-</b> The Board of Directors, each year, in its first meeting following the General Assembly of Shareholders elects a Chairman and at least one Vice Chairman who will substitute the Chairman in his absence.</p>	<p><b>Board of Directors Meetings and Quorum</b> <b>Article 23-</b> The Board of Directors, each year, in its first meeting following the General Assembly of Shareholders elects a Chairman and at least one Vice Chairman who will substitute the Chairman in his absence.</p>
<p>The Board of Directors shall meet as often as needed in the course of business. The Chairman or Vice Chairman of the Board of Directors may, in their sole discretions and initiatives, call the Board of Directors for a meeting. Each of the Board Members may request from the</p>	<p>The Board of Directors shall meet as often as needed in the course of business. The Chairman or Vice Chairman of the Board of Directors may, in their sole discretions and initiatives, call the Board of Directors for a meeting. Each of the Board Members may request from the</p>

<p>Chairman in writing to call the Board of Directors for a meeting.</p> <p>Board meetings may be held at the Company's headquarters or in country or abroad.</p> <p>The persons entitled to participate to the Company's Board of Directors' meeting may participate through electronic media pursuant to the article 1527 of the Turkish Commercial Code. The Company may either establish an Electronic Meeting System allowing the related parties to participate in the meetings and to vote through electronic media as per the provisions of the "Communiqué Regarding the Meetings of Commercial Companies Other Than General Assembly Meetings of Joint Stock Companies through Electronic Media" or may purchase services from system providers for this purpose. In the meetings, exercise of the rights granted to the stakeholders by the applicable law must be ensured within the scope of the provisions of the said Communiqué through the system installed or through the system for which the support service will be procured.</p> <p>Meeting quorum is met with the presence of at least 11 (eleven) members and resolutions are passed with the affirmative vote of at least 11 (eleven) members. In the Board meetings, a Board Member cannot vote as a representative of another Board Member, and they cannot be represented by proxy.</p> <p>Meeting minutes are drafted and posted to the resolution ledger comprising the issues discussed during the meeting as well as the names of the Board Members who were present, and it is signed by the Members who participated to the meeting.</p> <p>Unless there is a request for a physical meeting, any and all types of Board of Directors' resolution may be passed by signing of such resolution by at least 11 (eleven) members.</p> <p>Provisions of the Corporate Governance Principles issued by the Capital Markets Board are reserved for the resolutions for which the attendance and/or affirmative vote of the Independent Members are required.</p>	<p>Chairman in writing to call the Board of Directors for a meeting.</p> <p>Board meetings may be held at the Company's headquarters or in country or abroad.</p> <p>The persons entitled to participate to the Company's Board of Directors' meeting may participate through electronic media pursuant to the article 1527 of the Turkish Commercial Code. The Company may either establish an Electronic Meeting System allowing the related parties to participate in the meetings and to vote through electronic media as per the provisions of the "Communiqué Regarding the Meetings of Commercial Companies Other Than General Assembly Meetings of Joint Stock Companies through Electronic Media" or may purchase services from system providers for this purpose. In the meetings, exercise of the rights granted to the stakeholders by the applicable law must be ensured within the scope of the provisions of the said Communiqué through the system installed or through the system for which the support service will be procured.</p> <p>Meeting quorum is met with the presence of at least 10 (ten) members and resolutions are passed with the affirmative vote of at least 10 (ten) members. In the Board meetings, a Board Member cannot vote as a representative of another Board Member, and they cannot be represented by proxy.</p> <p>Meeting minutes are drafted and posted to the resolution ledger comprising the issues discussed during the meeting as well as the names of the Board Members who were present, and it is signed by the Members who participated to the meeting.</p> <p>Unless there is a request for a physical meeting, any and all types of Board of Directors' resolution may be passed by signing of such resolution by at least 10 (ten) members.</p>
--	---

<p>In order to be valid, the resolutions must be in writing and signed.</p> <p>For due keeping of the documentation regarding the Board meetings, a secretariat, serving to all Board Members and reporting to the Board of Directors shall be established.</p>	<p>In order to be valid, the resolutions must be in writing and signed.</p> <p>For due keeping of the documentation regarding the Board meetings, a secretariat, serving to all Board Members and reporting to the Board of Directors shall be established.</p>
<p><b>Duties and Authorities of the Board of Directors</b> <b>Article 24-</b></p> <p>The management of the Company, the performance of transactions in the name of the Company, and the power to represent and bind the Company shall belong to the Board of Directors.</p> <p>As per this Articles of Association, the Banking Code, the Turkish Commercial Code, the Capital Markets Act and the provisions of laws and regulations, the Board of Directors is authorized to take and implement resolutions on all matters which are not assigned to the exclusively authority of the General Assembly or the other bodies within its scope of management and representation authorities.</p> <p>The Board of Directors, in order to ensure to duly fulfil its duties and responsibilities, shall establish, by taking into consideration the Company needs, committees within the Company and determine committee members and their working principles and procedures as per the Turkish Commercial Code, the Banking Code, the Capital Markets Act and other applicable laws and regulations.</p> <p>The Board of Directors, through an internal guideline to be issued, is authorized to delegate the management, partially or wholly, to one or several Board Member(s) or to a third party.</p> <p>The Board of Directors may delegate its representation authorities to one or several executive directors or third party managers provided that at least one Board Member shall keep the representation authority.</p>	<p><b>Duties and Authorities of the Board of Directors</b> <b>Article 24-</b></p> <p>The management of the Company, the performance of transactions in the name of the Company, and the power to represent and bind the Company shall belong to the Board of Directors.</p> <p>As per this Articles of Association, the Banking Code, the Turkish Commercial Code, and the provisions of laws and regulations, the Board of Directors is authorized to take and implement resolutions on all matters which are not assigned to the exclusively authority of the General Assembly or the other bodies within its scope of management and representation authorities.</p> <p>The Board of Directors, in order to ensure to duly fulfil its duties and responsibilities, shall establish, by taking into consideration the Company needs, committees within the Company and determine committee members and their working principles and procedures as per the Turkish Commercial Code, the Banking Code and other applicable laws and regulations.</p> <p>The Board of Directors, through an internal guideline to be issued, is authorized to delegate the management, partially or wholly, to one or several Board Member(s) or to a third party.</p> <p>The Board of Directors may delegate its representation authorities to one or several executive directors or third party managers provided that the provisions of the Banking Law numbered 5411 and the regulations thereof are preserved. However, at least one Board Member shall keep the representation authority.</p>



<p>The followings are the non-assignable and inalienable duties and powers of the Board of Directors:</p> <ul style="list-style-type: none"> <li>a. High-level management of the Company and the power to give relevant instructions.</li> <li>b. Determining the management organization of the Company.</li> <li>c. Establishing necessary organization for the accounting and financial planning and management and audit of the Company.</li> <li>d. Appointment and dismissal of managers and other managerial-level personnel, and persons who hold representation and binding signatory powers.</li> <li>e. High-level supervision of management staff whether or not they comply with the legislations, the Articles of Association, internal guidelines and instructions of the Board of Directors.</li> <li>f. Keeping share ledger, Board of Directors resolution ledger and General Assembly meeting minutes; issuing the annual activity report and statement regarding compliance with corporate governance rules; submitting the same to the General Assembly; preparing the General Assembly meetings; and implementing General Assembly meeting resolutions.</li> <li>g. Notifying the court if the share capital of the Company is in debt.</li> </ul>	<p>The followings are the non-assignable and inalienable duties and powers of the Board of Directors:</p> <ul style="list-style-type: none"> <li>a. High-level management of the Company and the power to give relevant instructions.</li> <li>b. Determining the management organization of the Company.</li> <li>c. Establishing necessary organization for the accounting and financial planning and management and audit of the Company.</li> <li>d. Appointment and dismissal of managers and other managerial-level personnel, and persons who hold representation and binding signatory powers.</li> <li>e. High-level supervision of management staff whether or not they comply with the legislations, the Articles of Association, internal guidelines and instructions of the Board of Directors.</li> <li>f. Keeping share ledger, Board of Directors resolution ledger and General Assembly meeting minutes; issuing the annual activity report and statement regarding compliance with corporate governance rules; submitting the same to the General Assembly; preparing the General Assembly meetings; and implementing General Assembly meeting resolutions.</li> <li>g. Notifying the court if the share capital of the Company is in debt.</li> </ul>
<p><b>Duties and Authorities of the Credit Committee</b>  <b>Article 26-</b>  The Credit Committee is a board consisting of five members being the General Manager or his deputy and four members elected by the Board of Directors among its members at its first meeting following the annual meeting of the ordinary General Assembly of</p>	<p><b>Duties and Authorities of the Credit Committee</b>  <b>Article 26-</b>  The Credit Committee is a board consisting of minimum three maximum five members being the General Manager or his deputy and minimum two and maximum four members elected by the Board of Directors among its members at its first meeting</p>

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<p>Shareholders.</p>	<p>following the annual meeting of the ordinary General Assembly of Shareholders.</p>
<p>Two alternate members shall also be elected to serve in case any Credit Committee member who is absent due to his reasonable grounds. This Committee is responsible for performance of the duties specified in the Banking Code and other related legislation. The unanimous decisions of the Committee shall be directly implemented, while those adopted by a majority shall be implemented after the approval of the Board of Directors.</p> <p>The Credit Committee is obliged to keep a committee resolutions book in accordance with the provisions of the Banking Code.</p> <p>The Credit Committee may decide to extend credit facilities within the limits and authorities delegated by the Board of Directors within the frame of the rules determined by the Banking Regulation and Supervision Agency.</p>	<p>Two alternate members shall also be elected to serve in case any Credit Committee member who is absent due to his reasonable grounds. This Committee is responsible for performance of the duties specified in the Banking Code and other related legislation. The unanimous decisions of the Committee shall be directly implemented, while those adopted by a majority shall be implemented after the approval of the Board of Directors.</p> <p>The Credit Committee is obliged to keep a committee resolutions book in accordance with the provisions of the Banking Code.</p> <p>The Credit Committee may decide to extend credit facilities within the limits and authorities delegated by the Board of Directors within the frame of the rules determined by the Banking Regulation and Supervision Agency.</p>
<p><b>Corporate Governing Principles</b> <b>Article 29-</b> The Corporate Governance Principles, implementation of which is made obligatory by Capital Market Board shall be complied with. The transactions made and the Board of Directors' resolutions given without complying with the obligatory principles are null and void and deemed contrary to Articles of Association.</p> <p>In terms of the implementation of Corporate Governance Principles, transactions and the counterparty transactions of the company that are deemed essential shall be in comply with regulations regarding the Corporate Governance Principles of Capital Market Board Respected provisions and other relevant legislation provisions of the Banking Regulation and Supervision Agency shall be reserved.</p>	<p><b>Corporate Governing Principles</b> <b>Article 29-</b> Banking Regulation and Supervision Agency's regulations in this regard are observed.</p>
<p><b>Prohibited Transactions</b> <b>Article 30-</b> The Chairman and members of the Board of Directors as well as the Chairman and members of the Credit and</p>	<p><b>Prohibited Transactions</b> <b>Article 30-</b> The Chairman and members of the Board of Directors as well as the Chairman and members of the Credit,</p>

<p>Audit Committees, the General Manager, the Deputy General Manager and the Assistant General Managers comply with the provisions of the Turkish Commercial Code, the Banking Code, the Capital Markets Act and other related laws and regulations on the acts and transactions that may not engage in.</p>	<p>Audit and Corporate Governance Committees, the General Manager, the Deputy General Manager and the Assistant General Managers comply with the provisions of the Turkish Commercial Code, the Banking Code, and other related laws and regulations on the acts and transactions that may not engage in.</p>
<p style="text-align: center;"><b>SECTION FIVE</b> <b>AUDIT OF THE COMPANY</b></p> <p><b>AUDITOR</b> <b>Article 31-</b> The General Assembly of Shareholders shall elect an Auditor and a Group Auditor for the group companies among those meeting the terms and conditions sought in the Turkish Commercial Code, the Banking Legislation, the Capital Markets Legislation, to audit the Company's and the group companies' financial statements and any other reports required to be audited under the legislation including annual activity report of the Board of Directors. The Auditor and the Group Auditor can be the same person. If no Group Auditor is appointed, the Auditor is considered to be the auditor of the group companies' financial statements. The elected Auditor shall be registered and published in the Turkish Trade Registry Gazette and announced on the Company's web site.</p> <p>Relevant provisions of the Turkish Commercial Code, Banking Legislation and Capital Markets Legislation shall apply to audit of the Company.</p>	<p style="text-align: center;"><b>SECTION FIVE</b> <b>AUDIT OF THE COMPANY</b></p> <p><b>AUDITOR</b> <b>Article 31-</b> The General Assembly of Shareholders shall elect an Auditor and a Group Auditor for the group companies among those meeting the terms and conditions sought in the Turkish Commercial Code and the Banking Legislation, to audit the Company's and the group companies' financial statements and any other reports required to be audited under the legislation including annual activity report of the Board of Directors. The Auditor and the Group Auditor can be the same person. If no Group Auditor is appointed, the Auditor is considered to be the auditor of the group companies' financial statements. The elected Auditor shall be registered and published in the Turkish Trade Registry Gazette and announced on the Company's web site.</p> <p>Relevant provisions of the Turkish Commercial Code and Banking Legislation shall apply to audit of the Company.</p>
<p><b>Dividend Distribution</b> <b>Article 34-</b> The amount remaining after taxes have been deducted from the trade profit which is the amount after deduction from the revenues of the Company from its transactions within the fiscal year, of any and all expenses; amounts of depreciation; interests and commissions paid; salaries, wages, bonuses and all other similar overheads paid to the Company's employees; all other expenses incurred for the management and conduct of the Company's business; as well as any and all kinds of socially and philanthropically-oriented payments, provisions and reserves shall represent the Company's fiscal year's net</p>	<p><b>Dividend Distribution</b> <b>Article 34-</b> The amount remaining after taxes have been deducted from the trade profit which is the amount after deduction from the revenues of the Company from its transactions within the fiscal year, of any and all expenses; amounts of depreciation; interests and commissions paid; salaries, wages, bonuses and all other similar overheads paid to the Company's employees; all other expenses incurred for the management and conduct of the Company's business; as well as any and all kinds of socially and philanthropically-oriented payments, provisions and reserves shall represent the Company's fiscal year's net</p>

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<p>profit. The provisions of the Turkish Commercial Code, Banking and Capital Markets Legislation are however reserved for the calculation of the fiscal year's net profit.</p> <p>As a rule no profit may be distributed unless and until the accumulated losses from previous years are off-set.</p>	<p>profit. The provisions of the Turkish Commercial Code and Banking Legislation are however reserved for the calculation of the fiscal year's net profit.</p> <p>As a rule no profit may be distributed unless and until the accumulated losses from previous years are off-set.</p>
<p>Of the fiscal year's net profit calculated as above;</p> <p>A)</p> <p>1- 5 % shall be set aside as a general legal reserve; until the reserve amount equals to twenty percent of the issued capital,</p> <p>2- 5 % of the issued capital shall be set aside as a first dividend from the balance.</p> <p>B) Of the amount of net profit remaining after deduction of the legal reserves, and first dividend stipulated in the paragraph (A) above;</p> <p>1- 7% of part corresponding to 60,000 (sixty thousand) shares worth TL 30,000,000 (thirty million Turkish Liras) corresponding to the Company's capital in 1980 prior to the most recent capital stock increase based on the 1982 amendment of the Articles of Association, may be distributed to the holders of founder's jouissance shares;</p> <p>2- 10% utmost thereof may be distributed to the members of the Board of Directors;</p> <p>3- 10% utmost thereof may be distributed to the Bank's employees.</p> <p>4- The General Assembly of Shareholders has the authority to decide whether all or part of the balance is to be distributed as a dividend to the shareholders or whether all or part of it is to be added to the extraordinary reserves.</p> <p>5- Following the distribution of the dividend of five percent to the shareholders set forth under article A paragraph 2 above, ten percent of the</p>	<p>Of the fiscal year's net profit calculated as above;</p> <p>A)</p> <p>1- 5 % shall be set aside as a general legal reserve; until the reserve amount equals to twenty percent of the issued capital,</p> <p>2- 5 % of the issued capital shall be set aside as a first dividend from the balance.</p> <p>B) Of the amount of net profit remaining after deduction of the legal reserves, and first dividend stipulated in the paragraph (A) above;</p> <p>1- 7% of part corresponding to 60,000 (sixty thousand) shares worth TL 30,000,000 (thirty million Turkish Liras) corresponding to the Company's capital in 1980 prior to the most recent capital stock increase based on the 1982 amendment of the Articles of Association, may be distributed to the holders of founder's jouissance shares;</p> <p>2- 10% utmost thereof may be distributed to the members of the Board of Directors;</p> <p>3- 10% utmost thereof may be distributed to the Bank's employees.</p> <p>4- The General Assembly of Shareholders has the authority to decide whether all or part of the balance is to be distributed as a dividend to the shareholders or whether all or part of it is to be added to the extraordinary reserves.</p> <p>5- Following the distribution of the dividend of five percent to the shareholders set forth under article A paragraph 2 above, ten percent of the</p>

<p>total amount to be distributed from the net profit to other stakeholders shall be added to the legal reserves.</p> <p>The General Assembly of Shareholders has the authority to decide whether the dividends mentioned in paragraphs (A) and (B) above other than the legal reserves and provisions are to be either distributed or retained and added to the extraordinary reserves.</p>	<p>total amount to be distributed from the net profit to other stakeholders shall be added to the legal reserves.</p> <p>The General Assembly of Shareholders has the authority to decide whether the dividends mentioned in paragraphs (A) and (B) above other than the legal reserves and provisions are to be either distributed or retained and added to the extraordinary reserves.</p>
<p>Provided that there is a net profit which may be distributed, the holders of founder's jouissance shares shall receive their dividend shares even if the Company has resolved not to distribute dividend.</p> <p>In accordance with the law and this Articles of Association, all shareholders are entitled to participate to the net profit which will be distributed in accordance with the provisions of the Turkish Commercial Code and Banking Legislation and Capital Markets Legislation pro rata to his shareholding in the company's share capital.</p>	<p>Provided that there is a net profit which may be distributed, the holders of founder's jouissance shares shall receive their dividend shares even if the Company has resolved not to distribute dividend.</p> <p>In accordance with the law and this Articles of Association, all shareholders are entitled to participate to the net profit which will be distributed in accordance with the provisions of the Turkish Commercial Code and Banking Legislation pro rata to his shareholding in the company's share capital.</p>
<p><b>Legal Reserves</b> <b>Article 35-</b> Each year five percent of the net profit must be set aside as legal reserve until the reserve amount reaches to twenty percent of the issued capital.</p> <p>The legal reserves may only be used to offset losses, to take necessary measures to keep the enterprise functioning or to avoid the unemployment and to mitigate its impacts at the times of embarrassed business until it reaches to the half of the issued capital. In the event of the depletion of the legal reserves as a result of such offsetting, legal reserves shall continue to be set aside until the deficiency has been eliminated. The provisions of the Banking Code are however reserved.</p> <p>In case the Company duly acquires its own shares in accordance with the relevant legislation, legal reserves amounting to the acquisition price of those shares shall be set aside. Those legal reserves shall be dissolved in the amount of the acquisition price in case the said shares are transferred or removed. The provisions of the Banking Code, the Turkish Commercial Code and the Capital Markets Act and other applicable legislation</p>	<p><b>Legal Reserves</b> <b>Article 35-</b> Each year five percent of the net profit must be set aside as legal reserve until the reserve amount reaches to twenty percent of the issued capital.</p> <p>The legal reserves may only be used to offset losses, to take necessary measures to keep the enterprise functioning or to avoid the unemployment and to mitigate its impacts at the times of embarrassed business until it reaches to the half of the issued capital. In the event of the depletion of the legal reserves as a result of such offsetting, legal reserves shall continue to be set aside until the deficiency has been eliminated. The provisions of the Banking Code are however reserved.</p> <p>In case the Company duly acquires its own shares in accordance with the relevant legislation, legal reserves amounting to the acquisition price of those shares shall be set aside. Those legal reserves shall be dissolved in the amount of the acquisition price in case the said shares are transferred or removed. The provisions of the Banking Code, the Turkish Commercial Code and other applicable legislation are however reserved.</p>

are however reserved.	
<p><b>Termination of the Company's Activities</b>  <b>Article 37-</b>  The provisions of the Turkish Commercial Code, Banking Legislation and the Capital Markets Legislation shall apply to the termination or dissolution of the Company, its liquidation, the appointment and dismissal of the liquidators and the consequences of its liquidation.</p>	<p><b>Termination of the Company's Activities</b>  <b>Article 37-</b>  The provisions of the Turkish Commercial Code and Banking Legislation shall apply to the termination or dissolution of the Company, its liquidation, the appointment and dismissal of the liquidators and the consequences of its liquidation.</p>
<p><b>Validity of the Legal Provisions</b>  <b>Article 39-</b>  The provisions of the Turkish Commercial Code, the Banking Code, the Capital Markets Act and other applicable laws and legislation shall apply on all matters not specified in this Articles of Association.</p>	<p><b>Validity of the Legal Provisions</b>  <b>Article 39-</b>  The provisions of the Turkish Commercial Code, the Banking Code, and other applicable laws and legislation shall apply on all matters not specified in this Articles of Association.</p>

## CHAIRMAN'S MESSAGE

Esteemed Shareholders,

### **2016 will be remembered as a year of turbulence and volatility both in Turkey and around the world.**

Before presenting our annual report and financial results that sum up our performance for 2016, I would like to discuss the opportunities and risks the banking system faced in 2016 along with the developments in Turkish economy and the global economy and finally present you the sustainable earnings of TEB and our expectations looking forward.

### **Fed's long expected rate hike came in December.**

Since the global financial crisis of 2008, it is long clear that the policy decisions of the central bank of United States (Fed) has a very strong impact on the global economy. We have witnessed a similar effect following the 25 basis points rate hike and a revision of the Fed's expectations for the future following the Federal Open Market Committee (FOMC) meeting on 14 December 2016. The rate hike has already been priced in by the markets however the revision in Fed's projections for the year 2017 caught everyone by surprise. Fed revised its 2017 year-end interest rate median estimate 25 basis points upwards to 1.375 % and signaled three rather than two rate hikes within the year.

It did not take long for the markets to react to these changes in Fed's expectations and while the long term interest rates escalated, US Dollar gained value in international markets against other currencies especially the developing countries' currencies.

The overall consensus is that Fed will continue its cautious stance in 2017 and will be closely monitoring the US economic data and take steps accordingly while observing the global balances as well.

### **Inflation expectations increased following the presidency of Donald Trump**

Attracting a lot of attention during his election

campaign with his speech and promises, Trump's election win in November has stirred a lot of concern and turbulence in a global scale albeit for a short period.

The economic policies of Donald Trump, who took office on 20 January 2017, is anticipated anxiously. The policies and decisions of the republican president may not only affect the future of US economy but may also impact Fed's decisions in 2017 and beyond and thus the global economy and international trade. The protective measures that the president promised during his election campaign is a source of concern and a threat for the rest of the world. Trump has been mentioning reconsidering trade with Mexico and China and even withdrawing from international treaties like NAFTA; if Trump adheres to such measures that will potentially limit trade and contract the labor market, it will put pressure on the future growth of US economy. This may trigger another recession in the global economy and world trade through contraction in financial markets and international trade.

### **Eurozone inflation reached 1.8% in January 2017.**

Eurozone managed to grow at a higher rate than the US economy in 2016, for the first time since the global recession started in 2008. While the growth rate for the US was 1.6%, the Eurozone grew by 1.7% in 2016.

Despite the structural problems in the Italian banking system, the abiding financial crisis in Greece and the referendum results that imply an exit from the EU for the United Kingdom, the economic activity was steady in the Eurozone and recovery continued. On the other hand, despite the terrorist attacks in France, Germany and Belgium, the Eurozone performance surpassed expectations and actually recorded the best percentages in consumer trust index and unemployment in the past few years.

Annual inflation rate in the Eurozone is climbing up in line with the targets of European Central Bank

(ECB). Inflation rate in January 2017 peaked to 1.8%, the highest in the last four years. According to the statistics published by Eurostat, the Statistical Office of the European Union, on December 2016, unemployment rate-corrected for seasonality, was at its lowest since July 2009.

The greatest contributors to the 2016 growth performance were Spain with 3.2% growth and Ireland with 4% growth in the Eurozone that is experiencing 14 quarters of consecutive growth. Germany, the biggest economic power of the zone, also speeded up its growth and reached 1.9% on an annual basis.

#### **A Victory of the Expansionary Monetary Policies?**

Expansionary monetary policies play a significant part in the recovery observed primarily in the US and currently in the EU. ECB's extremely expansionary monetary policy boosted the household consumption and the leverage of the companies, thus, accelerating the economic activity.

In its meeting held on 8 December 2016, ECB announced that it would keep the interest rates unchanged and extend the asset purchase program which is the main instrument of its expansionary monetary policy, until the end of 2017. Despite the extension of the program ECB gave the first signal of tapering by scaling down its monthly purchases from EUR 80 billion EUR 60 billion starting from April 2017 onwards. ECB announced that it would be closely and cautiously monitoring inflationary environment and in case of a deterioration in the outlook or a discrepancy in the financial environment and the improvement in the inflation, reassess the upper limit of the asset purchase program.

#### **IMF kept its growth forecast for the world economy unchanged.**

In the Global Economic Outlook report update issued on 16 January 2017, IMF did not change its growth forecast for the world economy. In the update report, IMF revised its forecast for the 2017 and 2018 growth rates for developed countries up by 0.1 and 0.2 points, respectively.

While Trump administration's growth oriented policies are cited as the main catalyst for the upgrade of the growth forecasts of the US economy in the IMF report, the 0.4 point increase in the forecast for 2018 growth rate is noteworthy. As for the developing countries, IMF notes that the growth has somewhat slowed down and expects a weaker growth than stated in its October 2016 report. In the report, 2017 growth forecast for China has been revised up to 6.5% from 6.2% in line with the incentives to be granted.

#### **Turkey is keeping its strong stance against multifaceted risks**

It is fair to say that despite all the internal and external unfavorable events and the coup d'état attempt that we went through, the Turkish economy kept its strong stance and was relatively unshaken by the turbulences thanks to its solid foundations and resilience.

Economic activity in Turkey already slowed down in the second quarter and further slowdown in the third quarter meant that economic growth was replaced by contraction resulting in 2.2 % growth of the economy in the first 9 months of 2016. According to the Medium Term Programme, the GDP growth rate for 2016 is expected to be around 3%.

Fluctuating in the 6.6% -9.6% range throughout the year, consumer inflation was realized at 8.5% by the end of 2016, exceeding the (+, -) 2 points band around the %5 year end inflation target of the Central Bank of Turkey (CBT). On the other hand, domestic wholesale inflation was affected both from the changes in commodity prices and the exchange rate, thus fluctuating in a wider band throughout the year. The year-end wholesale inflation of 9.94% was the highest in the 26 consecutive months period.

In the last two months, exports have been picking up, a good news on that front. The depreciation of TL is a factor in the %9.5 increase in November and 9% increase in December of the exports. This high performance in the last two months of the year limited the fall in the exports at 0.9% for 2016.



As a result of the economic recovery in the Eurozone, Turkey's exports to EU has flourished.

In 2016, Turkey's total imports fell at a rate higher than of its exports, thus contracting the foreign trade deficit by 11.7% at USD 56 billion.

On the other hand, the oil prices have started to climb up again in the last quarter of 2016. This implies an upward move on the total imports of Turkey which further implies a higher foreign trade deficit in the near future. Additionally, the measures taken lately to revive domestic demand may cause a rise in the imports. Taking all these points into consideration, we may conclude that the foreign trade deficit may widen in 2017.

### **The credit expansion in the banking sector lost some pace in 2016.**

In 2016, CBT's rate cuts were not fully reflected on the deposit rates, therefore the credit rates did not come down as much as we would like them to do. This resulted in a slower rate of increase in the credit expansion.

Banking sector, as usual, worked on diversifying its funding sources, albeit deposits making up the major source. In December 2016, total deposits increased by 16.7% on an annual basis and reached TL 1,454 billion. The rate of increase for TL deposits in the same period was 18.1%.

Despite the downward revisions in Turkey's credit ratings, banking sector did not face problems in its overseas funding and continued to make use of international funding, primarily the syndications. The banking sector is sound and strong with a high capital adequacy ratio and likely to exhibit a similar growth in 2017 as the previous year.

Esteemed shareholders,

TEB has continued to perform its best work in these conditions described above and stood by its customers as their solution partners in this highly volatile domestic and global environment.

TEB continues to be a brand that differentiates itself with innovation and leadership and is the first choice of millions of households and companies. Our Bank demonstrates its distinctness as an enabler in every field of finance through its products, services and solutions.

TEB, as one of the most established and respectable participants of the Turkish banking sector, achieved an asset size of almost TL 80 billion out of which TL 56.4 billion is the credit volume in 2016.

TEB has been transferring funds to the industries that are contributing to the growth of the Turkish economy and a sustainable future in the areas of manufacturing, employment, public finance, exports and by doing so TEB is encouraging the seamless flow of the production-trade cycle.

It gives me great pleasure to inform you that 2016 has been a successful year for our subsidiaries as well, satisfactory results have been obtained in various parameters such as number of customers and transaction volumes.

Before I end my remarks, I would like to confirm that TEB has also been ceaselessly working to make a difference and create value in the realm of social responsibility.

Our Bank has been vigorously supporting the SME's and all the entrepreneurs, primarily entrepreneur women and implementing exemplary corporate social responsibility projects on propagating financial literacy and awareness in our society.

As TEB family, we are proud to have executed and implemented projects that are considered best practices and have been inspiration for others in a field that we consider to be the major component of our social responsibility.

At TEB we believe that we must create a framework that will support a much healthier ecosystem and sustainable development along with welfare and hand it over to next generations. We will be undertaking our duties with this awareness and

responsibility while creating new success stories.

In the banking sector where the competition is ever increasing and the rules of the game constantly change, we envisage digitalization as the mega trend of the industry. Digitalization is already an integral part of the leading-edge banking services and we foresee that it will change the rules of the game and become a major factor in determining the requirements of the customers.

TEB will continue to be at the forefront of this race as a dynamic and well-established institution. While our employees constitute our greatest asset in this journey, our innovative culture will, as always, place us in front of the competition and enhance our ability to create added value.

I would like to extend my gratitude and regards especially to our shareholders who trust and contribute to the TEB brand, our employees, our customers and our business partners on behalf of the Board of Directors and myself.

Yours respectfully,

**Yavuz Canevi**  
**Chairman of the Board**

## MESSAGE FROM THE CEO

### **Esteemed shareholders, customers, business partners and colleagues,**

2016 will be a year remembered as one of the most challenging years of Turkish banking sector. Our economy faced various internal and external risks. Despite all the unfavorable conditions throughout the year, the Turkish economy overcame the obstacles by quickly responding with all its institutions, primarily the Central Bank of Turkey (CBT) and Banking Regulation and Supervision Academy (BRSA). In 2017, we will be reaping the benefits of these measures taken.

At the face of these adverse conditions, the banking system reacted by optimization of the resources, cost cutting where necessary and making sure that the balance sheet efficiency is attained. This was done while displaying a strong solidarity with the companies in the nonfinancial sector of the economy and helping everyone with honest intentions.

As TEB, we worked hard to make our contribution to the growth of the Turkish economy in these days, so we concentrated not only on financial growth but also efficiency in order to create added value for all our stakeholders with our vision of being “a good bank”. For TEB, being “a good bank” means being good for its employees, for its shareholders, its customers and the society. To this end, we kept on investing on a wide range of fields such as innovation, sports, financial literacy, entrepreneurship, SMEs and banking for women entrepreneurs in an integrated manner.

### **Once again we demonstrated our support for the economy.**

2016 was a successful year for TEB the actualizations were in line with our predictions and targets. We executed our general assembly resolutions and reached our targets. Our assets increased by 11% on an annual basis amounting to TL 79.7 billion by the year-end while our net profit for the year was TL 941.8 million. The loans, the most significant

indicator of TEB’s support to the economy and its customers, made up 71% of total assets in 2016. Approximately half of the TL 56.4 billion loans were extended to the SME’s which we believe, are the carrying force of the economy.

As usual, risk management and asset quality were priorities of our Bank and our non-performing loans ratio stood at 3.08%. Our total deposits, on the other hand, increased by 12% and reached TL 49.8 billion. We are keen on backing our steady growth with strong equity, thus, our shareholders equity increased by 12% to TL 7.8 billion as of year-end and our capital adequacy ratio is at 14.37%.

### **Syndication loan renewed 100%.**

We renewed our syndication loan which matured in August and signed a loan agreement for EUR 352 million and USD 205 million with a maturity of 367 days. The total cost of the syndicated loan is Euribor+0.75% and Libor+0.85% respectively. This loan is almost 100% renewal of the syndicated loan obtained in August 2015. The syndication has been yet another confirmation of trust in Turkey’s fundamental economic indicators, soundness of our banking system and TEB’s successful performance.

### **Supporting the SME’s engaged in foreign trade.**

TEB has introduced the “consultant bank” approach in the Turkish banking sector 12 years ago and today continues the same approach providing extensive support for SME’s engaged in foreign trade. TEB provided information through news at TEB SME TV on foreign trade, consultancy on a wide variety of subjects such as investment and government incentives, EU funding, foreign trade and customs legislation through TEB SME hot line. We conducted studies to guide companies through our Trade Center network and entrepreneurs who aim to engage in foreign trade through TEA-TEB Enterprise House. We commenced a foreign trade campaign that we backed up with two novel services in addition to our existing ones:

[www.tebledisticaret.com](http://www.tebledisticaret.com) offers an extensive

collection of foreign trade information with just one click and “Foreign Trade Development Program” provides expert opinion and education on how to use this information.

We continued to provide valuable services such as TEB SME Academy, TEB SME Consultants Program and TEB SME TV to guide SME’s on how to use the funding they received. These services are designed to make a difference in the sector and create added value. We have reached over 26 thousand SME’s in 103 organizations in 50 cities through TEB SME Academy.

**Over TL 205 million loans to women entrepreneurs**

In 2016, we managed to develop special solutions designed for women entrepreneurs with an integral service approach through our Women Banking. Over 2 thousand women attended 16 TEB Women Academy events conducted in various cities throughout Turkey in 2016.

We started a new program called “Financial and Advisory Support for businesses Run by Women” and by 2016 year-end we have provided over TL 205 million in loans to more than 5200 customers. As the name implies, the program aims to encourage entrepreneurship among women and support the existing companies run by women.

Our successful work in women banking brought us the ‘Innovation in Social and Communal Impact’ award from BAI (Bank Administration Institute) Innovation Awards. The organizer, Bank Administration Institute, is a very highly regarded institution in financial services and bank administration worldwide. We are also competing in European Business Awards as the national champion.

In agriculture banking we are serving our customers with our agriculture specialists, TEB employees specially trained in the demands and needs of the agriculture sector. We now have 21 seed branches in areas where we serve agriculture companies primarily.

**Total credit allocation exceeding TL 3.35 billion.**

In 2016, we continued our support for Turkish economy along with BNP Paribas within the scope of corporate banking. Our total credit allocation for investment loans with a maturity of 5 years or more exceeded TL 3.35 billion as of year-end 2016.

We have provided funding for large scale mining and commercial real estate as well as € 140 million funding to Turkish Grain Board for the purchase of grains.

Thanks to the capabilities and facilities provided by our strategic partner, BNP Paribas Group, we continued to enjoy our pioneer bank status in foreign trade and commodity finance in 2016 as well. Products and services that we developed and presented to our customers like ‘Bank Payment Obligation’ are being used more frequently and regularly by our customers.

Foreign trade financing models that we design specific to our customers’ needs coupled together with the trade center network of BNP Paribas in over 100 spots in more than 60 countries enables us to present our customers cost effective, fast and competitive solutions.

Our long term dedication and investment in cash management in combination with our collaboration with BNP Paribas placed us as the only Turkish bank that provides cash management services in 57 countries worldwide. Our cash management practices through innovative products and services gained recognition in the international arena in 2016 as in previous years. TEB Virtual Account has been awarded the first prize in the category of “the best new product/service” category of Best Business Awards, one of UK’s most prominent award programs.

TEB’s Cash Management Academy has been awarded 1<sup>st</sup> prize in ‘Best Customer Focus’ category by Best Business Awards and announced as the ‘Best Cash Management Bank of Turkey’ for the third time in 2016 by Asian Banking and Finance Organization.

### **Startup Business Banking Supporting Innovative Business Ideas**

We continue working towards facilitating the adaptation of innovative ideas in businesses and development of the entrepreneurial ecosystem all over Turkey. In this respect, we have provided 360 degrees support for entrepreneurs who have innovative ideas and high value added projects to turn those ideas into startups. The Enterprise House that we established in collaboration with TEA (Turkish Exporters Assembly) is expanding throughout Anatolia as a means of connecting to entrepreneurs all over Turkey and putting their ideas into use that will be beneficial for the economy. We provided both financial and non-financial support to entrepreneurs in TEA-TEB Enterprise houses in 9 cities: İstanbul, İzmir, Denizli, Gaziantep, Trabzon, Mersin, Bursa, Konya and Edirne.

To date, around 4480 new business ideas have been brought to TEB incubation center, 461 of which have been accepted. 30 entrepreneurs were awarded a total of TL 34.9 million investment and 123 entrepreneurs managed to receive government incentive of TL38.9 million TL.

270 students in 12 universities attended 11 “Let’s UP” events within the scope of the 2016 “Let’s UP” program. In August, 15 entrepreneurs were rewarded with a one week Silicon Valley trip and entrepreneurship program.

As the only bank with an in house synergy for the entrepreneurial ecosystem, TEB supported the entrepreneurs with Startup Business Banking in 2016, while focusing on the angel investors with TEB Private Banking. We contributed to the strengthening of the ecosystem through TEB Private Angel Investment Platform and Investment Club.

As a bank we believe that innovative technologies that will change the world of banking and finance will originate from Turkey. We started the TEB Fintech Future Four Program for the startups that have ideas or projects in finance technology. We believe that banks and startups can build the future vision by working together. The program was

initiated on 20 September 2016 and there were 43 very valuable applications. After a careful consideration, 8 projects were selected to move on to final and we believe each of them may just as well be the answer to a worldwide issue in finance.

### **Double Win for TEB in the International Hackathon**

TEB organized the TEB Innovation Competition once again this year. Working for generation of innovative ideas all around Turkey, we initiated this competition in 2007. This year, of the 14 thousand applications received in the competition, 51% of the applicants were university students while 36% were TEB’s customers. The Technological Entrepreneurship category that was introduced two years ago received record breaking 1760 applications this year.

In the BNP Paribas International Hackathon organized to promote innovative ideas that will change the customer experience in the world of banking and finance, together with our strategic partner BNP Paribas, we welcomed entrepreneurs with two separate themes. After the jury evaluation, team “Buy Together” got first place and team “Account Worm” came second. These two themes represented Turkey in the International Hackathon and brought TEB a double win.

### **Expanded Customer Base in Digital Banking**

In 2016, we continued to lead the way with innovative products and services in Digital Banking which we consider as strategically important for our Bank. CEPTETEB Digital Banking Platform that was launched in March 2015 enlarged its customer base in 2016 and further developed the customer experience in digital channels. CEPTETEB which offers a customer experience based on speed and ease of use, reached 350 thousand customers and TL 3.3 billion deposits, becoming one of the fastest growing digital banking platforms of Turkey.

### **A Special Innovation Award for TEB**

In 2016, during Turkey Innovation Week, which is organized by Turkish Exporters Assembly (TEA) with TEB contributing as a strategic partner, TEA-TEB Enterprise House projects and entrepreneurs

received visitors for three days.

Additionally, at our sister school Haşim İşcan Elementary School in Ümraniye where our headquarters are located, we built a TEB Innovation - Maker Workshop and we hosted the students of the workshop within the scope of Turkey Innovation Week and introduced them to brand new ideas and new horizons.

As the receiver of TEA Innovation Awards Special Entrepreneurship Award, TEB's contribution to the entrepreneurial ecosystem of Turkey was once again confirmed.

**The expanding scope and domain of our responsible banking approach**

TEB Family Academy that we launched through our "Responsible Banking" approach in 2012 was established in order to leverage society's financial literacy and develop public awareness of saving. We continued our efforts in this vein in 2016. We launched the "Social and Financial Education through Art" project aimed at elementary school pupils, within the scope of cooperation with the Ministry of Education and UNICEF and ensured that financial literacy entered the school curriculum in the 2014-2015 school year for the first time in Turkey.

Our objective is to offer financial literacy activities to a much wider audience on different platforms by developing our collaboration with the Ministry of Education. We plan to provide financial literacy training to 5 million people over a 3 year period through the "I can manage my Budget" project that we launched in this direction. To date, we reached over 11.3 million people through TEB Family Academy and we aim to expand this program to all over Turkey in the near future and provide financial literacy training to 20 million individuals by the end of 2018.

**Tennis fever burned on in 2016.**

TEB BNP Paribas Istanbul Cup and the TEB BNP Paribas Istanbul Open international tournaments which we organize every year took place on 18 April

- 1 May 2016. Çağla Büyükkakçay who represented Turkey in singles at Istanbul Cup became champion and İpek Soylu raised the cup in doubles final. We introduced "We are Tennis Fan Academy", the world's one and only academy that fosters tennis fans during the TEB BNP Paribas İstanbul Cup to tennis fans in İstanbul.

We continued to be the main sponsor for TEB Street Tennis activities that we have been organizing together with Turkey Tennis Federation (TTF) since 2012. We also organized TEB BNP Paribas Tennis Stars Series, the first tennis Showdown activity again in collaboration with TTF.

**We will continue to contribute to the national economy in 2017.**

TEB will continue to provide added value to the national economy in the coming periods, as it has until now. TEB targets productivity-driven growth by generating value for all stakeholders as well as numerical growth. As Turkey's second largest private bank, we will work hard in the future as we do today to further strengthen the multifaceted support we give to the economy.

I would like to take this opportunity to thank all our stakeholders with whom we are working hand in hand to build the future today. We are reflecting our innovative point of view to the way we conduct our business. Our strategic partnership with BNP Paribas is contributing to our strength. Our customers' loyalty and trust is giving us hope and inspiration. When combined with the support of our Board of Directors and the hard work and contribution of our employees, all these factors above will carry us to future and TEB will always be the "good bank" of Turkey.

Yours Respectfully,

**Ümit Leblebici**  
**General Manager**

## THE ECONOMY AND THE SECTOR IN 2016

**Following Trump's election as president, the inflation expectations rise due to anticipated increase in infrastructure investments which imply an expanding fiscal policy in the periods to come.**

The US Central Bank (Fed) is expected to act faster than formerly anticipated in raising the interest rates and this is causing a rise in the bond market interest rates.

**On the other hand, the protective measures mentioned during Trump's presidential campaign are still a source of concern.**

These measures have the potential to contract the foreign trade volume or the labor market in US and both implies a slowdown in the growth rate of the US economy. The fact that economic policies applied in US may trigger a capital flight from the developing countries is the main risk factor in the upcoming period.

**In Turkey, GDP growth has been weak all through the year and the deterioration in the consumer trust index implies that the recovery may take some time.**

The government revised its 2016 growth forecast down to 3.2% from the previous 4.5%. Despite the improvement in the consumer loan market due to the interest rate cuts, primarily in mortgage loans in the last quarter of the year, total loan growth has slowed down. The tightening external financing conditions and increasing geopolitical risks imply a

slowdown in economic activity and thus, a relatively weak GDP growth in 2017 as well.

**Inflation expectations for 2017 are deteriorated due to adverse base factors such as the exchange rate and food inflation.**

In 2016, food prices were well below their historical averages and this reflected well on the headline inflation. However, the weakening of the Turkish Lira, the price hikes in the managed/directed products, unfavorable base effect and the expected recovery in the food exports to Russia creates an upward risk on the inflation in the near future. As a reaction to the high volatility in the markets recently, the Central Bank of Turkey (CBT) increased the weekly repo and overnight rates and took additional steps to provide foreign exchange liquidity to the system.

**Despite the slowdown in growth, the decline in the tourism income put an end to the recovery in the current account deficit.**

Due to rise in geopolitical risks, income from tourism declined by 35% in 2016 and overriding the favorable factors such as slowdown in the economic activity and the low oil prices, current account deficit started to widen again from August onwards. Tougher financing conditions will make external financing extremely important for Turkey and the current account deficit will probably comprise 4.5% of the GDP in 2017.

Turkish Banking Sector Key Indicators		
	December 2015	December 2016
Assets	TL 2.36 trillion	TL 2.73 trillion
Loans	TL 1.52 trillion	TL 1.78 trillion
Marketable Securities	TL 330 billion	TL 352 billion
Deposits	TL 1.33 trillion	TL 1.55 trillion

## TÜRK EKONOMİ BANK'S PERFORMANCE IN 2016

### IN GENERAL

Presented below is a summary of TEB's shares of the banking industry's basic indicators as of 31 December 2015 and 31 December 2016 together with information about changes in those shares. Looking at the highlights of the Bank's performance in 2016 as compared with that of 2015 we see that:

- Total assets increased by 11%.
- Shareholders' equity reached TL 7,799 million.
- Total deposits accounted for a 63% share of the Bank's balance-sheet bottom line.
- The loan book grew by 6%, with total lendings corresponding to 71% of total assets.
- The Bank had a 3.08% NPL ratio reflecting its sound lending policies and prudent risk management approach.
- Having lent out 113% worth of its deposits, the Bank had a capital adequacy ratio of 14.4% and a 13.5% rate of return on equity.

### TEB'S POSITION IN THE SECTOR

(million TL)	31.12.2016		
	TEB	Sector	TEB's Share (%)
Total Assets	79,727	2,730,942	2.92
Total Loans	56,364	1,782,733	3.16
Total Deposits	49,833	1,547,551	3.22
Number of Branches	515	11,747	4.38
Number of Personnel	9,640	210,910	4.57

Source: Sectoral figures taken from BRSA's December 2016 monthly bulletin



## AWARDS

### Digital Banking

- Financial Innovation Awards, CEPTETEB Mobile Wallet, Best Payment Attempt
- 11<sup>th</sup> MediaCat Felis Awards, Ay Sonu Nasıl Gelir?-Microsite Category, Success Award
- 28<sup>th</sup> Crystal Apple Awards, Ay Sonu Nasıl Gelir?-Microsite Category, Silver Award
- Mixx Awards, CEPTETEB Digital Launch Category, Golden Mixx Award
- Mixx Awards, 'Beni Ne Patronlar İstedî', Brand Destination Sites and Microsites Category, Golden Mixx Award
- Communicator Awards, Online Advertising and Marketing Category, CEPTETEB Launching Videos, Award of Excellence
- Communicator Awards, Web Site-Home Page Category, "TEB Özel Müze", Award of Excellence
- Communicator Awards, Online Advertisement Video Category, 'Beni Ne Patronlar İstedî', Award of Excellence
- Communicator Awards, Online Advertising and Marketing Microsite Category, 'Beni Ne Patronlar İstedî', Award of Excellence
- Communicator Awards, Online Advertising and Marketing, Viral Marketing Category, CEPTETEB Launching Video, Award of Excellence
- Stevie Awards, Best Product/Service of the Year Category, CEPTETEB Digital Banking Platform
- Stevie Awards, Banking Category, cepteteb.com.tr website
- W<sup>3</sup> Awards, 'Beni Ne Patronlar İstedî' Website Category, Silver Award
- W<sup>3</sup> Awards, cepteteb.com.tr, Website Features, Visual Appeal Category, Silver Award
- W<sup>3</sup> Awards, tebozelmuz.com, Website Features, Art Category, Silver Award
- IDC, CEPTETEB, Mobile Wallet
- Innovation Project, CEPTETEB Mobile Wallet
- Emerging Payment Awards, Best Consumer Banking Initiative-CEPTETEB

### Cash Management

- Best Business Awards, Best Customer Focus Category, TEB Cash Management Academy
- Best Business Awards, Best Product/Service Category, TEB Virtual Account
- Asian Banking and Finance 2016, "Best Cash Management Bank in Turkey"

### SME Banking/Women Banking

- 2016 Euromoney Awards, Best SME Bank of Eastern and Central Europe
- 2016/2017 European Business Awards, National Champion
- 2016 Financial World Innovation Awards, Finalist
- 2016 BAI Global Banking Innovation Awards, Innovation in Societal and Community Impact
- Stevie Awards, Best Product/Service of the Year - Best Marketing Campaign of the Year

### SME Banking

- 2016 Euromoney Excellency Awards, Best Bank in East and Central Europe in Corporate Social Responsibility

### Call Center

- Stevie Awards, Call Center of the Year, Gold Medal
- Stevie Awards, Alternative Sales Channel -Best Sales Team, Silver Stevie Award
- Stevie Awards, Call Center of the Year, Gold Medal

### Retail Banking/Family Academy

- BAI, HIPPO (2015 Innovation in Internal Process Improvement) - The Retail And Private Banking Group
- EFMA, HIPPO (2015 Innovation in Internal Process Improvement) - The Retail And Private Banking Group

- Gardner, Case Study - CEPTETEB
- Samsung / Turkcell, Case Study - CEPTETEB
- Facebook / Google, Case Study - CEPTETEB
- Mastercard, Best Customer Value Award - Card Products
- Mastercard, Best Sales Award, Card Products
- BKM,BKM Express Activity- Card Products, 1<sup>st</sup> Prize,
- Visa, Best Campaign Communication Award, Card Products
- 2016 “Euromoney Excellency Awards”, Best Bank in Social Responsibility in Eastern and Central Europe
- 2016 International CSR Excellence Awards, “CSR Project Award” and “Community Development Award”
- IPRA Golden Globe Awards, Corporate Responsibility, Winner

#### **Corporate Communication**

- 2016 News Cause Marketing, CSR Twitter Communication Digital Marketing Campaign (100 thousand and less), Honorary Award
- 2016 Stevie Best New Product or Service of the Year, Consumer Services, Gold
- 2016 Stevie Consumer Marketing Campaign of the Year, Silver
- Felis, Direct Marketing Department - Adaptation/Localization Category, We Are Tennis Fan Academy Turkey-Super Fan, Success Award
- Felis, Promo & Activation Department - Display and Digital Installation Category, Interactive Digital Hopscotch, Success Award
- Crystal Apple, Media Utilization - “Best Innovative Technology/Digital Media Utilization” - WAVE Innovation Exhibit Communication Campaign, Bronze Apple

#### **Branch Operation Management**

- A.L.F.A. Awards, Customer Experience Best Management Award
- Make an Invention, Innovation Champion, IZTEB

#### **Legal Affairs**

- Burton Awards

#### **Human Resources**

- Great Place to Work, Only bank to make the Best Employers List
- Top Employer, “Best Employer of Turkey” and Europe 4 years in a row.

## CORPORATE BANKING GROUP

### CORPORATE BANKING

TEB provides major domestic and international firms, corporate groups and holding companies whose annual turnovers amount to at least TL 50 million with products and services together with added-value-creating solutions that reflect both its own extensive product and service options and capabilities as a financial institution as well as those of its strategic partner, BNP Paribas.

In the corporate banking business line TEB serves customers in the areas of:

- Foreign trade finance,
- Operations and investment finance,
- Cash and risk management products,
- Standard and derivative treasury products,
- Corporate investment banking products,
- Commodity finance,
- Project finance.

TEB provides its corporate banking customers with superior made-to-order service through 15 corporate branches (7 in Istanbul alone), expert-staffed Foreign Trade Centers and a team specialized in dealing with the unique needs of multinational firms. TEB supports these services with the synergies arising from its own group companies and its partnership with BNP Paribas in 75 countries.

In 2016, TEB once again further strengthened the solid and trusted reputation it enjoys in the corporate banking business line while maintaining the highest level of customer satisfaction by addressing its customers' particular needs in the constantly changing and intensively competitive environment that is characteristic of financial markets.

TEB strives to be "the first bank that comes to mind of customers" whenever a customer is in need of any product or service in the corporate banking business line.

#### **A differentiated and specialized bank in foreign trade**

Foreign trade is a business line to which TEB has been giving special attention since the 1980s. Benefiting also from the global service network of its strategic partner BNP Paribas, TEB enjoys an international reputation as a distinguished specialist in foreign trade finance.

In foreign trade finance BNP Paribas ranks first in Europe and third in the world. BNP Paribas's operations in 75 countries and Trade Centers active at 100 locations in over 60 countries significantly contribute to TEB's competitive edge in the foreign trade finance business line.

As a well-established expert in foreign trade finance, TEB can also provide specialized operational solutions such as foreign trade legal framework consultancy and preparing letter of credit documentation.

TEB also has correspondent relationships with more than 1,200 banks located all over the world and it is constantly seeking to expand this network in line with its customers' needs. In addition to its correspondent network, TEB also makes use of the network of its main shareholder, one of the top 5 banks of the world, BNP Paribas in 75 countries to offer its customers competitive prices and maturities in foreign trade transactions.

#### **Cost-effective fund transfers**

Whenever customers with investments in different countries need to transfer funds internationally, TEB is at their side with an extensive network of correspondent banks that make it easy to effect transfers in 135 different currency units to more than 180 countries. For customers who need to transfer euros or US dollars domestically, TEB offers same-day value-date solutions that are also very cost-effective.

**TEB handles Chinese yuan (renminbi) transactions for its customers.**

Under an agreement between TEB and Bank of China, TEB is authorized to process renminbi (RMB) denominated foreign trade transactions for its customers. This means that TEB customers can transfer funds to RMB accounts in China and other countries, pay for their imports in yuan and have letters of credit issued in yuan. TEB is also the first bank in Turkey to issue yuan-denominated export letters of credit and letters of guarantee.

TEB also processes on-shore and off-shore RMB payments through Bank of China Ltd Beijing and Bank of China (Hong Kong).

**100% of our syndicated loan was renewed.**

A one-year syndicated loan which TEB had obtained to support foreign trade finance and whose term expired in August 2016 was renewed at the rate of 100%.

This loan was renewed at Libor + 0.85% and at Euribor + 0.75% for 367-day tranches, thus making it one of the lowest-cost sources of funding for which an agreement was signed in the Turkish banking industry in 2016. Twenty-four banks took part in the syndication, underwriting a two-component (EUR 352 million & USD 205 million) loan. This renewal once again confirmed the strong reputation that TEB enjoys in international markets.

**TEB Trade Centers**

Providing both foreign trade finance and foreign trade consultancy products and services, TEB's Trade Center network is the first of its kind in the Turkish banking industry. TEB Trade Centers are located in five cities (Adana, Ankara, Bursa, İstanbul and İzmir) which together account for approximately 70% of Turkey's total foreign trade.

Thanks to TEB's and BNP Paribas's foreign trade finance expertise and extensive correspondent networks, TEB Trade Centers are places where foreign trade finance models can be exactly tailored according to a customer's needs.

**Strongly positioned in export finance**

TEB is one of Turkey's most prominent and experienced banks in the foreign trade finance business line. The Bank's strong position in export finance is attested to by sectoral data. According to September 2016 figures published by BRSA, the Turkish banking industry's export-finance lending accounted for about 6% of total loans when retail credit is excluded. In TEB's case, about 12% of the Bank's performing loans excluding retail segment lendings were used to finance exports.

TEB is ranked 6<sup>th</sup> in the sector in terms of its total volume of export credits. While TEB's share in Turkey's total foreign trade stood at 6.8% as of September 2016, the Bank mediated in 9% of the guarantees provided to Turkey from outside the country and mediated in 6.12% of export letters of credit.

The staffing of every TEB Trade Center includes a team whose members have expertise in structured trade and commodity finance. This team devises financing solutions that are specifically fashioned according to the goods involved and customer cash flows. In this way, firms can be offered made-to-order products that go beyond the sector's conventional financing methods.

Traditionally strong in hazelnut and tobacco export financing, TEB is also adept at coming up with financing solutions for other export commodities such as grain, edible oils, synthetic lubricants, plastic raw materials, chemicals, fruit concentrates and mineral ores such as iron, copper and chromium. Supported by experts, TEB customers' financing needs in both domestic and international markets can be precisely addressed at every stage from initial procurement to final collection.

Having completed the legal infrastructure, TEB commenced its licensed warehouse operations in early 2013. Concurrently with this, TEB introduced yet another innovative product to the Turkish banking industry by becoming the first bank in the country to own a licensed warehouse and to offer

structured commodity financing credit whose collateral is the goods that are being held in it.

One of the solutions offered to exporters within the scope of rediscount credit opportunities intended for exports, which the Central Bank of Turkey allocates to Turkish exporters, TEB actively plays a role in the market as a provider.

### **Foreign trade training**

TEB provides its customers with specialized consultancy services related to their foreign trade and investment activities. In addition, TEB also works with sectoral and regional exporters' associations, chambers of commerce and industry, organized industrial zone directorates and similar organizations to provide practical foreign trade training and seminars on foreign trade issues that are designed to meet the particular needs of firms in different parts of the country.

### **BPO (Bank Payment Obligation)**

The International Chamber of Commerce (ICC) issued international rules of a new trade finance solution in April 2013 considering the fact that more than 70% of world trade is realized as a running account and the shares of the letter of credit had fallen below 12%. This method, designed to facilitate running account trade and to combine the speed of running account payment method with the security of letter of credit, is called a BPO.

In Turkey, nearly 75% of whose exports are conducted through running accounts, concerns about collection risk have been driving a search for solutions to better manage it.

Keeping a close watch on this process, TEB began exploring the BPO option itself in 2013. Holding a series of seminars through which it provided customers with information about this new settlement solution while simultaneously completing the infrastructure required by it in 2014, the Bank carried out its first BPO transactions in the last two months of the year.

As one of only two banks in Turkey with the ability to

offer its customers this newest and most sophisticated payment solution, TEB's introduction of BPO makes it the 16th bank in the world to do so and the 5th in Europe, the Middle East and Africa. In 2016, foreign supplies of importer customers continued to be carried out by TEB. Also, BPO transactions that include funding for the importing party were carried out for the first time in the world by TEB.

Employing an experienced team of foreign trade specialists, TEB will continue to keep its customers supplied with the most up-to-date foreign trade finance and risk management products and services in the future as well.

### **CASH MANAGEMENT**

TEB Cash Management continued to develop innovative customer-focused products and services. TEB was again granted for the third time in 2016, the "Turkey Domestic Cash Management Bank of the Year" award by Asian Banking & Finance, a magazine that conducts one of the most prestigious international awards programs for retail financial services. TEB received this award based on the opinions of judges from four of the world's top international consultancies: KPMG, Deloitte Consulting and Ernst & Young Advisory.

TEB has also been handed two awards in cash management in one of the most prestigious award organizations of UK, Best Business Awards. "TEB Virtual Account", the new automated collection solution and "TEB Cash Management Academy", the only organization of its kind in cash management in Turkey were considered worthy of these awards. As well as being the private integrator of "e-Billing" and "e-Archive" TEB, began to offer its customers two new financial services: payment of e-Billings through internet banking and integration of export e-Invoices into the system.

Additionally, TEB also developed a service where customers can pay the customs duty by SMS and presented this service to its customers in 2016.

**Cash management services and solutions for multinationals**

TEB also develops international cash management solutions working in partnership with BNP Paribas. In 2016 TEB supplied BNP Paribas’s global customers with many specially-designed products and solutions allowing them to achieve greater efficiency and control in the conduct of national and international payment and collection processes related to their existing or planned operations in Turkey.

TEB will continue to supply multinational customers who need to employ a single global solution for operations that may be scattered all over the world with products and services that are fully integrated into BNP Paribas’s global cash management system.

**TEB Multinationals Desk**

As the first bank in Turkey to set up a Multinationals Desk back in 2006, TEB understands such firms very well. The bank distinguishes itself through service competencies that address multinationals’ unique needs.

Calling upon the resources of its own extensive network of domestic branches in Turkey as well as those of BNP Paribas’s 188 thousand employees, 23 million customers, more than 7 thousand branches and 99 trade centers all located in 75 countries, TEB provides multinationals as well as Turkish firms with international operations with advantages and convenience in keeping with BNP Paribas’s “One Bank for Corporates” slogan.

Through the Multinationals Desk of its corporate banking division with its specialized personnel in the headquarters and corporate branches, TEB seeks to be the main bank with which all multinationals with operations in Turkey prefer to work as almost 1,300 multinationals from 45 countries already does.

**Cross selling and strong synergy**

The Cross Selling Culture that TEB creates involves offering different products from a single point to the Bank’s corporate customers. TEB’s Cross-Selling activities offer customer specific innovative and creative products and services while making use of

the Bank’s other business lines, the Bank’s subsidiaries and the competitive strength of its French partner BNP Paribas.

TEB offers the following primarily to its customers who need investment banking products and services, by taking advantage of strong international network of BNP Paribas;

- providing funding and support for commercial and investment activities,
- providing local and international resources for the funding of foreign trade activities,
- providing all kinds of banking and cash management support through BNP Paribas multinational companies departments,
- providing consultancy aimed at international procurements,
- providing project finance facilities,
- mediating in international bond issues and public offerings.

Continuing its contributions to the Turkish economy along with its strong partner BNP Paribas, TEB engaged in new projects in Renewable Energy and facilitated EUR 140 million funding for the Turkish Grain Board.

TEB will also continue creating resources for value added investment projects unwaveringly in the coming period.

In accordance with the operational areas of TEB’s customers and TEB’s local and international product variety, cross selling, business development and synergic activities are carried out in the areas of;

- Agricultural Banking,
- Consumer Finance,
- Housing Finance Projects,
- Payment Systems with Card & POS Services,
- Solutions for Dealers,
- Project Finance,
- Debt Instruments,
- Corporate Finance,
- Infrastructure Project Financing,
- Salary Agreements

with the Bank’s other business lines in addition to

the synergy developed with BNP Paribas.

Cross selling activities also come to the forefront with TEB's affiliates and group companies that are leaders in their sectors:

- TEB Arval offers its international experience to the fleet management sector as a solution partner for Corporate Banking customers' fleet management activities,
- BNP Paribas Leasing Solutions provides financial solutions to Corporate Banking customers for their investment in equipment and real estate,
- TEB Faktoring was ranked 1<sup>st</sup> five times in a row for its domestic and export factoring transactions by Factors Chain International, the world's largest factoring chain,
- TEB Investment carries out mediating activities for its customers' public offerings, debt instruments, domestic and international transactions and provides investment consultancy services,
- TEB Portfolio provides alternative fund management services for its Corporate Banking customers and many funds in which it is the founder and director,
- BNP Paribas Cardiff Retirement offers a range of advantageous services to its customers in meeting their group retirement and insurance needs with its unique business model.

## THE SME BANKING GROUP

### Enhancing the “consultant banking” approach to SME’s

TEB, which started its SME Banking activities in 2005, continues to provide various solutions through its products and services in accordance with customer segments on topics such as growth and competitiveness, which are the most challenging areas SMEs face. The Bank also continues to enhance its “consultant banking” approach every year.

Differentiating its services in the SME Banking area for customers of Business, Agriculture and Women’s Banking, TEB’s activities continued to focus on the need for information, education and access to networks and experience support pertaining to management of financial resources and non-financial topics, which are among the problems that SME customers have encountered.

### In 2016, TEB’s lending to the SME market increased above sectoral averages in terms both of the number of placements and of their total volume.

Communication campaigns conducted throughout the year focused on addressing TEB customers’ cash needs on terms favorable to them.

TEB SME Banking continued to extend funding support to SME’s in 2016 and total volume of credit grew parallel to the sector. The non-performing loans ratio however is below the sector average which is an indication of TEB’s success in controlling its assets. TEB continued its leading role in the agriculture loans and its dominance in gold loans.

### Supporting the growth efforts of SMEs:

#### Cooperation with Credit Guarantee Fund (CGF)

Micro-enterprises operating in certain areas could benefit from CGF support more easily and access to financial support more rapidly through the micro loans to micro SMEs project carried out by CGF and TEB. The CGF Equity Credit Collateral is aiming to support SME’s that have limited access to funding and ease the effective functioning of the credit

market. Moreover, the scope of Treasury backed surety was extended with the renewed CGF loan to SME’s, Manufacturer SME’s, Women Entrepreneurs, Shipbuilding Industry and Travel Agency SME’s. This simplified access to financing for SMEs.

### “Foreign Trade Drive” for SME’s

TEB has been working towards the development of the SME’s aiming to give them an edge in the competition as their “consultant bank” for ten years. In 2016, TEB initiated a “Foreign Trade Drive” to help the growth of SME’s engaged in foreign trade. Foreign trade development program is also intended to increase the export potential of Turkey and contribute to the realization of 2023 targets. In this scope TEB introduced new and innovative services specially designed for SME’s. The latest of these services is [www.tebledisticaret.com](http://www.tebledisticaret.com) (foreign trade with TEB), a platform designed to provide 360 degrees accurate, up to date and refined information to companies who are already active in foreign trade as well as those who have the potential to engage in foreign trade. Through “tebledisticaret”, SME’s are able to find the information they need to access new markets in one source and with the specially designed “TEB Foreign Trade Development Program” they will have access to training and consultancy on how to make use of this information.

### SME’s will discover new markets with “tebledisticaret.com”

Containing information of over 1,500 firms, more than 20,000 suppliers in 160 countries, [www.tebledisticaret.com](http://www.tebledisticaret.com) is an online platform that acts as a guide to SME’s that would like to expand their horizons through foreign trade. The platform also contains over 10,000 sectoral reports. Users can access detailed information about the general profile, geographic location, state of the economy, cultural differences etc. of the markets that they are interested through [tebledisticaret.com](http://tebledisticaret.com). Additionally, for some countries there is exporter/importer information for products that are subject to



international trade as well as the opportunity to check out on country or sector basis the trade fairs where they can find new clients.

tebledisticaret.com is notable for containing all sorts of relevant information pertaining to export and import procedures including but not limited to special government incentives, customs and local taxes, transportation options, relevant paperwork for foreign trade destinations.

### **“TEB Foreign Trade Development Program” has the answer to how to make use of this information.**

“TEB Foreign Trade Development Program” is a dedicated development and education program where companies can get the training and consultancy services they need for their foreign trade activities.

This program is intended to guide the companies through the vast amount of information provided on the tebledisticaret.com platform. Companies who are new in foreign trade or simply want to increase their foreign trade volumes are trained on how to develop strategies for growth in foreign trade and on how to realize their action plans.

In addition to the information they acquire during the training, the companies who attend the program are also presented printed material to guide them to apply the growth and development programs in their companies. This program extends the horizons of the companies in foreign trade through 4 different modules that analyze the growth management, risk minimization in foreign trade, market research and foreign trade activities of the companies. The program expands through a 6 month period. The first program started on 19 October 2016 and participants finished 3 modules by the end of the year.

The bank is guiding the companies that wish to grow on foreign trade so that the companies who attend the program gain the competency to execute their foreign trade activities with the information and vision they acquire. With this new service, TEB is aiming to strengthen the positioning of the Turkish

companies in international markets and be there for them at every step of the way.

### **Structural support for SMEs’ developmental efforts**

The TEB SME Banking Group seeks to support SMEs’ efforts by standing beside them with its innovative products and services at every stage of their growth and development. In 2016 the Group successfully continued its operations by introducing new products and services and making them accessible to an even broader customer audience.

### **The TEB SME Academy**

The TEB SME Academy has been organized annually since 2005. During these events, TEB comes together with SMEs in the province where the meetings are held and shares information that will carry small and medium-sized enterprises into the future.

The Bank organized the 100th TEB SME Academy in Kocaeli, the birthplace of TEB, with over 600 SME’s attending. Besides Kocaeli, TEB SME Academies took place in Northern Cyprus, Yozgat and Afyonkarahisar in 2016. The Bank provided information required by SMEs on subjects ranging from information on provinces to global competition. SMEs were informed and gained greater awareness about strategic management, growth and foreign trade in the workshops carried out after the academy. By the end of 2016, approximately 25,000 business person have attended the 105 TEB SME academies organized all over Turkey.

### **TEB SME Consultants**

In an ever globalizing competitive world, SME’s need to access critical visionary information more and more every day. Today companies need information on managerial and organizational issues such as how to discover new markets for their products, which technological developments are trending, what kind of a managerial strategy and organizational structure they should adapt and which qualities should their employees’ possess.

Today, it is extremely important to provide guidance to SME’s on the best utilization of the funding they receive as much as providing the funding for the growth and development of SME’s. Within the

framework of Consultant Banking approach, TEB provides training to customer representatives who are constantly in contact with customers on the issues of production management, marketing activities, foreign trade, reorganization and management of human resources. TEB provides TEB SME consultancy services which are special training programs to analyze customers.

These training programs consist of segment-based training sessions such as SME Consulting, Business Guides and Agricultural Experts. In addition, customer representatives, who were trained on SME Consulting, offer more comprehensive services in accordance with the requirements by receiving additional training in the fields of Domestic Marketing and Sales, Overseas Sales and Marketing, Production Management and Financial Management.

As of 2016 year-end, 56 people have completed the TEB SME Guidance Program and 12 more personnel finished the TEB SME Specialist Program and helped customers on issues like marketing, sales, manufacturing and financing. Over 600 customer representatives are consulting our customers on the subjects they require, primarily business management.

### **TEB SME TV**

TEB SME TV continued to be a trustworthy online information/news source in 2016 with programs dedicated to the business and career development of the business world in general and SMEs in particular. TEB SME TV reached 1,500,000 monthly viewings which included a total of 9,500 news items in 2016.

TEB SME TV thematic channels were introduced to offer viewers richer content around the same topic and these channels attracted more attention in the last couple of years since they came on air. These channels offer content that corresponds to the specific needs of viewer groups such as: “Technological Solutions” a channel for SMEs seeking to improve their business efficiency by taking advantage of technological developments,

“Women Manager Screen” a business development guide for women bosses, “Personal and Career Development Guide” a channel for those professionals aiming for lifelong development in their business and personal life.

In the “Women Manager Screen” a wide range of news and information ranging from business start-up processes to tips to help working women enjoy a good life are featured. In the “Personal and Career Development Guide” channel, a comprehensive range of news items with rich content, including items related to personal development, motivation, sales and marketing, leadership and team management, stress management and the art of negotiation are offered to the channel’s audiences, i.e. professionals and SMEs namely. TEB SME TV channels are the most preferred section of TEB SME TV with approximately 4 minutes of viewing in the 448 contents featured as of December 2016.

### **Communication with added value created through social media**

Customers can access to specific information they need through [www.tebkobitv.com](http://www.tebkobitv.com) and follow the daily news and developments through social media channels Facebook, Twitter, Youtube and LinkedIn which TEB SME Banking utilizes.

Active communication with customers carried on in 2016 on segmented platforms through @tebkobi, @teblekadin and @teblegirisim accounts. The communication that is segmented and carried out according to the different needs and requirements of the SMEs, women bosses and entrepreneurs segments aims at enhancing the business practices of the targeted audience, to raise their awareness in business life and hopefully contribute to the overall awareness of the audiences through sectoral and economic up to date relevant content.

As of December 2016, @tebkobi account on Facebook has 45,039 likes, @teblekadin account has 44,010 and @teblegirisim account has 50,403 likes whereas on Twitter, @tebkobi has 15,165 followers, @teblekadin has 20,841 and @teblegirisim has 8,532 followers.

### MICROBUSINESS BANKING

With its TEB Boss Card, TEB provides the opportunity through an alternative distribution channel to meet the basic loan needs of shopkeepers and small enterprises with a single card. TEB customers can access their full limits in commercial loans which are paid in instalments, seasonal credit, the overdraft account and company credit card over a single card with the TEB Boss Card and can meet their commercial loan needs with terms of up to 36 months from TEB ATMs and the TEB Corporate Internet branch on a 24/7 basis. Bills, cheques, payment of social security contributions and payments to the HGS (bridge and road tolls) can be paid with the overdraft account linked to the Boss card without needing to go to the branches.

For SMEs operating in the tourism sector, a seasonal credit is introduced with Boss Card where customers can pay back in May through October, in line with their cash flows. The TEB Boss Card company credit card feature allows users to pay for purchases confidently and securely both in Turkey and abroad. The Boss Card also offers a 5% discount on fuel purchases made from contracted Total fuel stations, while special bonus and discount campaigns are offered for restaurants, cinema and theatre tickets. In addition, the Card also provides a 50% discount for parking in contracted airport car parks and free airport lounge access in contracted airport terminals.

While businesses can take advantage of banking products and services with the TEB Business Expense Packages, they also have the opportunity to keep track of the expenses that they should pay in a planned manner. Customers may also inform the Bank about issues related to daily banking transactions by sending SMS text messages and/or e-mail with the Practical Messenger product, therefore allowing them to follow up such issues comfortably.

In addition to the financial solutions offered to the customers, guidance services are also designed to help them use the funding to grow their businesses. Within the scope of the TEB Microbusiness Guidance

Program, business owner are educated on how to grow their businesses and how to manage their risks through the analysis and roadmaps prepared by the micro business experts. In 2016, within the scope of the TEB SME Consultants Program, 31 customer relations managers completed the training for this consultancy service and qualified as "TEB Micro Business Guides".

### GOLD BANKING

#### Sector leader in gold credit

Steadily increasing the value that it generates for customers all over the country through its expertise, accessibility and efficiency and contributing to the sector with its innovative products and services, TEB is successfully conducting its efforts to be the leading bank, the Bank whose name first comes to mind-in the gold banking business line.

TEB, which has been responding to the short and long term needs of the jewelry industry for 20 years, became one of the most important players in the sector at the end of 2016. According to BRSA data, the Bank maintained its leadership position in the sector with a market share of 38.8%.

TEB Gold Banking offered a solution to the payment and maturity problems in purchases of gold for both wholesale and retail jewelers with the "Milyem Card" product it developed. TEB Gold Banking offers a comprehensive service with a range of products including current/time Gold Deposit Accounts, the Silver Deposit Account, the Drop Gold Account and the Type B Gold Fund and the New Golden Age for individual and corporate customers wishing to make savings. The New Golden Age account brought gold defined as "under the mattress savings" into the economy through 37 jewelers in 20 provinces.

TEB maintains its close relationship with the jewelry industry by participating in gold and jewelry trade fairs held throughout the country as the main sponsor and supporter. TEB continued to sponsor the JEWEX Fair which has become a tradition now. TEB also supported the "Istanbul Jeweler Show" which is the 5th biggest fair on watches and jewelry

worldwide and in 2016 hosted over 1250 domestic and foreign jewelers ranging from East Europe to Russia, from Middle East to North Africa and Turkic Republics of Central Asia. In 2016, over 45,000 visitors were hosted through these fairs.

### PUBLIC SECTOR BANKING

#### **Working with 500 municipalities and their agencies**

Set up to develop and offer specialized banking products and services that address the unique needs of local governments, TEB Public Sector Banking continued to be one of the leading players in this business line in 2016. Through its public sector banking approach, TEB makes it easier for local governments to locate the financing they need and also helps them complete their large-scale investment projects faster and more efficiently. TEB also provides a number of cash management solutions, such as Turkey's first online and real-time collection service, which makes it possible for people to pay municipal taxes, fees, etc. more quickly and conveniently.

TEB continues to be a consultant bank in the field of Public Banking. The bank shows programs about local government on TEB SME TV with public law specialists. TEB creates solutions for local governments in budget management and similar issues where there is a lack of knowledge, through the TEB SME Academy Public Meetings organized especially for local governments. In this respect TEB sponsored "Local Governments Finance Summit" that was organized by Marmara Municipalities Association for the first time. The Summit addressed critical issues like easier access to financing for local governments and creation of alternative funding sources.

### AGRICULTURAL BANKING

#### **Continued growth for Agricultural Banking in 2016.**

Within the scope of its "consultant bank" mission, TEB Agricultural Banking continues to extend resources to support agricultural input finance as well as financing of investment projects for agricultural producers of all sizes and producer

organizations (associations, cooperatives and chambers).

The first "Seed Branches" had been opened in 2014 which provide specialized services for the agricultural sector and the openings continued in 2016. In this context, 8 new Seed Branches were opened in the boroughs of Geyve (Sakarya), Emirdağ (Afyonkarahisar), Kula (Manisa), Vezirköprü (Samsun), Çubuk (Ankara), Develi (Kayseri), Menderes (İzmir) and Yeşilhisar (Kayseri), making the total number of seed branches 21 by the end of the year.

Based on the success of the TEB SME Consultants project and its benefits to customers, it was decided to create a similar program compatible with the particular dynamics and needs of the agricultural sector. The result was the TEB Agricultural Specialists Program. Within the scope of this program, 17 new TEB Agricultural Specialists completed the program during 2016. In total, 48 TEB Agricultural Specialists began providing consultancy services required outside banking products by the companies operating in the agricultural sector. The goal of the TEB Agricultural Specialists Program is to help producers transform themselves into agricultural enterprises.

TEB Agriculture meetings which were organized in İzmir and Konya under the TEB SME Academy continued in 2016. TEB had a new approach to these meetings, until then they were organized in cities whereas in 2016 Malkara, Tekirdağ was organized at a borough.

Having these meetings at the borough level enables meeting the exact requirements of the local producers, more focus on the local issues and coming up with solutions to the local problems. Over 100 producers attended the meeting in Malkara where a platform was established where the borough's specific problems in agriculture were addressed and possible solutions were discussed.

The meeting in Malkara also witnessed a first, the TEB agriculture specialists who play a great role in

the transformation of agriculture producers into agriculture enterprises personally delivered the educational programs, analyzed the problems of agriculture in Malkara and shared information on how to set out a long term planning and development scheme. Within the scope of the educational program, collaboration was made with the agriculture chambers of the area and Trakya Development Agency and the problems of the agriculture sector in the area was discussed with all the stakeholders and an action plan was determined.

Having already introduced “TEB Harman Kart” (TEB Harvest Card), a specialized credit card product that comes with advantageous payment terms that can be very useful when farmers procure essential inputs, TEB worked with a number of farmers’ associations and expanded its merchant partner network in order to enhance the card’s usefulness. In the “Field Days” activities organized in collaboration with Massey Ferguson, TEB came together with the farmers and shared information about products and services in 15 locations including Konya, İzmir, Manisa, Adana and Gaziantep.

Within the context of subsidizing agricultural investment, TEB granted the loan letter of intent for IPARD backed investments, which are disbursed by the TKDK (Agriculture and Rural Development Support Agency). TEB is one of the pioneering banks in this field.

Financial and non-financial products were promoted through the participation of 18 national and international agricultural fairs in 2016, thus reinforcing relationships with stakeholders in the agricultural sector.

### STARTUP BUSINESS BANKING

#### **Continuing to support entrepreneurs in Turkey**

Within the scope of enterprise banking established by the TEB SME Banking Group, the Bank continued to support entrepreneurs in a more comprehensive and effective manner through a range of financial products and services offered to SMEs in 2016. Through the trainings and education programs

organized 18,848 entrepreneurs received 536 (2,803 hours) of training service and 3,850 entrepreneurs were provided with 4,950 hours of consultancy services.

Implementing a very comprehensive program to support entrepreneurs in Turkey, TEB SME Banking was involved in the announcement of the world’s most comprehensive Enterprise Index (Global Enterprise Monitor-GEM) under the leadership of KOSGEB. Index studies continued in 2016 as well. The Global Entrepreneurship Monitor -GEM is an academic research study that was started by the Babson College and London Business School in 1997 to investigate the importance of enterprise in the economic growth process. The examination of economic development and growth has traditionally focused on large enterprises. The GEM research study has raised the recognition of enterprise by highlighting the importance of new and small businesses. According to 2015 GEM study, in the last ten years, the ratio of individuals who started a new business increased by 100% among the adult population.

It is observed that entrepreneurs have started to care about the use of limited resources, operate on the motivation of need and work to an approach of taking advantage of opportunities in today’s conditions. Strengthening enterprise, the importance of which is gradually growing in the economy, also contributes to economic growth and prosperity.

In 2016, a total of 157 entrepreneurs received the training programs of TEB Enterprise House for a total of 2,136 hours. These entrepreneurs made over TL 83 million worth of sales in the first half of 2016 and this figure reached TL 140 million by the end of the year.

#### **TEB is one of the 17 implementing companies of TÜBİTAK BiGG**

TEB continued its collaboration with TÜBİTAK as a first phase Implementing Company in the TÜBİTAK 1512 TeknoStartup Capital Support Program in 2016 as well. The implementation of the entrepreneur

selection and training program where TÜBİTAK donates TL 150,000 continued and in 2016, 15 entrepreneurs earned the right to receive TL 2,250,000 in donations.

### **Supporting exports through TEA (Turkish Exporters Assembly) - TEB Enterprise House**

The TEA-TEB Enterprise House is an entrepreneurial training and business development center, which was established to support entrepreneurs with the potential to export and/or projects/products that have the opportunity of expanding internationally. The TEA-TEB Enterprise House model that was established for the first time in Istanbul in 2013 started to expand in the different regions of Turkey with the support of TEA from 2015 onwards.

TEA-TEB Enterprise House that was implemented to reach to entrepreneurs with technological and high value-added projects were initially opened in Istanbul, Izmir, Gaziantep and Denizli. In 2016 more houses were opened in Bursa, Mersin, Konya and Edirne and there are 9 TEB-TEA Enterprise Houses operating throughout Turkey. In 2016 by the end of December, 157 entrepreneurs were supported and 461 entrepreneurs received free of charge services like mentoring, network and investor meetings.

### **Custom made solutions to entrepreneurs with different requirements**

In the TEA-TEB Enterprise Houses, a 5 level structure made up of Let's UP, Step UP, Start UP, Level UP and Grow UP programs are implemented under the Tekno Set UP program in order to meet the needs of entrepreneurs and enterprises of various sizes. This enables the introduction of custom made solutions to the different problems of enterprises at the different levels of development.

In Let's UP program, university students who choose entrepreneurship as a career are provided with a training program where they are introduced to the basic concepts of entrepreneurship whereas in Step UP program entrepreneurs who have received donations within the TÜBİTAK BİGG program are trained. Start UP provides entrepreneurs who have already set up their businesses the experience,

managerial consulting, custom made training programs and access to investors that they need to grow their businesses. Level UP program is designed for startup businesses who have reached TL 500,000 - TL 5 million annual turnover to educate them to open up to new markets and change or develop their products according to the dynamics of those markets. Grow UP, on the other hand, is for companies with TL 5 million annual turnover and already in the stage of growth who need Strategic Management Consultancy to change their business models and develop strategies against the dynamics of their operating environment to maintain company continuity.

## **WOMEN BANKING**

Strengthening the presence of women in the business life is very important in terms of the added value to the economy and the growth that is achieved with this added value. According to McKinsey Global Institute 2015 Gender Equality Report, if gender equality was attained, the global growth figures would go up by USD 12 trillion by the year 2025 and this is a striking number which indicates the importance of the issue.

Worldwide, 40% of the workforce is made up of women and 28% of the businesses are run by women. In Turkey, the share of women in the workforce is 30.8% and 14% of micro businesses and 18% of SME's are run by women (EBRD Women Entrepreneurs and Their Relationship with Banks Study 2013).

Women have high economic potential and supporting them will contribute to the nation's economy and eventually the world economy. This is the starting point for TEB's vision of addressing the issues women face in the business world with an integrated service concept and TEB continued this effort in 2016. TEB carried out work to provide financial and non-financial support for women for sustainable economic growth and unleash the hidden economic potential of women with the visions of "The Women's Consultant Bank" and "the Bank that most women want to work with" and

focused its work in 4 main headings.

**Strong access to finance through international sources**

SME's with women bosses need easy access to funding in order to be able to compete globally and ensure survival with consistent growth. Women face problems in access to funding, especially in finding collateral and acquiring loans so much so that they sometimes give up at the very beginning. Solving this problem will set up the stage for women where they can take part in the economy not only as consumers but as producers as well.

To this end, TEB introduced credit without material collateral and special financing packages. TEB is intermediating EUR 50 million funding through the "Consultancy and Financial Support for Enterprises Run by Women" program that is hosted by European Union and European Bank for Reconstruction and Development, Ministry of Labor and Social Security and Turkish Labor Agency. The program is aiming to support women and the businesses run by women as well as entrepreneurship by women. This EUR 50 million funding is given out to women banking customers in the micro business and agriculture segment in the form of loans without material collateral up to TL 75,000 and to women banking customers in the SME segment in the form of loans without material collateral up to TL 125,000. Within this collaboration program that started in 2015, over TL 205 million funding has been handed out to more than 5,200 customers by the end of 2016.

Additionally, Women bosses are granted loans up to TL 100,000, backed 85% by Credit Guarantee Fund surety with maturities ranging from 6 months to 5 years. If they qualify for it, women bosses are given up to two years no payment period.

Another funding alternative that is offered to women bosses is making use of their gold in the form of ornaments or bullion. Women can transfer these gold into pure gold through the jewelry shops that have an agreement with TEB and use that gold depo deposits as collateral against commercial instalment loans of up to TL 30,000 with up to 24

months maturity of which the first 3 months may be with no payment.

Special cost and product packages are developed for women that enable utilization of certain banking transactions for free or with a reduced cost.

**Access to information through different routes**

According to the Global Economic Paper issued by Goldman Sachs, increasing the education of women by 1 % boosts the GDP of that country by 3.37% and in education 'access to knowledge' has a key role. TEB is creating intricate solutions to provide the information women need to grow their businesses.

TEB Women Academy which brings women bosses together with inspiring women of the business world is a special program that offers women bosses training programs to develop their leadership talents and business management skills through workshops. In 2016, TEB collaborated with TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Women Entrepreneurs Board in order to reach more women bosses and in some cities amendments were made to the workshops to better meet the needs of that specific region. The "investment workshop" added to the TEB Women Academy organized in Bursa in November was an example of these special programs and during the workshop, the investment opportunities to businesses run by women and the relationship between women bosses and investors were discussed. In the education program in this city, cooperation with Arya Women Platform enabled the evaluation of the opportunities in this area with the women bosses of the city. In 2016, over 16 Women Academies were organized in 12 cities and over 2,000 individuals attended those programs.

In keeping with the aim of presenting information to women bosses through different modes of communication, @teblekadin Facebook page is actively utilized as well as the TEB SME TV. In the TEB SME TV Women Bosses Screen approximately 170 videos were uploaded and in these videos a wide range of content varying from finance management to developing leadership skills along

with inspiring success stories were featured. In the Women Bosses Screen, issues like social roles of the women bosses, overcoming the barriers in business life, maintaining the balance between work and home are tackled with useful tips in short videos. Especially the profiles of inspiring women who have built their businesses and went through difficulties while growing it and the success they achieved are useful in conveying the message “you can do it too” to women bosses. TEB SME TV was popular with viewing time averages of almost 4 minutes.

TEB Women Academy which is about physically getting together with women bosses in various cities and giving trainings have been carried on to @teblekadin Facebook page in order to reach a greater number of women bosses. Women with TEB on Air live streamings featured trainings on various subjects such as cash management, growing through internet, increasing the profitability of your establishment or penetrating the consumer market through neuromarketing every Thursday for 20 minute periods. A number of women with different profiles like Ayşe Aslan, Ebru Üzümcü, Ayşe Şule Bilgiç and Evrim Aras became guest lecturers on the @teblekadin Facebook page. By the end of 2016, there were 19 live streamings with educational contents that reached 1.2 million people in over 92,000 viewings.

### **Mentoring Support**

Research show that women display an increase in their self-worth, awareness and use of skills when they receive mentoring. TEB structured a special support program within the scope of the Women Banking activities in order to address this one of the most important requirements of women bosses. Women in business from different sectors are able to make use of this mentoring program that came alive as a result of the agreement signed with the Cherie Blair Foundation for Women located in the United Kingdom.

Cherie Blair Foundation for Women which is active in 80 countries worldwide is reaching out to women in Turkey for the first time through this mentoring program enabled by TEB. The foundation has

provided mentoring services to 1,800 women in 80 countries in a 5 year period and now with its cooperation with TEB, women bosses in Turkey are meeting with women with successful careers in technology, communication, human resources and finance from various countries and gathering information on critical issues like preparing a business plan, HR strategies, financial systems, product development, new markets and customer acquisition. Women bosses participating in this program receive mentoring in the form of 45 minutes long online meetings through channels like Skype, Google Hangout etc. with the mentors they are matched with for one year. The number of customers participating to the program is 24 by the end of 2016.

Along with the funding provided by EBRD, TEB customers are also able to receive mentoring support from successful business women within the scope of EBRD’s mentoring program. EBRD is also organizing educational seminars in various cities in order to inform the women bosses in Anatolia. TEB is attending these programs and meeting with women bosses and delivering detailed information regarding the program.

### **Access to Markets**

Accessing new markets is one of the major problems for any enterprise. New territories to reach new customers are one of the most important dynamics that affect the growth process of the companies. Research shows that women bosses have a harder time in comparison to men dealing with socio cultural norms and creating means to access new markets. This difficulty is costing women bosses a lot of lost opportunities.

TEB became a member of “WEConnect International” that operates in Turkey in order to increase the presence of women bosses in the economy and help them access new markets. WEConnect is a worldwide organization that supports companies that are at least 51% owned by women through trainings and consultancy services in order to prepare them to work with companies that are considered big on a regional or global basis and



thus include them in the supply chain. TEB, who strives to see women take part in the economy not just as consumers but as producers also, targets to make the companies with women leaders a part of the supply chain and carry women entrepreneurs to higher places in the competition with its WEConnect membership. The bank intermediated 30 of its customers to become a part of the global supply chain and helped those customers' access new markets. In order to enable women's participation in the supply chain, TEB is including WEConnect member firms in TEB's supplier pool.

All this integrated service cycle generated a lot of attention in the national and international media with the "Women Bosses in a Growing Economy" ad campaign. Especially the advertisement and PR in the digital channels have been very fruitful and the ad has been viewed 3,096,803 times in digital channels. The advertising film in which TEB announces that the Bank is guarantor for the women bosses got a lot of attention in Twitter and it has been chosen as the 'Exemplary Project' of 2016 as it has been a new advertising model used in finance for the first time. The ad campaign was successful in attracting the attention of its target audience, during the campaign the ratio of women who tweeted using the #kadinpatronlar hashtag was 56% despite the fact that 59% of active twitter users are male and 41% are female.

After the advertising campaign in 2016, TEB concentrated in its communication with the women bosses and sponsored special events that carried themes like the role of women in the society and leadership of women. "Digital Heels" event that took place on November 2016 stands out as an event that brings together women who are active in business and life in general and who are opinion leaders in the digital world. Within the scope of the support given to this project, the inspiring stories, problems and points made by these women who have an idea, a project or a stand were streamlined live on TEB SME TV, Facebook and Periscope so that they could be heard by the masses. During the event day, the live broadcast through Facebook reached an audience of 32,000 and the Periscope to over 9,000.

In social media posts of the "teblekadin" account attracted the most attention and the hashtag "dijitaltopuklar2016" made the trending topics list as one of the most followed account.

### **The experience and know-how acquired in all segments has set an example all around the world**

A great acceleration has been gained with the support given in every segment served, from entrepreneurs to women bosses, from micro businesses to SMEs, to help them overcome some of the obstacles they face in business life, to be able to compete globally and attain a consistent growth and the experiences that TEB gained has set an example to the banking sector on various platforms. TEB maintained its distinctive standing in international arena with its successful products and services in 2016 as well.

Following the recognition, TEB gained as one of the best 3 banks in the world in "Nonfinancial services for SME's" by the International Finance Corporation (IFC) in 2011, TEB started to share and transfer its experience and know how collected in SME's to banks in various countries all over the world. These efforts continued in 2016 and TEB had the opportunity to share its success story with the finance sector of Brazil, USA, Indonesia, Jordan, Colombia and Malaysia and presented its know-how to the banks in developing countries such as Nigeria, Pakistan and Peru.

This experience also enabled TEB to attend meetings organized by European Financial Management Association (EFMA), one of the most important institutions of Banking and finance in the European Union. After hosting the EFMA meeting in Turkey the previous year, TEB had the chance to attend "SME Summit" in Berlin on March 2016 and share its experience with the banks and other financial institutions.

The worldwide success also opened the gates to membership in the international institutions that lead the economic and social life. Following the 2014 GBA (Global Banking Alliance for Women) membership, TEB has been invited to Clinton Global

Initiative (CGI) and became the first bank member of this organization from Turkey. GBA's members are banks and financial institutions that offer banking services for women and it is the greatest organization of its kind in the world. As a member, TEB earned a competency that constitute an example in 2016 with its Women Banking activities specially designed for women bosses. GBA organized a special study tour for TEB to present this experience to other banks in countries all over the world and in April 2016 in a 2 day organization TEB shared its know-how with banks from South Africa, Ireland, Nigeria and USA.

GBA has brought together 4 institutions that it deems as specialists in increasing the competency of women in the economy under the label "GBA All Star Academy" and TEB has been one of the institutions that presented its specialization on the subject with the rest of the world. At the "All Star Academy" that took place in Lahey on 13-16 June TEB, along with the other 3 banks that possess the best practices in the women banking in the world, discussed how to develop women banking practices with the upper management of the banks from various countries sharing its knowledge and practices and extended its support.

With all these organizations, TEB's positioning in the GBA meetings has improved very much in 2016 and TEB's successful Women Banking service model has been presented as a case study, making a model for the whole world. This case study has also been presented in the GBA Summit organized in September 2016 at Washington DC with the participation of 80 institutions from 45 countries.

### **Our Awards**

In 2016, the services rendered and the consultant bank approach and especially the advertising campaign for TEB Women Banking, has brought many merit and communication awards to TEB.

For the advertising ad that underlines the power of women in business life and economy, TEB Women Banking was handed in the Stevie Awards the Gold award in the Best New Product/Service - Customer

Service category and a silver Stevie in the Marketing Campaign of the year category, while in PR News the Twitter and Digital Marketing Campaign Honorary Award was given to TEB. TEB Women Banking was also chosen the National Champion in the European National Awards with its women boss's consultant bank approach which includes the information, training and mentoring provided for women bosses. In the Global Banking Awards organized by one of the most prestigious institutions in financial services and banking, Bank Administration Institute, Innovation in Societal and Community Impact in Banking Award was handed to TEB. TEB also became a finalist in the Financial World Innovation Awards.

For its "Consultant Bank of SME's" approach that encompasses the different requirements of all the segments of SMEs from women banking to entrepreneurs, TEB SME Banking has been chosen as the Best Bank in Social Responsibility in Central and Eastern Europe in 2016 Euromoney Excellency Awards.

## THE RETAIL AND PRIVATE BANKING GROUP

### BUSINESS DEVELOPMENT, CUSTOMER EXPERIENCE AND BANCASSURANCE

#### Business Development

In 2016, within the scope of the collaborations in the Bill Payment Systems area, TEB signed contracts with 20 Payment Companies and finished the integration processes. This acquired over 6,000 bill collection points as customers to the Bank and gave the branches cross selling opportunities. A new payment channel has been introduced with a specially designed and developed technological infrastructure for each of the billing companies that TEB is currently working with and the relationships have been reinforced. Creating synergy among different business lines was a priority in this project.

TEB has developed projects to be implemented in 2017 that involves cooperation with Electronic Money Institutions.

Collaborations with companies in electronics, white goods, transportation and technology, especially in the area of e-commerce, has been sought and work has been carried out in the credit and card products to ease the processes for the final consumer simultaneously across different sectors.

#### Customer Experience

TEB is constantly tuned in to the demands of its customers with the aim of fulfilling its vision of “becoming the most recommended bank” and The Bank is carrying out activities with a design oriented approach in order to improve the “TEB experience” of its customers.

The following developments were included within the scope of the work carried out in 2016.

- The second “TEB Customer Day” event took place with over 200 participants from 70 companies to share the latest trends and developments in the Customer Experience and the participants had the opportunity to hear from companies across a range of sectors the best practices applied to improve and develop

the customer experience.

- Customer satisfaction is measured through the NPS (Net Promoter Score) System, in which approximately 120,000 customers received calls from the call center after the transactions are carried out and asked about their level of satisfaction and whether they would recommend TEB.
- To collect instant feedback, customer experience analytics software was commissioned in the CEPTETEB Internet Branch, so customers’ digital experiences (UX - User Experience) could be evaluated and measures can be taken accordingly.
- Feedback started to be collected by placing tablet kiosks in branches and they are being reported on branch basis.
- “Customer Journey Maps” are used to investigate how different products are experienced from the customer’s’ point of view and the results of the project are translated into action plans in marketing, communication, systems, processes, products etc.
- All feedback collected from various sources are analyzed along with the relevant business units and the problem areas in customer experience are identified and actions are taken.
- Within the scope of cultural change studies to increase customer focus, employees with the highest NPS score are rewarded, bulletins where best practices from TEB and from around the world are published and regular region/branch visits are made.
- TEB NPS score doubled since 2013 when it was first introduced and continued its upward trend in 2016.

#### Bancassurance

TEB provides a wide range of insurance and private pension products and services through:

- BNP Paribas Cardif Emeklilik AŞ: life insurance, payment protection insurance, unemployment insurance, private pension plans
- Zurich Sigorta AŞ: accident insurance, non-life (elementary) insurance

- Coface Sigorta AŞ: credit insurance.

At the end of December 2016, the sector had recorded 33.5%\* growth in bancassurance life insurance premium production on a YoY basis, whereas TEB had achieved 0.9% growth. In the non-life insurance branch, bancassurance premium production grew by 19.9%\*, while TEB achieved a 14.6% rate of growth.

TEB bancassurance continued to provide services from both TEB branches and alternative distribution channels in 2016 to meet its customers' needs for insurance and individual pension products. During 2016, projects were carried out for customers to purchase products and services not only from the branches, but also from alternative distribution channels. Policy purchasing and monitoring through customer interaction center and internet banking is made available. Activities to diversify products sold through these channels will continue.

In addition to insurance products, together with Individual Pension System regulations, communication and marketing campaigns were carried out to inform existing and potential customers of government funding practices and to help them take advantage of them.

In compliance with the new legal regulations, TEB is constantly striving to further develop and improve its business processes in order to provide the best insurance and individual pension services to its customers. In line with this objective, the comprehensive projects launched in 2014 will be continued in 2017 as well.

\* Taken from sales channel based monthly sector premium production report issued by Insurance Association of Turkey.

## RETAIL BANKING MARKETING

### The TEB Family Academy

As part of its responsible banking approach, TEB established TEB Family Academy in 2012 in order to

enhance financial literacy and raise an awareness of saving in the society. With free trainings to public and private sector employees, TEB Family Academy provided more than 225,000 individuals financial literacy trainings by the end of 2016.

In order to reach more people through different platforms, cooperation with the General Directorate of Lifelong Education, which is an affiliation of the Republic of Turkey Ministry of National Education, for the "I can manage my budget" project, which aims to provide free financial literacy training to 5 million people in 3 years. Besides, in 2016 another protocol was signed with the Directorate General for Vocational and Technical Education, again an affiliation of the Republic of Turkey Ministry of National Education, 1.2 million high school students will be educated with financial content embedded in their banking and accountancy classes.

In the last few years, 11 million elementary school pupils benefited from financial literacy through arts and music courses in the compulsory curriculum through the "Social and Financial Education through Art" project implemented by TEB, the Republic of Turkey Ministry of National Education and UNICEF. A total of 30,000 children came to watch "The Wind's Piggy Bank", the first play staged by the TEB Children's Theatre, which was established as part of the TEB Family Academy with the aim of raising awareness of savings and accumulation among children. The play was shown to children free of charge during the Turkey tour.

With 4 prizes won in 2016, TEB Family Academy has been awarded 9 prizes since its establishment in 2012.

In 2016, the following awards were handed:

- 2016, "Euromoney Excellence Awards", "Best Bank in Social Responsibility of Eastern and Central Europe"
- 2016, International CSR Excellence Awards, "CSR Project Award" and "Society Development Award"
- 2016, IPRA Golden Globe Awards, Winner in the Corporate Responsibility Category.

### **Saving Opportunities for Everyone**

TEB offered the “Ingenious Account” product which it has developed as an alternative savings account in a bid to change Turkey’s savings habits. There were approximately 400,000 “Ingenious Accounts” by the end of 2016. Approximately 17,000 young people took advantage of Ingenious Young Account that enables opening saving accounts at attractive rates for as little as TL 100.

In 2016, TEB Housing Account and TEB Dowry Account that benefits from state contribution has been offered to customers who wanted to save money in order to buy a house or get married.

Damla Fund, on the other hand, has been introduced for customers who wanted to save regularly in small amounts.

Approximately 40,000 customers made use of the “Opportunity Account” which is a savings account offered to upper-level customers that allows them to switch between TL, USD, EUR and GBP currencies, or to convert their savings into gold.

### **TEB Star Banking**

TEB Star Banking products and services are designed for medium- and upper-segment customers and are provided by personal customer representatives and through the TEB Customer Interaction Center and the segment’s own website.

BNP Paribas, one of the world’s most powerful banks and TEB’s global partner, brings together Customer Journey middle-upper segment group customers in Turkey, France, Italy, Belgium and Luxembourg under a single roof with BNPP Priority. TEB Star aims to meet all of its customers’ banking needs thoroughly and with the highest priority and allow customers perform domestic and international banking transactions through BNP Paribas’s widespread global network for their use as a member of BNPP Priority.

TEB Star Banking, which has expanded its service network rapidly throughout Turkey, increased its

number of customers by 19.88% and its volume by 40% when compared to the end of 2015.

The main activities carried out in this segment in 2016 can be summed up as follows:

- Activities were carried out with the aim of providing priority and privilege to Star Banking customers with additional services offered by the collaborated companies in the areas of sport, health and social life and making their lives easier. In addition, customers are provided with the opportunity to obtain exclusive discounts on domestic and international hotels, restaurants, events, concerts and personal hobbies. A new website ([www.yildizayricaliklar.com](http://www.yildizayricaliklar.com)) and TEB Yıldız iPhone/Android Application has been designed to enable customer’s access these privileges easily.
- In 2016, TEB stepped up its activities towards maintaining customer loyalty. Breakfast meetings were organized for TEB Star Banking customers where their needs, expectations and satisfaction were heard. Marketing and sales managers attended these meetings to receive feedback and take action accordingly. Custom made trips were organized especially for Star Banking customers. Star Banking Customer Meetings with Emre Alkin were organized to inform the customers about the financial markets.
- Customers who hold the TEB Star Priority Card, which gives holders access to many exclusive services, benefit from opportunities such as free dry cleaning once a month, a 10% restaurant bonus, use of bonuses as miles, or being able to fly with desired airlines with advance miles, 50% discounts in airport car parking, airport transfer service, airport lounge access, car rental, free valet services.
- TEB customers who are members of the professional segment continued to benefit from TEB Star Banking privileges at no extra cost.
- TEB continues to meet the professional and personal needs of medical professionals with the TEB Doctor Platinum Card.

### **Retail segment and loans**

TEB stepped up its customer-focused activities in 2016 with a focus on specific customer needs in each segment and determining the service models and finally increasing the quality of service. In this respect, work aiming at identifying the segment strategies from end to end and determining the value offers in order to increase the interaction of the customers with the Bank and enable them to receive better banking services, has been speeded up.

Developing a communication program to inform the customers about the service channels and the financial products and services available to them from the moment they become acquainted with the Bank to the moment they leave, is a priority for the Bank.

Improvement studies where the customers and their needs are in the focus has been initiated by taking into account the work on processes, customer feedback and NPS results.

With the awareness that financial products and services are always with the customers, TEB is targeting to develop programs that will increase customer satisfaction and loyalty, present the right products at the right time with specially designed campaigns to meet the personal requirements of the customers and thus, display the qualities of responsible banking.

TEB speeded up the development of non-branch channels to meet the cash requirements of their customers in a timely manner. While it is possible to apply for consumer loans through SMS, mobile, internet, internet branch and call center; loan disbursements have become available through PTT branches, internet branch or mobile channels on a 24/7 basis. Approximately 40% of loan disbursements without collateral go through digital channels. TEB will continue to develop its non-branch channels in 2017.

In 2016, the infrastructure remodeling of all the

branch and alternative channels for retail loans have been completed and improvements have been observed not only in the timing but also in the quality of the services rendered.

In housing and auto loans, it is important to meet the needs of the customers at the very location that these transactions take place. In this respect, efforts have been undertaken to reinforce relationships with the auto dealers and real estate agencies. Along with better performance measurement and actions to increase collaboration, TEB maintains its specialty and know-how in purchase oriented loans in 2016.

### **SALES MANAGEMENT**

#### **Active sales channels**

TEB Sales Management maintains its leadership in the sector with the use of superior technology as well as by providing a variety of products and services for sales undertaken through the tablet platform with the field team of 290 staff throughout Turkey. In 2016, 10% of total loans were disbursed through PTT.

The objective of TEB Active Sales Channels team is to bring all banking services to customers by selling multiple products.

#### **Mass customer acquisition and performance management**

TEB put customers receiving salaries paid through the Bank at the foundation of its growth in retail banking and 46% of its newly acquired customers were obtained from this channel in 2016. TEB placed priority on university payments in 2015 and in 2016 expanded its portfolio of universities and offered facility for university salary or tuition fee payments for 18 universities. Thanks to the online infrastructure developed for school payment, during registration mobile sales teams collect tuition fee payments with tablets and the university registers those payments simultaneously.

#### **Customer Interaction Center**

As the display window of institutions, interaction centers, with the synergy they produce in the

companies and the contribution they make to profitability, will be positioned more strategically in the future and play a more than ever critical role for the companies. In a digitizing world, interaction centers cannot possibly continue to exist in their current states therefore their changes in the areas of culture, technology, behavior and principles will invariably continue in search for a better place.

2016 was a successful year for the TEB Customer Interaction Center in terms of business results and human focus.

In 2016, TEB Customer Interaction Center:

- Managed 22 million contacts serving through 10 different channels and differentiating customer themes and providing employees different work experiences.
- Managed the change by transforming along the vision it narrated as becoming a strategic force with understanding customer needs and leaving a positive mark on them, creating income by utilizing the sales force, qualified human resource, efficient processes, efficient technology and success oriented culture.
- Won gold medal in the Prestigious Stevie Awards 2016 as the "Interaction Center of the Year".

Customer Interaction Center that successfully represents TEB in Call Center sector with its business model, technological investments and human resources:

- is serving customers in 3 locations, Dudullu and Harbiye in Istanbul and Eskişehir, on a 7x24 basis with the ability to function under extraordinary circumstances as well.
- is selling over 1 million products each year.
- is simplifying the self-service processes thus speeding up the service time.
- is utilizing the fastest and most trustworthy high end technology to serve customers through applications such as Voice Guidance, Voice Signature, Speech Analytics, My Bank Calls Me.
- is investing in transforming itself into Brand

Representation Center by specializing its human resources.

TEB Customer Interaction Center is collaborating with business lines in the Bank on methodologies such as multi talent management, motivation trainings, answering branch calls, education materials prepared with mind maps and search engines for easy access to information along with configuration of voice technologies with an emphasis on efficiency and customer orientation and creating synergies with BNP Paribas on issues like sales culture, voice technologies, proactive channels, efficient human resource management.

In addition to these collaborations, the Center has been a pioneer for the Turkey Bank Call Centers with its strong technical infrastructure and sharing the audio technologies that has been developed in the last couple of years as exemplary practices within the BNP Paribas Group.

The practices that stood out in 2016 include;

- **Speech Analytics:** The application that analyzes the customer's voice with the help of both phonetic and statistical data from end to end and transcribes it, has been developed and put into use in just 5 months.
- **My Bank Calls Me:** The application that supports TEB's mission and vision and makes a difference in the customer experience has been put into use.
- By increasing the effectiveness of voice guidance and voice answering systems, 32% of incoming calls have been diverted to self-service channels. A total of 4 million self-service calls have been realized on 114 self-service function.
- By means of 'Solution at First Contact' program, transaction rate increased from 86% to 92%.
- The pilot study on Product Specialization and Brand Representativeness aimed at enabling customers and employees go through different experiences is under way.

Additionally, work on Credit Line, Smart Messaging

Platform, Chatbot, Agricultural Product Specialization, Web Chat & Bot are continuing.

### PRIVATE BANKING SALES AND MARKETING

#### Exceptional Approaches for the Future

TEB has been offering private banking services under the name of Asset Management since 1989 and was the first bank to provide private banking and asset management services in a real sense in the sector. TEB Private Banking, aims to provide products and services that make a difference to customers by combining TEB and BNP Paribas' global knowledge and experiences with its innovative approach.

TEB Private Banking develops solutions that are tailor-made and that will add value to assets by identifying customer needs and expectations through 13 Private Banking Centers and 11 in-branch service points throughout Turkey.

#### The TEB Private Banking Academy

The TEB Private Banking Academy was one of the innovations launched in 2015 aimed at increasing sales and relationship management competencies, as well as the technical competencies of customer representatives; the Academy continued its trainings in 2016.

The Academy was set up with contributions from the TEB Education Department and in collaboration with Bilgi University, with the courses consisting of 14 days of training and 4 modules. Customer representatives go through extensive training under the headings of strategic thinking, networking, influencing and persuasion skills which will also contribute especially to personal development and they renew their knowledge of investment products, loans, insurance, taxation and law. Successful customer representatives receive a certificate from Bilgi University.

#### Private Banking Angel Investment Platform

TEB's approach of acting as a consultant bank is its guiding principle in the TEB Private Banking products and services that it designs and offers. TEB Private Banking regards it as its mission not just to provide

its customers with traditional products and services but also to proactively acquaint them with alternative and different ways of putting their assets to work. In this context, the TEB Private Angel Investment Platform implemented in 2013 offers a new investment opportunity to customers seeking investments for their assets in areas outside traditional financial instruments. The Bank continues to contribute towards bringing Turkey's entrepreneurs in the economy together by directing capital to promising projects.

TEB Private Banking is mediating for investors to purchase Individual Participation Investors (IPI) license through the Angel Investment Platform channel and following up the investment processes by submitting documents and information pertaining to the investments made through the channel to the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

#### TEB Private Banking Investors Club

The TEB Private Banking Investors Club was created under the guidance of TEB Private Banking, which brings together business customers from various sectors who themselves are devoted angel investors. The Club aims to offer an international experience to its members by including Silicon Valley investors into its body. The TEB Private Investors Club, which aims to bring mutual benefit by sharing enterprise opportunities with its members, is an international investment network. The most important feature of the Club, which distinguishes itself from other angel networks and investment clubs, is that it is a venture company. In such a company, investments are undertaken either in companies which a member has decided to invest in or has already invested in.

The Club is built on its members' trust in each other and has adopted the mission of contributing beyond finance in the entrepreneurial ecosystem with its members who make a new investment every month.

#### TEB Fintech Future Four

In 2016, TEB Fintech Future Four, a brand new support program for start-ups that has ideas or projects in finance technology has been introduced.



The program aims at facilitating the development and manufacturing of technologies in Turkey that will change, shape and make a difference in the banking and finance world. TEB's involvement in this process within this program comprises of providing the funding for the start-up's to develop their ideas and offer guidance in the commercialization stage. Ultimately, it is TEB's target to see the entrepreneurs be successful on a global scale with their own companies.

TEB accepted applications on the subjects of Know Your Customer/Information Security, Roboadvisory, Virtual Customer Relationship Management, Real Time Marketing, New Generation Payment/Contracted Company Technologies, Loyalty/Gaming through the dates 20 September-20 November 2016 and will be choosing 4 ideas among those applications to develop along with its know-how, research, experience and capabilities in 2017.

#### **TEB Private iPad App**

The TEB Private Banking iPad app, the first in the private banking sector in Turkey, was commissioned in 2011 by TEB and was subsequently developed to provide a service from a different channel by reaching its customers in digital media and to create value.

#### **TEB Private Network Mobile Application**

The TEB Private Network, a social network application, was created to offer TEB Private Banking customers the opportunity to share important information between each other by creating a closed network among them through TEB Private Banking. It was also set up to provide special offers and opportunities for the users.

Through the TEB Private Banking Network, users share their interests and likes and have the opportunity to communicate with each other.

#### **TEB Private Digital Museum.**

TEB Private Banking keeps pace with the evolving and changing world with its new projects and supports the effects of digital transformation on human life with innovative ideas.

The TEB Private Digital Museum ([www.tebozemuze.com](http://www.tebozemuze.com)), is Turkey's first digital museum platform. It aims to present the stories of the less known art objects to all the art lovers as told by the collectors and to support art collection in Turkey.

It was designed as a project where collectors can meet art lovers. From the point of view that each collection has its own story, the collections are immortalized in the TEB Private Digital Museum. The Museum was designed to act like an educational platform as well.

#### **Consultancy services with TEB Private**

TEB Private Banking Investment Consultants assign investment products analyzing the risk profiles and asset breakdowns of each customer and in accordance with their risk preference, financial state and long term investment plans.

#### **"Your assets have a story to tell. Come, let's write that story together..."**

In line with its "Your assets have a story to tell. Come, let's write that story together..." vision, TEB Private Banking seeks to stand by its customers not only when dealing with their financial needs but also in all aspects of their life. In this context, the Bank supports many events in the fields of art, sports and others. TEB Private Banking customers participate in photographic exhibitions, concerts and sporting events, of which TEB is the sponsor, as special guests.

#### **TEB Private credit cards**

TEB Private Banking customers qualify both for the TEB Private Platinum Card and for the TEB Private World Elite Card, a comprehensive and exclusive card offered in the MasterCard system. Customers may benefit from free lounge access in airports in various parts of the world with the Priority Pass Card that is complimentary for holders of the TEB Private World Elite Card. The TEB Private World Elite Card is still one of the most special cards in the sector with a 10% expense reimbursement in domestic and international restaurants and hotels.

## CARD PRODUCTS MANAGEMENT

### Card marketing product and portfolio management

TEB continued to make a difference in the sector with its customer-oriented, innovative products in 2016 as in previous years. With over 40 different products the Bank aims to ease the lives of its customers and keeps adding features to its products.

TEB's market share in total credit card numbers went up to 3.06% from 3.03% last year with the additional 1.8 million cards. The total transaction volume on the 300,000 Merchant Card products of Agriculture, Micro Business, SME, Jewelry and Entrepreneur Card segments adds up to TL 6.3 billion annually.

Thanks to the infrastructure TEB owns, the Bank is able to serve customers almost 100% with no disruption all over the world.

The important developments and novelties in the card products segment in 2016 are as follows:

- TEB-Bonus partnership is 10 years old and Bonus transaction volume under the Bonus platform reached TL 5.4 billion with 17% annual increase.
- Antalya Airport Domestic Lines has been included in the vale, transfer, airport parking and lounge services within Restaurant Bonus, thus turning the waiting time at the airport into a joyful experience.
- TEB Platinum Debit Card, a new product that is unique in the sector, is making a difference.
- In debit cards, transaction per card has increased by 40%. TEB has been one of the 3 banks that have increased the utilization of debit cards in shopping by more than 10%, above sector averages.
- The number of customers that use debit card has increased to 1 million in a month.
- The share of debit cards in cash withdrawal and online transactions are way above the sector averages.
- Debit Card overseas volume market share which was 4.06% last year went up to 6.5% as a

- result of the successful collaborations abroad.
- The overseas transaction volumes increased significantly following the introduction of 50,000 ATM's where TEB customers can access their accounts and withdraw cash with no extra cost.
- TEB customers were given the ability to make mobile payments with NFC compatible cell phones on all the contactless POS devices and the contactless payments and card transaction volumes increased.
- TEB collaborated with BKM Express and MasterPass in (mobile) wallet applications and thus kept offering safe alternative payment options to customers.
- With the collaboration between TEB and IDO, customers were able to use their contactless cards to pass through the IDO terminals. 20,000 customers made use of this collaboration that involves discounts and free of charge bonus passes. Work on both card side and on member business side is underway for a more widespread use of the contactless cards.
- TROY (Turkey's Payment System), the new payment system brand of Turkey, has been made available to the member businesses and card holders.

### **Member business sales, marketing and product development**

At the end of 2016, TEB POS was offering services at approximately 112,000 points providing Bonus advantages of installment and points in 50,324 of the POS terminals and register POS (PRD-Payment Recorder Device) services in 37,662 of the POS terminals. The PRD POS market share is above 4%.

TEB POS supported 12 cash register POS brands such as Beko, Ingenico, Profilo, Vera, Hugin, Panaroma, Mikrosaray and Informatik brands. TEB became one of the banks that offered the most alternatives to businesses within its consultant bank approach and led the sector through campaigns which include opportunities intended for end users and device variety.

The TEB POS works with 5 different payment system providers; Visa, MasterCard, Amex, Union Pay and TROY by following trends in payment systems. This way, the businesses can accept the cards of the major payments systems with just one deal and one device.

In 2016, infrastructure investments have been made to POS product and POS systems have been renewed from end to end. The new POS system is 60% faster than the old one enabling the Bank to respond more rapidly and provide a much higher quality member business service to customer who demand it.

The quality of the services provided to businesses are regularly measured by NPS and improvements are made constantly.

At the end of 2016, TEB's total POS sales volume amounted to TL 17.4 billion.

### **DIGITAL BANKING**

#### **Digital Banking Experience carried forward with CEPTETEB**

The CEPTETEB Digital Banking Platform, which was launched in March 2015 offering non-financial benefits as well as financial services, expanded its customer base and continued to improve the digital

banking experiences of its customers in 2016. CEPTETEB offers a customer experience that is built on ease and speed, i.e. users can apply to join anytime, anywhere through the "CEPTETEB Customer Relationship Managers". As of year-end CEPTETEB has reached a total of 350,000 customers and a deposit volume of TL 3.3 billion, becoming one of the fastest growing digital banks of Turkey.

CEPTETEB continued its collaboration with IDO, TEV, Yemeksepeti, Markafoni, Workinton and Hotels.com offering opportunities and benefits to customers. Thanks to its high performance, CEPTETEB broke even earlier than planned and success story of its first year of operations have been published on Facebook, Google and Gartner as case studies.

The average age of CEPTETEB customers is 32 and 55% are university or graduate degree holders, a customer segment whose behavior is shaped by technology and digitization. CEPTETEB has all the attributes of new generation banking this customer segment demands, both in terms of the product range and the functionality. Its clean cut design, simple menu structure and practical use enable customers to easily do their banking transactions. Also, users do not have to be TEB customers to make use of the advantageous products that are specially offered through digital platforms.

CEPTETEB is providing its customers distinctive products and services abroad as well. Customers can withdraw cash without any fees at 50,000 ATMs in 6 continents, use their credit cards to withdraw cash from their accounts and switch those accounts from CEPTETEB Control Panel in an instant.

#### **82% of TEB customers are using digital channels**

In 2016, 82% of TEB's customers used digital banking channels, with customers making increasing use of this channel. In 2016, the Bank's internet user base exceeded 900,000, the number of customers actively using the mobile banking application reached 660,000. With these accomplishments, the share of digital banking in TEB's total banking transactions stands at 87%. In 2016, 73% of cash deposited, 89% of cash withdrawals, 80% of credit card payments,

87% of bill payments and 96% of fund transfers are done through TEB's digital banking channels.

In 2016, the number of TEB ATMs stood at 1,708 throughout Turkey and 68 million transactions were carried out at ATMs.

TEB continued to reduce operating costs and its income-expenditure ratio by transferring the branch transactions made during 2016 to digital channels.

### **Stepping up its investment in mobile technology**

TEB continued to invest in mobile technologies in 2016. In this respect, new features have been added to CEPTETEB Mobile Application increasing the number of transactions available through mobile and improving the customer experience. The added features include joining credit card campaigns through the application, stock transactions and investments and for corporate client's foreign exchange transactions and company credit card transactions. The credit card and application processes are totally digitalized and finalized with no need to physically go to the branch, thus improvement is attained in the processes and the customer experience.

Considering the mobile banking as strategically important, TEB initiated CEPTETEB Mobile Wallet functions such as contactless payment and TAV Passport Fast Track at contracted airports. Customers who downloaded the CEPTETEB application to their smartphones began making payments with mobile phones without the need for a physical credit card. In addition, CEPTETEB customers are able to pass through rapid transition units at TAV airports and toll gates at IDO turnstiles at ferry ports with the QR Code produced from their CEPTETEB Mobile Wallet.

Customers are granted a safe passage to e-Devlet (e-State) through the e-Devlet feature in internet banking and a number of applications were introduced for different customer segments. TEB Private Network Application is a closed social network that enables information sharing among the TEB Private Banking customers. TEB Star Banking application on the other hand, was available for TEB

Star banking customers at Google Play Store and App Store by September 2016. This application allows TEB Star Banking customers to make use of the special opportunities available for them, make reservations, apply for TEB Star Priority Credit Card, find the closest ATM/Branch, search market data and rapid access to CEPTETEB mobile banking app.

Addition of CEPTETEB official account to the "find" section of instant messaging application BiP, enables BiP users to search for market data and closest ATM by boot, access to application screens for a loan, credit card and be a customer through the CEPTETEB account.

As the users started to search and check their financial data more often, Finance Coach, a personal finance management tool has been added to CEPTETEB internet Branch, allowing customers to check their financial budgets online. Using this feature, customers can control their income and expenses on a monthly basis, examine their spending categories, see how much other profiles similar to them make and spend each month. They can also determine a monthly budget target, get notifications when they are close to or over their budget so that they can take action, specify a target for future and configure how much they need to save to reach that target with the help of Finance Coach.

### **A total of 15 awards**

TEB's digital banking channels won 15 awards in prestigious competitions both at home and abroad in 2016.

The "How to make the ends meet" project, which has been prepared for the CEPTETEB Consumer Loan, has won the Silver Award at the 28<sup>th</sup> Crystal Apple Awards, Microsites/ Service Category and Success Award at the 11<sup>th</sup> MediaCat Felis Awards, Microsite category.

### **TEB in Social media**

TEB communicates directly with its customers through social media especially Facebook page with almost 1 million members and 92% response rate.

TEB is also the first company in Turkey to use the live streaming feature on Facebook.

CEPTETEB digital banking platform is serving its digital customers 7/24 on social media with 100% response rate and 12 minutes response time.

### ASSET AND LIABILITY MANAGEMENT AND TREASURY GROUP

TEB, one of the first banks in Turkey to develop an “Asset and Liability Management” approach, has adopted a management style based on cautious, sound and long-term strategies with its competent and experienced staff and the transfer of know-how from the BNP Paribas Group. The Asset-Liability Management and Treasury Group, which have been working since 2005 manages interest, liquidity and structural foreign exchange risks with the aim of protecting the Bank’s sustainable profit.

In 2016, the Group continued to support the subsidiaries within the boundaries dictated by the legislation to help them work efficiently in their respective fields.

#### **Notable improvement in the Liquidity Ratios**

In a year when economic and political risks emerged one after the other, The Asset-Liability Management and Treasury Group significantly outperformed thanks to the proactive hedge strategies it utilized in interest rate management and contributed to the profitability of the Bank in 2016. There has been notable improvement in the liquidity ratios due to the actions taken towards diversifying the funding sources and lengthening the maturity to ensure a sound and stable liquidity.

#### **Specialization in Derivative Instruments**

The Asset-Liability Management and Treasury Group plays a critical role in the decision making processes through the accurate modelling of interest rate and liquidity risks and measurement of actualizations with its competent, analytical and specialist personnel. The modelling and measurement processes are even faster in 2016, thanks to the investments made in the information technologies.

The Group is monitoring the local and international markets closely to foresee the possible price fluctuations and to mitigate the structural interest, FX and liquidity risks these fluctuations may cause in the balance sheet of the Bank. The specialty that is required to be able to eliminate those risks is another strength of the Asset-Liability Management and Treasury Group. On the other hand the Group is in close communication with all the business lines to ensure the balance sheet is realized with the right costs and competitive prices. Periodical meetings and visits are scheduled to establish an efficient relationship with the branch network.

#### **Diversity in Funding**

The Asset-Liability Management and Treasury Group aimed at creating a strong and stable liquidity for the Bank by transforming the main source of funding for the Bank, likewise deposits into a less concentrated structure. To this end, the right pricing strategies were determined in coordination with each business line and these efforts yielded successful results in the second half of the year. In line with the Bank’s belief in virtual banking, the Group kept supporting the pricing through the CEPTETEB channel. In accordance with its purpose of diversifying funding sources, Group also initiated work towards cash flow based funding product that is meant for long term funding from international markets.

#### **Continued synergetic collaboration with BNP Paribas**

Information flow between BNP Paribas and TEB Asset-Liability Management and Treasury for the tailoring of BNP Paribas’ know how in modelling analyses to the requirements of Turkey continued in 2016. Competitive pricing of export credits and credits to corporate companies have been enabled by the cost efficient funding provided by BNP Paribas.

### CORPORATE INVESTMENT BANKING GROUP

TEB Corporate and Investment Banking was set up in 2011 in order to offer the Bank’s clients a new range of products and innovative solutions. The main purpose of Corporate Investment Banking

Group is to match the needs of the clients with custom made international solutions in a fast and effective manner. To this end, BNP Paribas' competency in global products are presented to the clients and opportunities in international scale arise.

The Group continued to create client-oriented additional synergies in Financial Markets, Large Corporate Groups, Large Corporate Groups Finance and Corporate Finance.

2016 has been a year when TEB has been able to continue the acceleration it has gained the year before despite the ongoing competition and toughening market conditions. In almost every borrowing and international market transaction realized by the targeted clients, BNP Paribas' wide range of products and geographical network has been efficiently utilized. Providing consulting services to companies that target strategic opportunities at home or abroad, TEB also offers loans and capital market transactions as supportive services.

In 2016, there has been significant growth in the capital market transactions without compromising risk management principles. Especially in foreign exchange and interest derivatives, new solutions to protect clients from risks have been developed and presented to the clients. Large Corporate Groups Department which was established the previous year to meet the requirements of Large Corporate clients, increased its market share by offering various structured products and funding alternatives to the pioneering companies in Turkey by making use of the BNP Paribas' worldwide network. Corporate Finance Department served as consultant in big infrastructure projects in 2016, intermediated strategic investments and helped private capital funds in Turkey with their business ideas thanks to the rich client portfolio of TEB.

### **A Structure that meets all the requirements of Investment Banking**

The Corporate Investment Banking Group, which combines TEB's power in the local market with BNP Paribas' expertise and experience in capital markets,

its structured finance and consulting, has a structure that can respond to all needs in these areas as a stand-alone entity.

The Corporate Investment Banking is integrated into TEB's client portfolio and BNP Paribas' product range. This allows the Group to benefit from both the growing network of clients within TEB and the strong product specialists at BNP Paribas.

TEB will also continue to provide to its clients treasury, structured debt and capital market solutions as well as investment opportunities in the coming period.

## **SECURITIES SERVICES**

### **An innovative approach in Securities Services**

Since 2007, TEB Securities Services has been providing local custody and settlement services that BNP Paribas originally inaugurated in Turkey back in the 1990s under TEB brand.

TEB Securities Services serves its clients with its team of specialists at TEB Head Office. The department offers local custody and settlement services to its domestic and foreign clients in cooperation with BNP Paribas Securities Services, which is Europe's largest custodian bank. With its innovative and meticulous approach, the department creates solutions for post-trade needs pertaining to capital market instruments, which may arise subsequent to the investment decisions of financial institutions, institutional investors and issuers.

TEB Securities Services provides;

- settlement and custody services for cash equities, government bonds and bills and other capital market instruments,
- collateral and cash management services for listed derivatives,
- securities borrowing/lending transactions,
- outsourcing services for brokers,
- escrow and collateral management services,
- debt instrument, certificate and warrant issue-related operations and payment services,
- account operating services for issuers' central

registry agency accounts.

#### **Headlines of 2016**

In 2016, TEB Securities Services continued its success of previous years, by taking on new clients and effectively managing the increased transaction volumes of its existing ones.

In parallel with other changes brought about by the new Capital Market Law enacted at the end of 2012, individual and collective portfolio custody services that will be presented to portfolio management companies were structured such that they could be provided to non-group companies.

#### **A more competitive Capital Market Instruments Service Department**

TEB remained the choice of clients seeking more than a custodian bank post-trade services aimed at capital market instruments thanks to its global perspective, pioneering and client-focused approach in 2016.

All the developments in capital markets and banking sector brought about by regulatory institutions such as Borsa Istanbul, Takasbank and Merkezi Kayıt Kuruluşu (Central Registry Agency) are followed closely from legal, technological and operational aspects. Our teams have promptly responded to any change that may have an impact on the securities services business with investments in new products and technology.

TEB's Securities Services stood out from the competition in 2016 with investments aimed at achieving operational excellence and with priority given to helping its clients expand their businesses.

TEB sees market developments as opportunities of new cooperation areas with its clients. The objective of the department is to implement innovative solutions that will contribute to the development of the business line as well as the market by taking the lead in post-trade services.

TEB Capital Market Instruments Services department is in close communication with market regulators and authorities. In 2016, a representative from the department has been appointed as a member to the Banks Profession Committee of Turkish Capital

Markets Association.

In 2017, Takasbank is going to be the central counterparty in Borsa Istanbul Stock Market and Borsa Istanbul Futures and Options Market platform operating system will be transferred to the BISTECH Platform that has been developed with Nasdaq OMX. The expansion of central counterparty model, which is already in effect for listed derivatives the stock market will boost the confidence of especially foreign investors in the Turkish Capital Markets and contribute to the growth and development of the market. Additionally, the platform change in BIST Futures and Options market will enable structural changes in the operation of the market that foreign institutional investors have been demanding for years. In 2016, TEB Securities Services has been focusing on efforts to increase the efficiency that will come about as a result of these two important changes in the market.

#### **Collaborations in 2016**

TEB Securities Services is part of BNP Paribas CIB and acts as the Turkey arm of BNP Paribas Securities. It works in close proximity to BNP Paribas entities that are also its custody clients with a consultant's approach on information about the Turkish market and new capital market products.

The department works in strong collaboration with other TEB affiliates active in capital markets. In particular, the services related to Borsa Istanbul Futures and Options Market offered in partnership with TEB Investment has brought success in recent years. This has enabled TEB Investment to keep its place as one of the brokers with highest business volumes on Borsa Istanbul in 2016.

#### **New products developed in 2016**

The most important product which the Capital Market Instruments Services department worked on, in 2016 was the asset and fund services developed for Portfolio Management Companies. TEB has adapted this service shaped by the New Capital Market communique to meet the demands of its clients by taking the opportunity to offer it to third party portfolio management companies as well as Group companies.

## NEW PRODUCTS AND SERVICES

### TEB Fintech Future Four

In 2016, TEB Fintech Future Four, a brand new support program for start-ups that has ideas or projects in finance technology has been introduced. The program aims at facilitating the development and manufacturing of technologies in Turkey that will change, shape and make a difference in the banking and finance world.

Applications have been submitted through 20 September-20 November 2016 for the program and TEB's involvement in this process comprises of providing the funding for the start-up's to develop their ideas and offer guidance in the commercialization stage. Ultimately, it is TEB's target to see the entrepreneurs be successful on a global scale with their own companies. TEB accepted applications on the subjects of Know Your Client/Information Security, Roboadvisory, Virtual Client Relationship Management, Real Time Marketing, New Generation Payment/Contracted Company Technologies, Loyalty/Gaming and will be choosing 4 ideas among those applications to develop along with its know-how, research, experience and capabilities in 2017.

### TEB Private Network Mobile Application

The TEB Private Network, a social network application, was created to offer TEB Private Banking clients the opportunity to share important information between each other by creating a closed network among them through TEB Private Banking. It was also set up to provide special offers and opportunities for the users.

Through the TEB Private Banking Network, users share their interests and likes and have the opportunity to communicate with each other.

### Virtual Account

Virtual Account, the new product developed by TEB, is a collection management solution that enables automated identification of the ultimate sender of

TL or foreign currency payments and automated integration of electronic account transactions with the EPR system.

TEB also developed a service that allows clients pay customs duty via SMS in 2016. Clients are able to pay their Customs Duty that is levied on following foreign trade transactions with just one SMS and the system works round the clock.

### tebledisticaret.com

Containing information of over 1,500 companies, more than 20,000 suppliers in 160 countries, tebledisticaret.com is an online platform that acts as a guide to companies that would like to expand their horizons through foreign trade. The platform also contains over 10,000 sectoral reports. Users can access detailed information about the general profile, geographic location, state of the economy, cultural differences etc. of the markets that they are interested through tebledisticaret.com.

Tebledisticaret.com is notable for containing all sorts of relevant information pertaining to export and import procedures including but not limited to special government incentives, customs and local taxes, transportation options, relevant paperwork for foreign trade destinations.

### TEB Foreign Trade Development Program

"TEB Foreign Trade Development Program" is a dedicated development and education program where companies can get the training and consultancy services they need for their foreign trade activities.

This program is intended to guide the companies through the vast amount of information provided on the tebledisticaret.com platform. Companies who are new in foreign trade or simply want to increase their foreign trade volumes are trained on how to develop strategies for growth in foreign trade and on how to realize their action plans.



In addition to the information they acquire during the training, the companies who attend the program are also presented printed material to guide them to apply the growth and development programs in their companies. This program extends the horizons of SME's in foreign trade through 4 different modules that analyze the growth management, risk minimization in foreign trade, market research and foreign trade activities of the companies.

The Bank is guiding the companies that wish to grow on foreign trade so that the companies who attend the program gain the competency to execute their foreign trade activities with the information and vision they acquire. With this new service, TEB is aiming to strengthen the positioning of the Turkish companies in international markets and be there for them at every step of the way.

## TEB FINANCIAL SERVICES GROUP

### TEB FAKTORİNG A.Ş.

One of the top five players in its sector, TEB Faktoring provides export, import and domestic factoring products and services to corporate and commercial customers, with a particular focus on the SME segment of the market.

In 2016 TEB Faktoring wrote TL 7.7 billion worth of business, up from the previous year's TL 7.6 billion despite the economic contraction. Total assets increased by 37% and amounted to TL 1,704,802. Additionally, the net income and total factoring receivables of the company increased by 39% in comparison with the previous year. As of year-end 2016 figures, the company registered a 15.41% return on equity and a 0.78% return on assets. According to the data released by the Financial Institutions Association, the sector average for the return on equity was 13.59%.

While the non-performing loans ratio in the factoring sector is approaching 5%, thanks to TEB Faktoring's over emphasis on risk management, the NPL ratio realized at 2.39% below sector average and even below the budgeted figure.

In 2016 the total number of customers in TEB Faktoring's portfolio reached 24,701. As of year-end, the company had 2,182 active customers, 18 branches and 128 employees.

TEB Faktoring ranked as the second largest factoring company in Turkey in terms of the factoring transaction volume and among the biggest factoring companies in the world according to Factors Chain International (FCI), the world's biggest umbrella organization for independent factoring companies. In 2016, TEB Faktoring has been chosen as the second best factoring company with a score of 99.9% and holds a record as the first and only factoring company to win the "Best Factoring Company" award 5 times in the history of the award.

According to a regulation of the Central Bank of Turkey, the bonds and bills that are drawn against the export receivables that are handed over to factoring companies and endorsed to the Eximbank became eligible for rediscount, thus the opportunity for factoring companies to offer post-shipment rediscount credit to exporters. Therefore, export companies can make use of the favorable funding made available from the Central bank of Turkey. TEB Faktoring added to its successes by becoming the first factoring company in Turkey to offer post-shipment rediscount credit to exporters. In addition to that, The Central Bank of Turkey granted rediscount credit to factoring companies through banks against foreign exchange earning services and post-shipment export receivables.

TEB Faktoring is progressing on projects to better serve the factoring sector customers and enlarge the cake through projects that involve process digitization and targeting to bring them alive in 2017. TEB Faktoring has been keen on the digitalization projects since 2015 from the standpoint of risk management, increasing efficiency and automation which are the most important factors of profitability. Some of these projects have been realized in 2016 and the remaining ones will be a priority in 2017.

Supply Chain Financing, which is a frequently used product around the world, has been in the focus of the factoring sector in 2016. A portal which will be constructed under the umbrella of Association of Financial Institutions will allow financial institutions, buyers and suppliers be able to interact. This joint electronic infrastructure will enable companies, especially SMEs, obtain financing at more favorable rates and conditions. TEB Faktoring has initiated work towards this product and aims to make it available for its customers in the near future.

## TEB ASSET MANAGEMENT A.Ş.

An asset-management joint venture of BNP Paribas, one of Europe's leading financial institutions and of TEB, one of Turkey's leading banks, TEB Asset Management has been established in 1999. As of year-end 2016, it is the 8<sup>th</sup> biggest asset management company in Turkey, whose portfolio of TL 4.2 billion worth of assets under management gave it a 3.48% share of the sector.

TEB Asset Management seeks to manage retail and corporate clients' portfolios in the best way possible by identifying and maintaining financial instrument compositions that best suit their owners' risk profiles.

As of December 2016, TEB Asset Management was an asset management company with an extensive international distribution network and it:

- Controlled a 4.30% share, worth a total of TL 1.85 billion, of the mutual funds market;
- Controlled a 6.4% share of the actively-managed investment funds market;
- Had a total of TL 359 million worth of assets under management in its discretionary portfolio management business line;
- Had a total of TL 29 million worth of assets under management in its institutional asset management service business line;
- Controlled a 2.85% share, worth a total of TL 1.7 billion, of the pension funds market;
- Had a total of TL 337 million worth of assets under management in its international funds business line.

TEB Asset Management introduced asset management services in 2004. In late 2005, the company added corporate asset management services to its business lineup in order to manage the assets of institutional clients such as foundations, associations and the like. For the conduct of its corporate asset management services, the company has formulated both TL and foreign-currency based models in three different asset classes: bonds & bills, guaranteed-yield instruments and equities.

The synergies which TEB Asset Management generates by collaborating with BNP Paribas Investment Partners, one of the Euro Zone's leading asset managers, are powering the company's progress towards becoming a global force. Thanks to this collaboration, TEB Asset Management continues to enter into strategic partnerships with many other international firms.

TEB Asset Management manages the Parvest Turkey fund, a leading open-ended collective investment scheme (SICAV) whose assets of TL 156 million are invested mainly in the equities of companies established in Turkey. TEB Asset Management also manages the Japan-based Turkish Equity Mother Fund, whose assets amount to about TL 120 million. These two plus the TL 65 million in other international funds which invest in Turkish equities and for which the company acts as a consultant make TEB Asset Management Turkey's biggest asset manager working for international clients.

### 2016: A year of many changes

After having a high proportion of liquid funds, the asset management companies are leaning towards various instruments in order to convert into managers of more diversified funds in 2016. In this respect, instruments such as private sector debt instruments and rent certificates are gaining weight in the investment funds. Additionally, real estate investment funds and venture capital investment funds have been included in the collective mutual funds this year for the first time.

TEB Asset Management maintained its leading position in the sector, establishing funds for different investment profiles such as:

- A foreign exchange based Rent Certificates mutual Fund for which the ultimate manager is BNP Paribas Investment Partners Najmah Malaysia SDN BHD,
- A foreign exchange Mutual Fund Basket Fund with Fundquest, one of the group companies of BNP Paribas Investment Partners as the investment advisor,
- a Free Fund,
- a Eurobond and
- A Damla Fund, a new performance model.

**In 2017**

In 2017 TEB Asset Management will continue to introduce new products in keeping with its well-established reputation as a market innovator, to guide investors in their making the best possible investment choices at the best possible time, to work with domestic and international stakeholders in the exploration and exploitation of ways to boost market share and to protect its clients as well as itself against adverse market risks.

## TEB INVESTMENT A.Ş.

TEB Investment Securities commenced operations in 1996. The company provides capital market services pursuant to the Capital Markets Act (Statute 6362) and relevant laws and regulations.

The company's licenses were reviewed and renewed by the Capital Markets Board pursuant to two Capital Markets Act communiques: *Communique III-37.1 on principles regarding investment services and activities and their ancillary services* ("Investment Services Communique") and *Communique III-39.1 on the establishment and operation of investment institutions* ("Investment Institutions Communique"). The company has been providing investment and ancillary services as a "broadly-licensed brokerage" since 13 November 2015.

TEB Investment A.Ş. is also licensed to provide order brokerage services to Türk Ekonomi Bankası A.Ş. by the resolution of Capital Markets Board dated 27 June 2016.

The company is currently licensed to provide the following investment and ancillary services:

- Trading brokerage services (domestic and international)
- Portfolio brokerage services (domestic)
- Investment advisory services
- Public offering brokerage services
  - Underwriting services
  - Best-effort
- Brokerage custody services (Limited custody services)
- Order brokerage services (since 1 June 2016).

TEB Investment Securities reaches its domestic and international clients and it supplies them with an extensive lineup of products and services through a variety of service channels that address the particular needs of different investor profiles. In this way, the company provides different client groups with the investment and trading services (equities, mutual funds, bonds & bills, repo, etc.) as well as corporate finance and research services according to their requirements.

TEB Investment Securities distinguishes itself in the sector by virtue of:

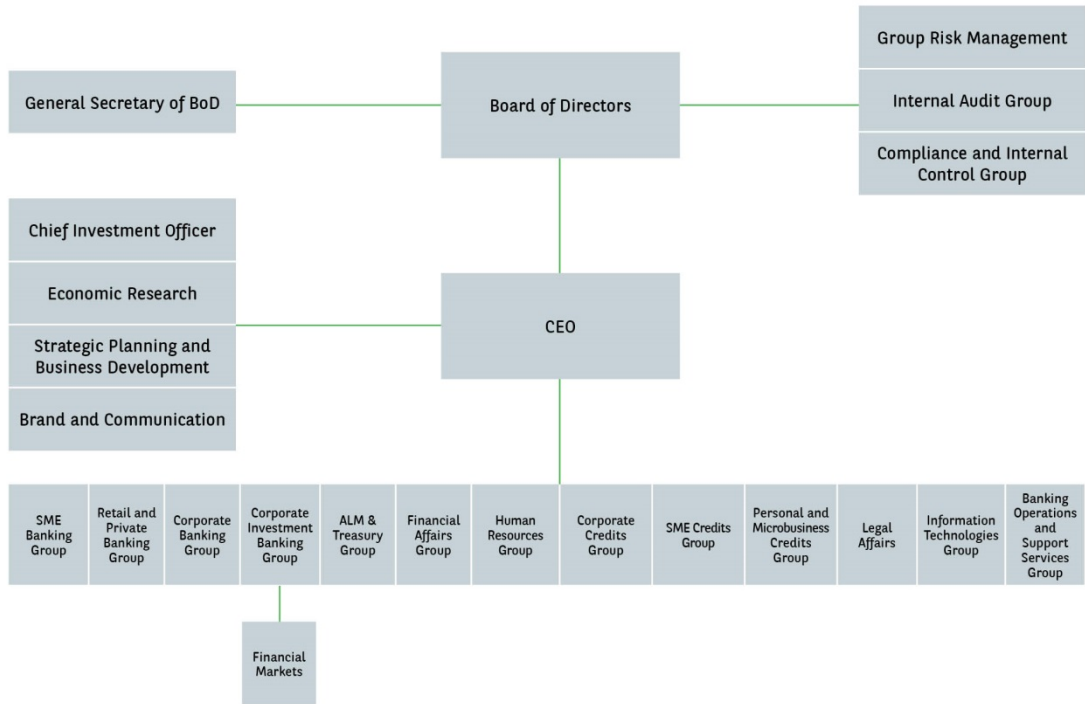
- Experienced human resources capable of effectively serving both individual and corporate investors;
- Effective research services provided by a team of experienced research experts;
- Deep local-market knowledge combined with immediate access to a strong global partner;
- Effective use of technology.

TEB Investment Securities' 4.99% share, worth TL 101,064 million, of the Borsa Istanbul Equities Market's trading volume ranked it in 7<sup>th</sup> place as of year-end 2016. On the BIST Derivatives Market, its 13.06% market share worth TL 151,645, ranked it first as of the same date.

SECTION 2 - INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

HEAD OFFICE ORGANIZATION CHART

Head Office Organization Chart



**BOARD OF DIRECTORS**

<b>Name-Surname</b>	<b>Title</b>
Yavuz Canevi	Chairman
Dr. Akın Akbaygil	Deputy Chairman
Ümit Leblebici	Executive Member and General Manager
Jean-Paul Sabet	Deputy Chairman
Alain Georges Auguste Fonteneau	Member
Ayşe Aşardağ	Member
Yvan L.A.M. DeCock	Member
Sabri Davaz	Member
Jacques Roger Jean Marie Rinino	Member
Musa Erden	Member
Pascal Jean Fischer	Member
Xavier Henri Jean Guilmineau	Member

<b>Yavuz Canevi, Chairman</b>	
1996 – present	TEB A.Ş., Chairman of the Board of Directors
2001 – 2013	TEB Holding A.Ş., Board Member
1998 – 2011	TEB N.V. Holland, Chairman of the Board of Directors
1993 – 2005	Istanbul Stock Exchange, Deputy Chairman and Board Member
1989 – 1995	Euro Turk Bank, Chairman of the Board of Directors
1987 – 1989	Türk Eximbank, Chairman of the Board of Directors
1986 – 1989	Undersecretary of Treasury and Foreign Trade, Republic of Turkey Prime Ministry
1984 – 1986	Central Bank of Turkey, Governor
1980 – 1984	Central Bank of Turkey, Vice Governor
1979 – 1980	T. Garanti Bankası, Assistant General Manager in Charge of International Relations
1976 – 1979	Central Bank of Turkey, Director General of Foreign Exchange
1960 – 1975	Ministry of Finance Georgia State University, USA, Faculty Member University of Southern California (USC), USA, MA Economics Ankara University, Faculty of Political Science, Department of Public Finance and Economics
<b>Current Business Affiliation:</b>	
March 2015 – present	TSKB, Member of the Board
2013 – present	DEIK Turkish - French Business Forum, Vice President
2001 – present	DEIK Turkish - Holland Business Forum, Member of the Board
2004 – 2010	NETAŞ, Member of the Board
2001 – 2010	Hedef Alliance A.Ş., Member of the Board
June 1995 – present	IKV, Member of the Board
1993 – 2012	TSKB, Member of the Board
1989 – present	FNSS Savunma Sistemleri A.Ş., Chairman of the Board
1991 – 1994	TÜSİAD, Member of the Board
1997 – present	TÜSİAD, Member of High Advisory Council

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Dr. Akın Akbaygil, Deputy Chairman</b>	
1988 – present	TEB A.Ş., Deputy Chairman
2011 – April 2014	TEB N.V., Chairman
2011 – 2012	TEB Yatırım Menkul Değerler A.Ş., Chairman
2011 – 2011	Fortis Yatırım Menkul Değerler A.Ş., Board Member
2008 – present	TEB A.Ş., Audit Committee Deputy Chairman
2005 – present	TEB Faktoring A.Ş., Chairman TEB Holding A.Ş., Board Member
1999 – 2013	Ekonomi Bank IBU Ltd., Deputy Chairman
2005 – 2010	TEB Finansal Kiralama A.Ş., Chairman
2004 – 2007	TEB Portföy Yönetimi A.Ş., Chairman
2003 – present	TEB Holding A.Ş., General Manager
2003 – 2005	TEB Mali Yatırımlar A.Ş., Deputy Chairman / General Manager
2001 – 2002	Banks Association of Turkey, Deputy Chairman
1998 – 2011	TEB N.V., Deputy Chairman
1997 – 2005	TEB Sigorta A.Ş., Chairman TEB Faktoring, Board Member
1996 – 2005	TEB Finansal Kiralama A.Ş., Board Member
1994 – 2001	Banks Association of Turkey, Board Member
1987 – 2003	TEB A.Ş. Deputy Chairman, Executive Member and General Manager
1982 – 1987	TEB A.Ş. Executive Member
1965 – 1982	Akbank A.Ş. Director of Foreign Affairs
1962 – 1973	Istanbul University, Faculty of Economics, BA and Ph.D.

<b>Ümit Leblebici, Executive Member and General Manager</b>	
June 2014 – present	Banks Association of Turkey, Deputy Chairman
September 2013 – present	TEB A.Ş., Executive Board Member and General Manager
February 2013 – September 2013	TEB A.Ş., Deputy General Manager
2001 – 2013	TEB A.Ş. Assistant General Manager, Treasury and ALM
April 2013 – September 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman
2012 – December 2014	TEB Portföy Yönetimi A.Ş., Chairman
2011 – 2012	TEB Portföy Yönetimi A.Ş., Board Member
1999 – 2001	TEB A.Ş. Director, Treasury Group
1997 – 1999	Osmanlı Bankası, Treasury Manager
1997 – 1997	Ulusal Bank, Treasury Manager
1991 – 1997	Midland Bank, Treasury Manager
1988 – 1994	Istanbul University, MBA at Finance Major
1984 – 1988	Istanbul University, Faculty of Business Administration



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Jean-Paul Sabet, Deputy Chairman</b>	
Janurary 2013 – present	Deputy Head of International Retail Banking
2010 – 2012	BNP Paribas, International Retail Banking, Head of Turkey Zone
2011 – present	BNP Paribas Yatırımlar Holding A.Ş., Chairman BNP Paribas Fortis Yatırımlar Holding A.Ş., Board Member
2010 – present	TEB A.Ş., Deputy Chairman TEB Holding A.Ş., Board Member BNP Paribas International Retail Banking, Turkey
2010 – 2015	BNL Banca Nazionale del Lavoro, Italy Board Member
2006 – 2009	Banca Nazionale del Lavoro/BNP Paribas Italy, C.O.O.
2004 – 2006	French Retail Banking Management Committee, Member Head of BNP Paribas Finance and Strategy Department
1998 – 2003	KLEPIERRE France, Board Member
1996 – 1998	Société Centrale D’Investissements, France
1973 – 1976	H.E.C. Ecole des Hautes Etudes Commerciales
<b>Current Business Affiliation:</b>	
October 2014 – present	Bank Gospodarki Zywnosciowej S.A., Board Member
April 2013 – present	JSC “UkrSibbank”, Board Member, Ukraine
2013 – 2015	BNP Paribas Polska SA, Chairman of the Audit Committee, Poland
August 1998 – present	LDC, Member of Audit Committee, France

<b>Alain Georges Auguste Fonteneau, Member</b>	
April 2016 – present	Chief Advisor to BNP Paribas International Retail Banking President
March 2011 – present	TEB A.Ş., Board Member
2009 – 31 March 2016	BNP Paribas Retail Banking, Financial Affairs, CFO
2010 – 2011	TEB Holding A.Ş., Board Member
1999 – 2008	Responsible for Asset & Liability Management of BNP Paribas Group
1995 – 1999	Asset & Liability Deputy Manager of BNP Paribas Group
1988 – 1995	Manager of Balance Sheet Management & Financial Engineering Department at the BRED-Banque Populaires
1982 – 1988	Establishing Financial Models & Forecasts’ Department, Deputy Manager
1977 – 1982	Responsible for researches at the National Centre for Scientific Research (C.N.R.S.)
1980 – 1990	Lecturer in Micro and Macro Economy at the ENA and the IEP of Paris
<b>Current Business Affiliation:</b>	
April 2009 – present	Member of the Supervisory Board of BMCI, Morocco
2009 – 2013	Member of the Board of Directors of SAE, BNP Paribas Egypt
October 2009 – present	UKRSIBBANK, Member of Audit Committee, Ukraine

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Ayşe Aşardağ, Member</b>	
2016 – present	TEB Faktoring A.Ş., Deputy Chairman TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
August 2012 – present	Ekonomi Yatırımlar Ltd., Board Member
2012 – present	TEB Yatırım Menkul Değerler A.Ş., Deputy Chairman TEB Finansman A.Ş., Deputy Chairman
2011 – 2016	TEB Faktoring A.Ş., Board Member The Economy Bank N.V., Board Member
2011 – December 2014	TEB Portföy Yönetimi A.Ş., Board Member
2010 – present	TEB A.Ş., Board Member
2009 – present	TEB Sh.A (Kosovo), Board Member
2003 – 2013	Ekonomi Bank Offshore Ltd. Board Member
2001 – present	TEB Holding A.Ş., Budget and Financial Control Coordinator
2010 – 2011	Fortis Bank A.Ş., Board Member
2009 – 2010	TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2008 – 2009	TEB ARVAL Araç Filo Kiralama A.Ş., Deputy Chairman, Etkin Temizlik Hizmetleri A.Ş. Chairman
2008 – 2010	TEB Tüketici Finansman A.Ş., Deputy Chairman
2007 – 2009	TEB Sh.A (Kosovo), Deputy Chairman
2007 – 2008	TEB Sigorta A.Ş., TEB İletişim ve Yayıncılık Hizmetleri A.Ş., Etkin Personel Taşımacılık Hizmetleri A.Ş., Etkin Temizlik Hizmetleri A.Ş. Chairman; TEB Tüketici Finansman A.Ş., TEB Arval Araç Filo Kiralama A.Ş. Board Member
2007 – 2010	TEB UCB Konut Danışmanlık A.Ş., Chairman
2004 – 2010	Ege Turizm ve İnşaat A.Ş., Deputy Chairman
2001 – 2009	TEB Finansal Kiralama A.Ş., TEB Faktoring A.Ş., TEB Yatırım Menkul Değerler A.Ş. Auditor
2001 – 2010	TEB A.Ş., Auditor
2001 – 2007	TEB Sigorta A.Ş., Board Member; TEB Portföy Yönetimi A.Ş., Auditor
1995 – 2001	TEB A.Ş., Budget and Financial Control Director
1994 – 1995	University of Glamorgan, Lecturer in Accounting
1987 – 1994	Price Waterhouse, Istanbul, London, Audit Unit
1992	Institute of Chartered Accountants in England and Wales, ACA
1982 – 1987	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department, BS

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Yvan L.A.M. De Cock, Member</b>	
May 2013 – present	BNP Paribas Yatırımlar Holding A.Ş., Board Member BNPP Fortis Yatırımlar Holding A.Ş., Board Member
February 2013 – present	TEB A.Ş., Audit Committee Member
December 2012 – present	TEB A.Ş., Board Member
September 2016 – present	BNP Paribas Fortis, Assistant General Manager
2011 – September 2016	BNP Paribas Fortis, Head of Corporate and Public Banking
2011 – 2013	TEB Holding A.Ş., Board Member
2006 – 2011	CEO Fortis Bank Turkey
2002 – 2006	CEO Fortis Bank UK
1999 – 2002	Head of Global Corporate Banking at Fortis Bank
1994 – 1999	Head of Corporate Banking North Centre Area, Belgium, Générale de Banque
1988 – 1994	Head of Trade Finance Group, Générale de Banque
1984 – 1988	Export Manager, Générale de Banque
1982 – 1984	Legal Adviser, Nat. Delcrederedienst
1978 – 1982	Lawyer at Winderickx and Associates
1983 – 1986	HUB-EHSAL, Master of Finance
1972 – 1977	Katholieke Universiteit Leuven, Master of Law

<b>Sabri Davaz, Member</b>	
2013 – present	TEB A.Ş., Member of the Audit Committee
2013 – 2016	TEB Sh.A., Board Member
2012 – present	TEB A.Ş., Board Member
2011 – present	TEB Holding A.Ş., Chief Advisor to the Chairman
2009 – 2011	BRSA Consultant
2004 – 2009	BRSA Vice Chairman
1998 – 2004	Undersecretariat of Treasury and BRSA Chief Sworn Bank Auditor
1993 – 1996	Undersecretariat of Treasury, Vice Chairman of the Board of Sworn Bank Auditors
1989 – 1997	Undersecretariat of Treasury, Sworn Bank Auditor
1985 – 1989	Undersecretariat of Treasury, Assistant of Sworn Bank Auditor
1998 – 2000	Boston University, Financial Economics Master
1980 – 1984	Ankara University, The Faculty of Political Science

**TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT**

<b>Jacques Roger Jean Marie Rinino, Member</b>	
March 2016 –present	TEB Sh.A., Chairman
December 2015 – present	TEB A.Ş., Chairman of the Audit Committee
March 2014 – present	TEB A.Ş., Board Member
2001 – present	BNP Paribas, Head of Risk, International Banking
1998 – 2001	BNP Paribas, Head of Risk, Emerging Markets
1992 – 1997	BNP Paribas, Head of Commercial Banking Group, Greater China Hong Kong Branch
1988 – 1991	BNP Paribas, Deputy Head of North America
1986 – 1988	BNP Paribas, Deputy Head of Middle East and Europe
1980 – 1986	BNP Paribas, Bank's representative in SE Asia (Indonesia and Singapore)
1977 – 1980	BNP Paribas, Export and Project Finance Department
1970 – 1974	DESS (Master 2) Paris University, Pantheon-Sorbonne, France

<b>Musa Erden, Member</b>	
March 2013 – present	TEB A.Ş., Board Member
2008 – 2012	TEB A.Ş., Board Member
2011 – 2016	TEB Faktoring A.Ş., Vice Chairman
2010 – 2016	TEB Sh.A., Chairman; BNP Paribas Finansal Kiralama A.Ş., Board Member
2006 – 2008	TEB A.Ş., Consultant
2006 – 2008	The Ottoman Fund Ltd., Board Member
2006 – 2008	Osmanlı Yapı 1 İnş. Tur. San. Tic. A.Ş., Chairman
2006 – 2008	Osmanlı Yapı 2 İnş. Tur. San. Tic. A.Ş., Chairman
2006 – 2008	Osmanlı Yapı 3 İnş. Tur. San. Tic. A.Ş., Chairman
2006 – 2008	Osmanlı Yapı 4 İnş. Tur. San. Tic. A.Ş., Chairman
2005 – 2008	TEB Mali Yatırımlar A.Ş., Auditor
2005 – 2006	TEB A.Ş., Auditor
2003 – 2003	MNG Bank A.Ş., Board Member
2002 – 2003	Banks Association of Turkey, Arbitration Committee Member
1996 – 2001	Osmanlı Bankası A.Ş., Assistant General Manager
1993 – 1996	Osmanlı Bankası A.Ş., Vice General Manager/BD
1991 – 1993	Osmanlı Bankası A.Ş., Vice General Manager/CM
1988 – 1991	Osmanlı Bankası A.Ş., Vice General Manager/CM
1986 – 1988	Osmanlı Bankası A.Ş., Coordinator
1985 – 1986	Osmanlı Bankası A.Ş., Şişli Branch Manager
1983 – 1985	Osmanlı Bankası A.Ş., Main Branch 2 <sup>nd</sup> Manager
1979 – 1983	Osmanlı Bankası A.Ş., Personnel 2 <sup>nd</sup> Manager
1976 – 1979	Osmanlı Bankası A.Ş., Inspector
1973 – 1976	Osmanlı Bankası A.Ş., Assistant Inspector
1972 – 1973	Yapı ve Kredi Bankası A.Ş., Officer
1966 – 1970	Ankara University, Faculty of Economics and Commerce, Banking Division

**TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT**

<b>Pascal Jean Fischer, Member</b>	
September 2015 – present	TEB A.Ş., Board Member
January 2015 – present	Head of EMEA and BNP Paribas UK Holdings Ltd., Director
2008 – 2014	Global Head of Investment and Market Risk, Group Risk Management (GRM), Paris
2004 – 2008	Global Head of Market and Liquidity Risk (MLR), GRM (London and then Paris)
1999 – 2004	Global Head of Market Risk Analysis, MLR, London
1997 – 1998	MLR Team Director, MLR, New York
1996-1996	Director of Short-Term Derivatives Transactions, Fixed-Income Securities, New-York
1993 – 1996	Director of Short-Term Derivatives Transactions, Fixed-Income Securities, Singapore
1989 – 1993	Asset Swap Portfolio Manager, Short-Term Derivatives Broker, Tokyo
1987 – 1989	Country Manager (Japan and Australia) International Division, Paris
1985 – 1987	Credit Analyst, Frankfurt am Main, Germany

<b>Xavier Henri Jean Guilmineau, Member</b>	
January 2016 – present	BNP Yatırımlar Holding A.Ş., Board Member; BNP Paribas Fortis, Board Member; TEB Faktoring A.Ş., Board Member; TEB Yatırım Menkul Değerler A.Ş., Board Member
December 2015 – present	TEB A.Ş., Board Member
2009 – 2015	CEO Asia BNP Paribas Cardif
2013 – 2015	BNP Paribas Cardif, Executive Committee Member
2009 – 2015	Paris Management Consultant – Taiwan, Chairman of the Board of Directors
2009 – 2015	Bank of Beijing Cardif Life JV – China, Vice Chairman of Board of Directors
2009 – 2015	BNP Paribas Cardif TCB Life Insurance JV – Taiwan, Member of the Board of Directors
2009 – 2015	BNP Paribas Cardif Life Insurance JV – Korea, Member of the Board of Directors
2005 – 2008	Head of Central and Eastern Europe, BNP Paribas Cardif
2002 – 2005	Retail Development Manager, Bank of The West (USA)
1998 – 2002	Head of Mission, General Inspection, BNP Paribas Group
1994 – 1998	Head of North Agribusiness Center, BNP Paribas France

**EXECUTIVE MANAGEMENT**

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

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. Nilşen Altıntaş	Assistant General Manager	Human Resources Group
Gökhan Özdil	Assistant General Manager	Corporate Credits Group
Nuri Tuncalı	Assistant General Manager	SME Credits Group
Osman Durmuş	Assistant General Manager	Retail and Micro SME Credits Group
Melis Coşan Baban	Chief Legal Advisor, Board General Secretary	Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager	Information Technologies
Kubilay Güler	Assistant General Manager	Banking Operations and Support Services
Ömer Abidin Yenidoğan	Assistant General Manager	Corporate Investment Banking
Akil Özçay	Assistant General Manager	Fixed Income
Gülümser Özgün Henden	Assistant General Manager	Corporate Banking
Tuğrul Özbakan	Assistant General Manager	Treasury & ALM

**Managers of Internal Systems**

Hakan Tıraşın	Head of Internal Audit
Pascal Alfred J. Gilliard	Chief Risk Officer
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

<b>Ümit Leblebici, Executive Member and General Manager</b>	
June 2014 – present	Banks Association of Turkey, Deputy Chairman
September 2013 – present	TEB A.Ş., Executive Director and General Manager
February 2013 – September 2013	TEB A.Ş., Deputy General Manager
2001 – 2013	TEB A.Ş., Assistant General Manager, Treasury and ALM
April 2013 – September 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman
2012 – December 2014	TEB Portföy Yönetimi A.Ş., Chairman
2011 – 2012	TEB Portföy Yönetimi A.Ş., Board Member
1999 – 2001	TEB A.Ş., Director, Treasury Group
1997 – 1999	Osmanlı Bankası, Treasury Manager
1997 – 1997	Ulusal Bank, Treasury Manager
1991 – 1997	Midland Bank, Treasury Manager
1988 – 1994	Istanbul University, MBA at Finance Major
1984 – 1988	Istanbul University, Faculty of Business Administration

**TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT**

<b>Gökhan Mendi, Senior Assistant General Manager, Retail and Private Banking</b>	
October 2016 – present	TEB Yatırım Menkul Değerler A.Ş., Board Member
October 2013 – present	TEB A.Ş., Senior Assistant General Manager, Retail and Private Banking
May 2012 – present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member Fortis Bank Personeli Güvenlik Vakfı, Board Member
2011 – 2013	TEB A.Ş., Assistant General Manager, Retail and Private Banking
2011 – March 2016	TEB Yatırım Menkul Değerler A.Ş., Board Member
2011 – 2014	TEB Portföy Yönetimi A.Ş., Board Member
2011 – 2012	TEB Tüketici Finansmanı A.Ş., Board Member
2007 – 2011	Fortis Bank A.Ş. Retail CEO, Head of Retail Banking & Insurance Manager
2003 – 2007	Finansbank, Assistant General Manager, Retail Banking Finans Sigorta A.Ş., Finans Portföy & Finans Yatırım, Board Member
2001 – 2003	Finansbank, Holland, Executive Vice President, Consumer Banking
1999 – 2001	Citibank London, Head of Business Development
1998 – 1999	Citibank N.A., Istanbul, Credit Cards Marketing Director
1996 – 1998	Citibank N.A., Istanbul, Credit Cards Sales & Marketing Manager
1996 – 1996	Beiersdorf Chemical, Sales & Marketing Manager
1992 – 1996	British Petroleum Istanbul, Marketing Serdeputys & Product Manager
1991 – 1992	British Petroleum Istanbul, Marketing Serdeputys Manager
1990 – 1991	British Petroleum Istanbul, Assistant of Engineering Manager
2000 – 2002	London Business School, Executive MBA
1987 – 1988	Istanbul University, Business Administration Master
1983 – 1987	Istanbul Technical University, Civil Engineering

<b>Turgut Boz, Deputy General Manager and Senior Assistant General Manager, SME Banking Group</b>	
March 2016 – present	BNP Paribas Finansal Kiralama A.Ş., Board Member
September 2013 – present	TEB A.Ş., Deputy General Manager and Senior Assistant General Manager, SME Banking Group
2003 – 2013	TEB A.Ş., Assistant General Manager, SME Banking Group
2004 – 2016	TEB Faktoring A.Ş., Board Member
2004 – 2010	TEB Leasing A.Ş., Board Member
2000 – 2003	Garanti Bankası, Commercial Marketing Unit Head
2000 – 2000	Osmanlı Bankası, Commercial Banking Coordinator
1995 – 2000	Finansbank, Denizli and Ankara Branch Manager
1994 – 1995	Ata Invest, Denizli Branch Manager
1989 – 1994	Egebank, Bornova and Denizli Branch Manager
1986 – 1989	Pamukbank Karabağlar Branch Manager
1981 – 1986	Pamukbank, Audit Department, Internal Auditor
1976 – 1980	Ankara University, Academy of Economic and Administrative Sciences, Banking and Insurance

<b>Mustafa Aşkın Dolacı, Assistant General Manager, Financial Control</b>	
2016 – present	BNP Paribas Cardif Emeklilik A.Ş., Board Member
2016 – present	BNP Paribas Cardif Sigorta A.Ş., Board Member
2016 – present	BNP Paribas Cardif Hayat Sigorta A.Ş., Board Member
2008 – present	TEB A.Ş., Assistant General Manager, Financial Affairs Group
2007 February – November	TEB Arval/Factoring/Leasing, Chief Financial Officer
1998 – 2007	The Economy Bank N.V. Amsterdam, Deputy Managing Director and Member of the Execution Committee
1994 – 1998	Finansbank (Holland) N.V., Assistant General Manager
1992 – 1994	Commercial Union Hayat Sigorta A.Ş., Assistant General Manager, Financial Control and Administration
1990 – 1992	Finansbank A.Ş. Istanbul, Group Head, Participations
1986 – 1989	Arthur Andersen & Co. Istanbul, Lisbon, London and Cambridge Offices, Senior Auditor
1985 – 1986	The Central Bank of Turkey, Specialist
1984 – 1985	Istanbul Technical University, Operations Research Department
1983 – 1986	Istanbul Technical University, Master Degree in Management Engineering
1979 – 1983	Istanbul Technical University, Management Engineering

<b>Dr. Nilsen Altıntaş, Assistant General Manager, Human Resources Group</b>	
2005 – present	TEB A.Ş., Assistant General Manager, Human Resources Group
2002 – 2005	Inovasyon Bilişim Danışmanlık ve Eğitim Hizmetleri (Innovative-HR), Founder, Management and Human Resources Consultant
2000 – 2002	Eczacıbaşı Holding A.Ş., Human Resources and Corporate Communications Coordinator and Member of the Executive Board
1995 – 2000	Eczacıbaşı Holding A.Ş., Human Resources Coordinator
1990 – 1995	STFA Holding A.Ş., Organization and Human Resources Coordinator
1987 – 1990	STFA Holding A.Ş., Investments and Economic Analysis Manager
1979 – 1987	TÜBİTAK - Marmara Scientific and Technical Research Institute, Chemical Technologies Group, Research Specialist
1987	Boğaziçi University, Associate Professor
1980 – 1983	Istanbul Technical University, Ph.D. in Industrial Chemical Engineering
1980 – 1982	Copenhagen University, Chemical Engineering, Doctorate, Denmark
1977 – 1979	Boğaziçi University, MS in Chemical (Process) Engineering
1972 – 1977	Boğaziçi University, BS in Chemical Engineering



**TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT**

<b>Gökhan Özdil, Assistant General Manager, Corporate Credits Group</b>	
March 2016 – present	TEB Faktoring A.Ş., Board Member
2011 – present	TEB A.Ş., Assistant General Manager, Corporate Credits Group
2008 – 2011	Fortis Bank A.Ş., Executive Vice President, Merchant Banking Credits
2008 – present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Executive Vice President Fortis Bank Personeli Güvenlik Vakfı, Executive Vice President
2007 – 2008	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member; Fortis Bank Personeli Güvenlik Vakfı, Board Member
2007-2008	Fortis Bank A.Ş., Executive Vice President, Retail Banking Credits
2005 – 2007	Fortis Bank A.Ş., Executive Deputy President, Credits Group
2004 – 2005	Türk Dış Ticaret Bankası A.Ş., Executive Vice President, Credits Group
1996 – 2004	Türk Dış Ticaret Bankası A.Ş., Branch Manager
1992 – 1996	Türk Dış Ticaret Bankası A.Ş., Assistant Branch Manager
1989 – 1992	Türk Dış Ticaret Bankası A.Ş., Internal Audit Group, Inspector
1987 – 1989	Türk İş Bankası A.Ş., Head Office
1981 – 1986	Middle East Technical University, Economics

<b>Nuri Tuncalı, Assistant General Manager, SME Credits Group</b>	
March 2016 – present	BNP Paribas Finansal Kiralama A.Ş., Board Member
2011 – present	TEB A.Ş., Assistant General Manager, SME Credits Group
2008 – 2011	TEB A.Ş., Assistant General Manager, Corporate and Commercial Credits
2001 – 2008	TEB A.Ş., Assistant General Manager, Credit Allocation and Financial Analysis
1999 – 2001	TEB A.Ş., Loan Allocation Department, Director
1996 – 1999	TEB A.Ş., Loan Allocation Department, Manager
1989 – 1996	TEB A.Ş., Loan Control, Gayrettepe Branch, Loan Allocation, Assistant Manager
1986 – 1989	TEB A.Ş., Board of Inspectors, Inspector
1984 – 1986	Akbank A.Ş., Audit Department, Auditor
1978 – 1982	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department

<b>Osman Durmuş, Assistant General Manager, Retail and Micro SME Credits Group</b>	
2008 – present	TEB A.Ş., Assistant General Manager, Retail and Small Business Credit Group
1998 – 2008	HSBC/Demirbank A.Ş., Head of Retail and Small Business Credit and Risk Group
1997 – 1998	Yapı Kredi Kart Hizmetleri A.Ş., Head of Credit Cards and Risk
1994 – 1996	Yapı Kredi Bankası A.Ş., Unit Manager, Retail Banking Accounting Department
1990 – 1993	Yapı Kredi Bankası A.Ş., Specialist, Retail Banking Accounting Department
1988 – 1990	Yapı Kredi Bankası A.Ş., Chief Assistant, Accounting Department
1986 – 1987	Yapı Kredi Bankası A.Ş., Clerk, Retail Banking Accounting Department
1982 – 1986	Marmara University, Faculty of Press and Media, Journalism and Public Relations Department

<b>Melis Coşan Baban, Chief Legal Advisor, Board General Secretary</b>	
2008 – present	TEB A.Ş., Assistant General Manager, Legal Affairs
2005 – present	TEB A.Ş., Chief Legal Advisor, Board General Secretary
2000 – 2005	Pekin & Pekin Law Firm, Partner
1998 – 2000	Pekin & Pekin Law Firm, Senior Lawyer
1993 – 1998	Postacıoğlu Law Firm, Lawyer
1996 – 1997	Columbia University, New York, USA, Master of Law (LL.M.)
1989 – 1995	Istanbul University, Law School, Law Degree
1989	Istanbul American Robert College

<b>Mehmet Ali Cer, Assistant General Manager, Information Technologies Group</b>	
May 2012 – present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member Fortis Bank Personeli Güvenlik Vakfı, Board Member
2011 – present	TEB A.Ş., Assistant General Manager, Information Technologies Group
2011 – 2011	TEB A.Ş., Infrastructure Management, Group Director
2010 – 2011	Fortis A.Ş., Information Technologies, Director
2000 – 2010	TEB A.Ş., Infrastructure Management, Director
1997 – 2000	Demirbank A.Ş., Software Development, Manager
1995 – 1997	Metters Industries, Senior Software Engineer
1993 – 1995	Southern Illinois University, Graduate Assistant
1990 – 1992	Türkiye Kalkınma Bankası A.Ş., System Analyst
1993 – 1996	Southern Illinois University, Computer Engineering (Graduate Degree)
1985 – 1990	Hacettepe University, Computer Sciences & Engineering

<b>Kubilay Güler, Assistant General Manager, Banking Operations and Support Services</b>	
2014	ICC, Head of Security Committee
2013 – present	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., Board Member
2012 – present	TEB A.Ş., Assistant General Manager, Banking Operations & Support Services
2011 – 2012	Finansbank A.Ş., Assistant General Manager, Internal Control Unit
1999 – 2011	Finansbank A.Ş., Assistant General Manager, Operations & Alternative Distribution Channels
1995 – 1999	Citibank N.A., Assistant General Manager, Operations
1989 – 1995	Netbank (Marbank), Manager, Credit & Marketing Department
1985 – 1989	İmarbank, Management Trainee, Card Sales & Operations Department
1983 – 1985	Akbank A.Ş., Officer, Export & Import Department
1978 – 1983	Middle East Technical University, Faculty of Economic & Administrative Science, Public Administration

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Ömer Abidin Yenidoğan, Assistant General Manager, Corporate Investment Banking</b>	
October 2014 – present	TEB A.Ş., Assistant General Manager, Corporate Investment Banking
September 2014 – present	TEB Portföy Yönetimi A.Ş., Managing Consultant
2003 – 2014	TEB Portföy Yönetimi, General Manager
2011 – present	TEB Yatırım Menkul Değerler A.Ş., Board Member
2013 – 2015	TKB BNPP IP JSC & LLC (Saint Petersburg - Russian Federation), Supervisory Board Member
2010 – 2014	Corporate Governance Association of Turkey, Board Member
2001 – 2003	TEB Retail Banking, Marketing Director
2000 – 2001	TEB Portföy Yönetimi A.Ş., Marketing Assistant General Manager
1997 – 1999	TEB Yatırım Menkul Değerler A.Ş., International Capital Market Manager Assistant Expert
1995 – 1996	Citibank Turkey, GCB
1994 – 1995	University of Nottingham, Financial MBA
1989 – 1994	Marmara University, BA in Political Sciences (French)

<b>Akil Özçay, Assistant General Manager, Fixed Income</b>	
March 2015 – present	TEB Yatırım Menkul Değerler A.Ş., Board Member
2012 – 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman of the Board
2012 – 2013	TEB Portföy Yönetimi A.Ş., Board Member
2011 – present	TEB A.Ş., Assistant General Manager, Fixed Income
2011 – 2012	TEB Portföy Yönetimi A.Ş., Chairman of the Board
2011 – 2012	TEB Yatırım Menkul Değerler A.Ş., Deputy Chairman
2011 – 2011	Fortis Portföy Yönetimi A.Ş., Chairman of the Board
2009 – 2013	TEB Sh.A., Board Member
2008 – 2011	TEB A.Ş., Chief Advisor to CEO
2007 – 2008	CBRT Internal Audit, Chief Audit Executive
2005 – 2007	Rutgers, The State University of New Jersey
2004 – 2007	CBRT New York Representative Office, Chief Representative
2001 – 2004	CBRT Markets Department, General Director
1998 – 2001	CBRT Markets Department, Assistant General Director
1996 – 1998	CBRT Markets Department, Open Markets Operations, Manager
1995 – 1996	CBRT Banking Department, Banking Supervision, Manager
1994 – 1995	CBRT Markets Department, Foreign Exchange Transactions, Manager
1977 – 1981	Ankara University, Faculty of Political Sciences

<b>Tuğrul Özbakan, Assistant General Manager, Treasury &amp; ALM</b>	
June 2015 – present	TEB A.Ş., Assistant General Manager, Treasury & ALM
2013 – 2015	TEB A.Ş., Group Director, Treasury & ALM
2008 – 2013	TEB A.Ş., Director, ALM
2007 – 2008	TEB Portföy Yönetimi, Assistant General Manager, DPM and Fund Management
2005 – 2006	TEB Portföy Yönetimi, Board Member
2005 – 2006	Varlık Yatırım Ortaklığı A.Ş., Board Member
1996 – 2006	TEB A.Ş. Director, Financial Markets
2004 – 2009	Istanbul Marmara University, Ph.D. in EU Economics
1999 – 2002	Istanbul Bilgi University, Business Administration (MBA)
1992 – 1995	Stanford University, Palo Alto, USA, BA in Economics
1984 – 1991	Istanbul American Robert College

<b>Gülümser Özgün Henden, Assistant General Manager, Corporate Banking</b>	
November 2015 – present	TEB A.Ş., Assistant General Manager, Corporate Banking
2015 – November 2015	TEB A.Ş., Group Director, Corporate Businesses
2011 – 2014	TEB A.Ş., Sales Director, Corporate Banking
2003 – 2011	TEB A.Ş., Commercial Banking, Sales, Marketing and Product Development Director
2001 – 2003	Garanti Bankası A.Ş., Senior Manager, Commercial Banking
2000 – 2001	Osmanlı Bankası A.Ş., Manager, Corporate Banking
1995 – 2000	Finansbank A.Ş., Manager
1992 – 1995	Garanti Bankası A.Ş., MT
1987 – 1992	Middle East Technical University, Business Administration

<b>Hakan Tıraşın, Head of Internal Audit</b>	
2006 – present	TEB A.Ş., Head of Internal Audit
2004 – 2005	TEB A.Ş., Assistant General Manager, Organization, Banknote Markets and Support Services and Secretary General
1992 – 2004	TEB A.Ş., Secretary General
1989 – 1992	TEB A.Ş., Internal Auditor
1973 – 1989	Akbank, Branch Manager and Internal Auditor
1972 – 1977	Istanbul Academy of Economics and Business Administration

<b>Pascal Alfred J. Gilliard, Group Chief Risk Officer</b>	
March 2016 – present	TEB Yatırım Menkul Değerler A.Ş., Board Member
November 2014 – present	TEB Sh.A., Board Member
October 2014 – present	TEB A.Ş., Group Chief Risk Officer
2010 – 2014	BNP Paribas, Head of Corporate Risk, France
2008 – 2010	BNP Paribas Fortis, Global Head Insurers & Pension Fundings
2006 – 2008	Fortis, Head of Institutional Clients Group Asia, Hong Kong
2003 – 2006	Fortis, Head of Institutional Clients Belgium & Southern Europe
2001 – 2003	Fortis, Fixed Income Global Structured & Derivatives Products
1999 – 2001	ABN Amro Bank, Corporate Banking Belgium, Manager, Structured Finance Group
1997 – 1999	Generale Bank/Fortis Bank, Corporate Banking, Senior Manager, International Corporate Officer
1992 – 1997	Generale Bank, Retail & Commercial Banking
1990 – 1992	Generale Bank, Management Trainee Program
1985 – 1990	Ingenieur Commercial, Ecole de Commerce Solvay, Université Libre de Bruxelles

<b>Birol Deper, Head of Compliance and Internal Control Group, Consumer Relations Coordination Officer</b>	
March 2016 – present	TEB Sh.A., Board Member
April 2015 – present	Banks Association of Turkey – Risk Center, Board Member
November 2013 – present	TEB A.Ş., Consumer Relations Coordination Officer
2012 – present	TEB A.Ş., Head of Compliance Group and Internal Control Group
2011 – April 2013	TEB Portföy Yönetimi A.Ş., Auditor
2010 – 2012	TEB A.Ş., Compliance and Regulation Director
2009 – 2010	TEB A.Ş., Banking Regulation Director
2007 – April 2013	TEB Cetelem A.Ş., Auditor
2006 – 2009	TEB A.Ş., Banking Regulation Manager
2001 – 2006	Banking Regulation and Supervision Agency, Certified Bank Auditor
2007 – 2010	Galatasaray University Faculty of Political Sciences – MBA
1996 – 2000	Ankara University, Faculty of Political Sciences, Department of Business Administration

## COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş

### Information on Participation of Board Members and Committee Members into Respective Meetings:

As of 31.12.2016 the Board of Directors have accepted 171 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

### SENIOR EXECUTIVE COMMITTEE

Monitoring and surveillance of TEB and TEB Group's operational performance on behalf of TEB's Board of

Directors and in accordance with its directions.

#### Chairman

Jean Paul SABET, Vice Chairman of the Board of Directors

#### Deputy Chairman

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

#### Members

General Manager

Committee meets as required.

### CREDIT COMMITTEE

The Credit Committee is responsible to evaluate and approve loans within its authorization limits.

#### Chairman

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

#### Deputy Chairman

Jacques Roger Jean Marie RININO, Board Member

#### Members

Musa ERDEN, Board Member

Xavier Henri Jean GUILMINEAU, Board Member

General Manager

Committee meets as required.

## RISK POLICIES COMMITTEE

Responsibilities of the Committee:

- To approve general risk management strategies for credit risk and other types of risk,
- To approve credit policy documents, related amendments and if necessary to submit to the approval of the Board of Directors,
- To review risk portfolios.

### **Chairman**

Jacques Roger Jean Marie RININO, Board Member

### **Deputy Chairman**

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### **Members**

General Manager

Group Chief Risk Officer

Credit Risk Director

Committee that meets on a monthly basis or as required.

## AUDIT COMMITTEE

Responsibilities of the Committee:

- On behalf of the Board of Directors to supervise the efficiency and adequacy of the Bank's internal systems,
- To supervise compliance with the provisions hereof concerning internal control and with the internal policies and implementation procedures approved by the Board of Directors and to make proposals to the Board of Directors in relation to measures which it is considered necessary to take,
- Together with the top-level management and the independent auditors, to evaluate the

results of independent audit, the annual and quarterly financial statements and related documents and the independent audit report,

- To evaluate the independence of the rating institutions, the independent audit institutions, including those which carry out audits of information systems and the valuation institutions with which the Bank will sign contracts and of their presidents, directors, auditors, managers and employees, in their activities related with the Bank and the sufficiency of the resources that are allocated.

### Chairman

Jacques Roger Jean Marie RININO, Board Member

### Deputy Chairman

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### Members

Yvan De COCK, Board Member

Sabri DAVAZ, Board Member

Committee meets at least every three months.



## SELECTION AND COMPENSATION COMMITTEE

Responsibilities of the Committee:

- The BRSA's Regulation Amending the Regulation on the Banks' Corporate Governance Principles published in the Official Gazette issue 27959 dated 9 June 2011 obligates establishing a compensation policy that is aligned with the scope and structure of the Bank activities, its strategies, long-term goals and risk management structures, that prevents taking excessive risks and that will contribute to effective risk management.
- Determination, monitoring and supervision of remuneration implementations (including salaries, performance bonuses, premiums, awards and fringe benefits).
- Annual submission to the Board of Directors the proposals with respect to the evaluation of remuneration policy and implementations under the risk management.
- Determination of the criteria for the payments of performance bonuses to the employees based on their performances and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duty responsibilities.
- Identification and approval of organizational structure, norms, job description, authorization and delegation for Group Director and above titles.

### **Chairman**

Jean Paul SABET, Vice Chairman of the Board of Directors

### **Deputy Chairman**

Dr. Akin AKBAYGİL, Vice Chairman of the Board of Directors

### **Regular Attendants**

General Manager

Committee meets as required.

## COMPLIANCE COMMITTEE

Responsibilities of the Committee:

- To supervise of compliance policies and practices.
- To monitor the changes in legislation.

### **Chairman**

Xavier Henri Jean GUILMINEAU, Board Member

### **Deputy Chairman**

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### **Members**

Sabri DAVAZ, Board Member

Yvan L.A.M. DE COCK, Board Member

Committee meets as required.

## CORPORATE GOVERNANCE COMMITTEE

To oversee compliance with corporate governance principles, undertake improvement efforts in this area and submit proposals to the Board of Directors.

### **Chairman**

Dr. Akın AKBAYGİL, Vice Chairman of the Board of Directors

### **Deputy Chairman**

Yavuz CANEVİ, Chairman of the Board of Directors

### **Members**

Jacques Roger Jean Marie RININO, Board Member

Xavier Henri Jean GUILMINEAU, Board Member

Committee meets as required.

## ASSETS AND LIABILITIES COMMITTEE

Responsibilities of the Committee:

- Regarding TEB Group's Financial Markets activities; evaluation of industry developments and expectations, determination of strategies, evaluation of markets and the strategies to be adopted and the comparison of risk sizes to be taken,
- To review of financial indicator reports,
- To discuss expectations and developments in the domestic and international markets,
- To review of the general presentation of marketing groups,
- To review of ALM's presentation in terms of deposits and credit structure,
- To examine the funding cost and spread improvement for business segments,
- Evaluation of analysis of the Bank's weekly balance-sheet, income and expense, profit and loss statement.

### **Chairman**

General Manager

### **Deputy Chairman**

Assistant General Manager, Assets and Liabilities Management and Treasury

### **Members**

Deputy Head of Corporate Investment Banking

Senior Assistant General Manager, Retail and Private Banking Group

Senior Assistant General Manager, SME Banking Group and Deputy General Manager

Assistant General Manager, Corporate Banking

Assistant General Manager, Financial Control Group

Assistant General Manager, Fixed Income

Assets and Liabilities Management Director

Chief Economist

Chief Investment Advisor

Committee that meets bi-weekly or as required.

## NEW PRODUCT COMMITTEE

Within the scope of the Regulation of New Product, Activity and Organization to make decisions about products, activities and organizations which are defined as “newly”.

### **Chairman**

Head of Compliance Group and Internal Control Group

### **Deputy Chairman**

-

### **Members**

Assistant General Manager of Product Owner Segment

Internal Control Director

Director of Management Reporting

Core Banking and ADC Operations Director

Credit Risk Director

Market, Liquidity, Counterparty Risk and Balance Sheet Analysis Director

Business Process Group Director

Business Solutions Director

Head of Legal Affairs, Secretary of the Board

Contracts, Legal Counseling and Projects Director

General Accounting Director

Group Chief Risk Officer

Executive Tax Director

Customer and Product Safety Director

Representative of Compliance Division

Operational Risk and Business Continuity Manager

Representative of Legislation Division

Committee meets when the new products, activities and organizational change for customers are on the agenda.

## MARKET AND LIQUIDITY RISK COMMITTEE

Responsibilities of the Committee:

- To monitor market risks and derivative risks,
- To review market and customer derivative risk policies and submit to the Board of Directors,
- To examine stress scenarios and if necessary to make proposal to the Board of Directors for amendment,
- To review market risk limits and recommend to Board of Directors,
- Discussion of necessary topics by Financial Markets, Asset and Liability Management / Treasury, Financial Affairs and Group Risk Management,
- To monitor the liquidity of the Bank; to analyze and follow-up borrowing capacity and other possible funding sources in order to avoid any default risk,
- To analyze and monitor the interest rate exposure of the Bank,
- To review the limits regarding both interest and liquidity risks and recommend to Board of Directors,
- To prepare guidelines and policies for interest rate and liquidity risks and recommend to Risk Policies Committee,
- Recommendation of interest, liquidity, market and counterparty credit risk measurement methods to the Risk Policy Committee.

### Chairman

Head of Compliance Group and Internal Control Group

### Deputy Chairman

-

### Members

Assistant General Manager of product owner segment

Internal Control Director

Director of Management Reporting

Core Banking and ADC Operations Director

Credit Risk Director

Market, Liquidity, Counterparty Risk and Balance Sheet Analysis Director

Business Process Group Director

Business Solutions Director

Head of Legal Affairs, Secretary of the Board

Contracts, Legal Counseling and Projects Director

General Accounting Director

Group Chief Risk Officer

Executive Tax Director

Customer and Product Safety Director

Representative of Compliance Division

Operational Risk and Business Continuity Manager

Representative of Legislation Division

Committee meets when the new products, activities and organizational change for customers are on the agenda.

**INFORMATION ON TRANSACTIONS CONDUCTED WITH RELATED PARTIES**

The Bank is involved in various transactions with the risk group to which TEB is included (related parties) and these are carried out for commercial purposes and at market prices. Loan transactions with related-

parties and their share in the Bank’s total credit risk as of 31 December 2016 and 31 December 2015 were as follows:

	<b>31.12.2016</b>	<b>31.12.2015</b>
Share in total cash loans	0.15%	0.02%
Share in total non-cash loans	1.79%	2.51%
Share in total cash and non-cash loans	0.54%	0.56%

Detailed information about the risk group to which TEB is included has been prepared in accordance with the “Communiqué on Financial Statements and Related Explanations and Footnotes Announced to the Public by Banks”

and published in Section 5, Paragraph b of the “Annual Report” and was also included in the financial statements as of 31 December 2016 and Section VII, Articles 1 of the Independent Audit Report.

ACTIVITIES FOR WHICH SUPPORT SERVICES ARE RECEIVED AND SUPPLIERS

COMPANY TITLE	SCOPE OF SUPPORT SERVICES TAKEN	EXPLANATION OF THE SERVICE
FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	SERVICE AGREEMENT REGARDING MORTGAGE PROCESSES
32 BİT BİLGİSAYAR HİZ.SAN.VE TİC.LTD.ŞTİ.	SOFTWARE	BPM PROJECT SOFTWARE SERVICES
3-D BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TEKNİK SERVİS LTD. ŞTİ.	SOFTWARE	NICE SOUND RECORDING MAINTENANCE AGREEMENT
AKTİF İLETİ VE KURYE HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	COMMODITY DELIVERY AGREEMENT
AKTİF İLETİ VE KURYE HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	COURIER SERVICES UNDER ROBIN PROJECT
ARÇELİK A.Ş.	OPERATIONAL SERVICES	CASH REGISTER POS SLA AREA SERVICE
ASSECO SEE TEKNOLOJİ A.Ş.	OPERATIONAL SERVICES	CYBER POS SERVICES
ATP TİCARİ BİLGİSAYAR AĞI VE ELEKTRİK GÜÇ KAYNAKLARI ÜRT. PAZ. TİC.	SOFTWARE	MAINTENANCE AND DEVELOPMENT
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	OPERATIONAL SERVICES	PERSONALIZATION OF CARDS WITH CHIP AND MAGNETIC STRIPES
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENLİK HİZM. A.Ş.	OPERATIONAL SERVICES	CENTRAL BANK OF THE REPUBLIC OF TURKEY (CBRT) CASH WITHDRAWAL AGREEMENT
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENLİK HİZM. A.Ş.	OPERATIONAL SERVICES	SECURITIES TRANSPORTATION, PROCESS AND PUTTING IN SAFE SERVICES AGREEMENT
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENLİK HİZM. A.Ş.	OPERATIONAL SERVICES	ATM SERVICES AGREEMENT
BDH BİLİŞİM DESTEK HİZM. SAN. VE TİC. A.Ş.	SOFTWARE	HIRING A STAFF ON INFORMATION SYSTEMS
BNP PARIBAS SA / HEAD OFFICE	SOFTWARE (OTHER)	SOFTWARE
BNP PARIBAS SECURITIES SERVICES	SOFTWARE (OTHER)	SOFTWARE
BT BİLGİ TEKNOLOJİLERİ YAZILIM DESTEK HİZMETLERİ VE TİC. A.Ş.	SOFTWARE (OTHER)	SOFTWARE
CALLPEX ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	CALL CENTER	UPDATE ADDRESS SEARCH SERVICE
CALLPEX ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	MARKETING	EXTERNAL CALL, CREDIT CARD SALES AND MARKETING
CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.	CALL CENTER	EXTERNAL CALL AND TELEMARKETING SERVICE
COLLECTÜRK ALACAK YÖNETİMİ VE DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	LEGAL PROSECUTION COLLECTION SEARCH

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

D.T.P. BİLGİ İŞLEM İLETİŞİM VE TİCARET LTD. ŞTİ.	SOFTWARE	E-INVOICE PROJECT
D.T.P. BİLGİ İŞLEM İLETİŞİM VE TİCARET LTD. ŞTİ.	SOFTWARE	E-ARCHIVE INTEGRATION
DATA MARKET BİLGİ HİZ. LTD. ŞTİ.	OPERATIONAL SERVICES	HIRING A STAFF ON INFORMATION SYSTEMS
ECZACIBAŞI BİLİŞİM SAN. TİC. A.Ş.	SOFTWARE (BANKING)	ELECTRONIC FORECLOSURE MANAGEMENT SYSTEM SOFTWARE LICENCE AGREEMENT
ECZACIBAŞI BİLİŞİM SAN. TİC. A.Ş.	SOFTWARE (BANKING)	EBIFLOW PAYMENT ORDER SYSTEM LICENCE AND SERVICE AGREEMENT
ECZACIBAŞI BİLİŞİM SAN. TİC. A.Ş.	SOFTWARE (BANKING)	MOBILINK MAINTENANCE AGREEMENT
E-KART ELEKTRONİK KART SİSTEMLERİ SAN. VE TİC. A.Ş.	CREDIT CARD PURCHASES	PURCHASING CREDIT CARD PLASTIC AND CHIP AGREEMENT
E-KART ELEKTRONİK KART SİSTEMLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES	METAMORFOZ TEB HCE
EKSİ BİR ARTI BİR YAZILIM DANIŞ. SAN. VE TİC. A.Ş.	SOFTWARE	BRANCH CASH OPTIMIZATION SOFTWARE RENTAL AGREEMENT
ERETİM BİLGİSAYAR HİZMETLERİ VE DANIŞMANLIK LTD. ŞTİ.	SOFTWARE (BANKING)	SOFTWARE
ETCBASE YAZILIM VE BİLİŞİM TEKNOLOJİLERİ A.Ş.	SOFTWARE (BANKING)	SOFTWARE
FINANCIAL ENGINEERING ASSOCIATES, INC.	SOFTWARE	FINALYSE SOFTWARE AGREEMENT
FİNENXSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	SOFTWARE (BANKING)	SWIFT ALLIANCE SYSTEM
FOREKS BİLGİ İLETİŞİM HİZ. A.Ş.	SOFTWARE	SOFTWARE
GENOM BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TİC. A.Ş.	SOFTWARE (OTHER)	HUMAN RESOURCES UPDATE AND TELEPHONE SUPPORT SERVICE
G4S GÜVENLİK HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	CASH TRANSPORT SERVICES
GÜZEL SANATLAR ÇEK BASIM LTD. ŞTİ.	OPERATIONAL SERVICES	CHEQUE PRINTING SERVICES AGREEMENT
HOBİM DİJİTAL ELEKTRONİK HİZMETLER A.Ş.	OPERATIONAL SERVICES	PURCHASING CREDIT CARD EXTRACT PRINTING AND ENVELOPING SERVICE
HUGIN YAZILIM TEKNOLOJİLERİ A.Ş.	OPERATIONAL SERVICES	PAYMENT REGISTRATION EQUIPMENT SERVICE AGREEMENT
IBM GLOBAL SERVICES İŞ VE TEKN. HİZM. TİC. LTD. ŞTİ.	INFORMATION SYSTEMS	EMERGENCY SITUATION SERVICES
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	ARCHIVES	ARCHIVES SERVICE AGREEMENT
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	SCAN DATA ENTRY OUTSOURCING
INFINA YAZILIM A.Ş.	SOFTWARE (BANKING)	FINBASE CUSTODY SYSTEM AND PROJECT AGREEMENT
INFINA YAZILIM A.Ş.	SOFTWARE (BANKING)	FINBASE MAIL INFLEX MODULE - MAINTENANCE
INGENICO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	OPERATIONAL	PRACTICE DEVELOPMENT, TECHNICAL



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

	SERVICES	SUPPORT, UPDATE AND MAINTENANCE AGREEMENT
INGENICO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	OPERATIONAL SERVICES	CASH REGISTER MACHINES - FIELD SERVICES
INNOVA BİLİŞİM ÇÖZÜMLERİ A.Ş.	SOFTWARE (BANKING)	ADAPTORS USED IN COLLECTION AGENCY AND MAINTENANCE AGREEMENT
INNOVA BİLİŞİM ÇÖZÜMLERİ A.Ş.	OPERATIONAL SERVICES	COMPANY OPERATION CENTER SERVICE AGREEMENT
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	SERVICE AGREEMENT REGARDING MORTGAGE PROCESSES
İSEMARKET BİLGİSAYAR YAZILIM VE DANIŞMANLIK LİMİTED ŞİRKETİ	SOFTWARE	SOFTWARE
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.	SOFTWARE	SOFTWARE
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.	SOFTWARE	INTELLICA REAL/ACTUAL TIME SERVICES
KARTNET BİLGİSAYAR SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SERVICES	CAPv 2.1 MAINTENANCE AND REPAIRING SERVICES AGREEMENT
KARTNET BİLGİSAYAR SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SERVICES	POS NETWORK MAINTENANCE AGREEMENT
KEY İNTERNET HİZM. BİLG. YAZ. DON. MÜH. MÜS. SAN VE TİC. LTD. ŞTİ.	SOFTWARE	EXPERT SOFTWARE AGREEMENT
KEYSOFT YAZILIM HİZMETLERİ TİC. A.Ş.	SOFTWARE	HYPERION SOFTWARE LICENCE AND MAINTENANCE AGREEMENT
KEYTORC TEKNOLOJİ HİZMETLERİ VE DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	TEST CONSULTANCY SERVICE AGREEMENT
KİBELE İLETİŞİM SİSTEM VE SERVİSLERİ TİC. LTD. ŞTİ.	SOFTWARE	HARDWARE AND MAINTENANCE AGREEMENT
KONUT KREDİSİ COM TR DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	RETAIL LOAN PRODUCT MARKETING
KURYE NET MOTORLU KURyecİLİK VE DAĞITIM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	COMMODITY DELIVERY AGREEMENT
MARO ULUSLARARASI BİLGİ TEKNOLOJİLERİ DANIŞMANLIK GELİŞ.DESTEK HİZM. SAN. VE TİC. LTD. ŞTİ.	SOFTWARE (OTHER)	CONSULTANCY, APPRAISAL AND LABOR AGREEMENT
MASTERCARD PAYMENT TRANSACTION SERVICES TURKEY BİLİŞİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	PRINTING AND ENVELOPING AGREEMENT
MASTERCARD PAYMENT TRANSACTION SERVICES TURKEY BİLİŞİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	PAYPAL DEBIT CARD BIN SUPPLY AND SERVICE AGREEMENT
MATRİKS BİLGİ DAĞITIM HİZ. A.Ş.	SOFTWARE	TEB PRIVATE BANKING IPAD APPLICATION
MATRİKS BİLGİ DAĞITIM HİZ. A.Ş.	SOFTWARE	MOBILE PRACTICE DEVELOPMENT AND MAINTENANCE AGREEMENT
MOR TEKNOLOJİ YAZILIM İLETİŞİM BİLİŞİM DANIŞMANLIK VE ENERJİ SAN. TİC. LTD. ŞTİ.	SOFTWARE	CENTRAL BANK OF THE REPUBLIC OF TURKEY (CBRT) INTERFACE SYSTEM

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

		INTEGRATION AND MAINTENANCE SUPPORT SYSTEM
KARBİL YAZILIM VE BİLİŞİM TEKNOLOJİLERİ TİC. A.Ş.	OPERATIONAL SERVICES	CASH REGISTER POS AGREEMENT
MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİCARET A.Ş.	OPERATIONAL SERVICES	CASH REGISTER POS AGREEMENT
NCR BİLİŞİM SİSTEMLERİ LTD. ŞTİ.	OPERATIONAL SERVICES	ATM HARDWARE-SOFTWARE MAINTENANCE AND REPAIRING SERVICES AGREEMENT
NETAŞ TELEKOMÜNİKASYON A.Ş.	OPERATIONAL SERVICES	NETWORK MAINTENANCE AGREEMENT
OBSS BİLİŞİM BİLGİSAYAR HİZMETLERİ DANIŞMANLIK SANAYİ VE TİCARET LİMİTED ŞİRKETİ	SOFTWARE	SOFTWARE
ONUSS ORTAK NOKTA ULUSLARARASI HABERLEŞME SİSTEM SERVİS BİLGİSAYAR YAZILIM DANIŞ. VE DIŞ TİC. LTD. ŞTİ.	SOFTWARE	SOFTWARE
ÖZER ELEKTRONİK HABERLEŞME HİZMETLERİ SANAYİ VE TİC. LTD. ŞTİ.	OPERATIONAL SERVICES	HIRING A STAFF ON INFORMATION SYSTEMS
PLASTİKKART AKILLI KART İLETİŞİM SİSTEMLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES	PERSONALIZATION OF CARDS WITH CHIP AND MAGNETIC STRIPES AND RAW CARD SUPPLY OUTSOURCING AGREEMENT
MONİTİSE YAZILIM A. Ş.	SOFTWARE (BANKING)	SOFTWARE
PRONET GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	ALARM MONITORING CENTRE SUBSCRIPTION AGREEMENT
PRONET GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	OFF SITE ATM ALARM SYSTEMS LEASING AND SERVICE AGREEMENT
PTT GENEL MÜDÜRLÜĞÜ ANKARA PTT BAŞMÜDÜRLÜĞÜ	OPERATIONAL SERVICES	LOAN APPLICATION AND PAY BACK FROM POST OFFICES
R2 SERVİS ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKNOLOJİLERİ SANAYİ VE TİCARET A.Ş.	OPERATIONAL SERVICES	PAYMENT REGISTRATION EQUIPMENT SERVICE AGREEMENT
RİSK YAZILIM TEKNOLOJİLERİ DAN. EĞ. TİC. LTD. ŞTİ.	SOFTWARE	RISKTURK SOFTWARE, PROCUREMENT, WARRANTY AND MAINTENANCE AGREEMENT
RİSK YAZILIM TEKNOLOJİLERİ DAN. EĞ. TİC. LTD. ŞTİ.	SOFTWARE	SOFTWARE, MARKET RISK REPORTING MODULE AGREEMENT
SECURITAS GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	PRIVATE SAFETY AGREEMENT
SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. TİC. A.Ş.	SOFTWARE	SPEECH ANALYTICS
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	SOFTWARE	SPEECH ANALYTICS
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	SOFTWARE (SYSTEM)	GVP MAINTENANCE AGREEMENT
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	SOFTWARE (SYSTEM)	VOICE-SIGNATURE AND VOICE-GUIDE AGREEMENT FOR CALL CENTER
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	SOFTWARE	CALL ME LICENCE AND MAINTENANCE

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

		SERVICES
SONOKLİK İLETİŞİM HİZMETLERİ VE TİCARET A.Ş.	INFORMATION SYSTEMS	AUTOMATIC EXTERNAL CALL SERVICE
SUPERONLINE ULUSLARARASI ELEKTRONİK BİLGİLENDİRME VE HBR. HİZ. A.Ş.	INFORMATION SYSTEMS	ELECTRONIC COMMUNICATION SERVICE FRAMEWORK AGREEMENT
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SAN. A.Ş.	SECURITY	PRIVATE SAFETY AGREEMENT
TÜRKKEP KAYITLI ELEKTRONİK POSTA HİZM. SAN. VE TİC. A.Ş.	SOFTWARE	REGISTERED E-MAIL LICENSING SERVICES
UZ GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	SERVICE AGREEMENT REGARDING MORTGAGE PROCESSES
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.	OPERATIONAL SERVICES	POS REMOTE INSTALL AGREEMENT
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.	OPERATIONAL SERVICES	PRACTICE DEVELOPMENT, TECHNICAL SUPPORT, UPDATE AND MAINTENANCE AGREEMENT
VERİSOFT BİLGİ İŞLEM TİC. VE SAN. A.Ş.	SOFTWARE	TEB POS MACHINE SOFTWARE IMPLEMENTATION ON CASH REGISTER MACHINES AGREEMENT
WINCOR NIXDORF BİLGİSAYAR SİSTEMLERİ A.Ş.	SOFTWARE (OTHER)	SOFTWARE MAINTENANCE AGREEMENT
BNP PARIBAS S.A. / FRANCE	SOFTWARE (OTHER)	SOFTWARE DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICE
360 TRADING NETWORKS	SOFTWARE	EXCHANGE TRADING PLATFORM

## PERFORMANCE BONUSES AND SALES PREMIUMS

Annual bonus pool is set on the basis of the profitability of the Bank, the results generated by the activity and achievements and also the (local and/or professional) sector practices. Payment of bonuses will only be considered if the Bank achieves 80% of the budgeted net profit at the end of the financial year.

Only the employees who are in the scope of Success and Sales Incentive system are entitled to get a remuneration for their target realizations.

TL 96.4 million in total has been set aside in the Bank's 2016 financial statements as provision for performance bonuses and sales premiums. Slated for payment in 2017, the amount splits as TL 81.5 million to be paid depending on the performances of the employees during the year and TL 14.9 million as sales premium in line with the sales realized by sales staff in 2016. In addition, the deferred bonus amount, i.e. the bonus paid to employees in a later period than the period it is earned, is TL 10 million.

## FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

The Remuneration policy of the Bank was prepared in line with the BRSA's Communiqué on "Corporate Management of Banks" and "Guidance on Good Remuneration Practices in Banks" and within the scope of the principle of proportionality, the content, structure and strategies of the Bank's activities, long-term targets, the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to the risk management.

Our Remuneration Policy is intended to encourage TEB to manage risks within the principles and parameters defined and approved by its Board of Directors.

The purpose of our Remuneration policy is also to ensure that TEB can attract and retain competent and expert employees both in commercial and control functions that will help to fulfill its strategic objectives.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for

ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations.

SECOM, manages the principles of the remuneration policy, taking opinions from the HR, Financial Affairs, Risk, Compliance and Internal Control Groups. The remuneration policy is reviewed and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

### **The main duties and responsibilities are as follows:**

- Formation of a written Remuneration Policy which is in compliance with the BRSA Regulation and BNP Paribas.
- Determination, monitoring and supervision of remuneration implementations (including salaries, performance bonuses, premiums, awards and fringe benefits).
- Approval of the principles and policies of remuneration for qualified employees as suggested by the General Directorate.
- Annual submission to the BoD the proposals with respect to the evaluation of Remuneration policy and implementations under the risk management.
- Determination of the criteria for the payments

of performance bonuses to the employees based on the business line's, group's or employees' personal performances and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duties and responsibilities.

- To review the amendments to the remuneration criteria both in entity and individual assessments level at least annually. The main purpose of such review is also to ensure that the Remuneration policy does not encourage excessive risk taking nor create conflict of interest between the management and the risk control and the internal control systems.
- SECOM considers the risk policy and other policy documents of the Bank in order to ensure the alignment of the current organization chart, reporting lines, separation of duties and Remuneration policy.

At the Ordinary General Assembly convened on 28 March 2016 that no attendance fees be paid to the other Board of Directors members on account of

#### REMARKS ON INDEPENDENT AND PUBLIC AUDITS

In 2016 fiscal year, our Bank and its subsidiaries were externally audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. On the other hand, various audits were conducted at the Bank by regulatory public authorities such as the

their positions.

A monthly gross fee of TL 6,000, which was decided to be paid to Independent Board Member Alain Kokocinski at the Ordinary General Assembly meeting dated 30 March 2015 until the end of his term of office, had been paid until his resignation on 28 March 2016.

All rights, benefits and salaries paid to the members of the Board of Directors and senior executives in 2016 totaled TL 27,930,000. Besides, travel, accommodation and representation expenses were TL 1,504,701.

Board members may be granted loans within the legally defined limits or may be remunerated depending on various criteria including the Bank's performance, the positions they hold and the time they allocate.

#### INFORMATION ABOUT LAWSUITS FILED AGAINST THE BANK THAT MAY POTENTIALLY AFFECT THE COMPANY'S FINANCIAL POSITION AND OPERATIONS AND ABOUT THEIR POSSIBLE OUTCOMES

16,891 lawsuits worth TL 42,195,141 in total were brought against the Bank during 2016. A total of 30,893 lawsuits brought in 2016 and previous years

are currently in litigation. A provision of TL 52,687,477 had been set aside for these lawsuits as at 31 December 2016.

### **ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND THE BOARD OF DIRECTORS MEMBERS ON ACCOUNT OF BREACH OF LEGISLATION**

Administrative fines imposed against the Bank during the reporting period amounted to TL 291,611.

There is no administrative or judicial sanctions imposed against the Bank's Board members.

### **CHANGES IN EQUITY STAKE HELD IN SUBSIDIARIES**

There were no changes in 2016.

All legal transactions between the controlling company's subsidiaries and our Company were carried out in accordance with market practices, the principles of commercial prudence and integrity and arm's length principle. The Company did not incur any loss by reason of these transactions and therefore no compensation was necessary.

### **INFORMATION ABOUT DEALINGS WITH THE CONTROLLING COMPANY**

There were no legal transactions that would benefit the controlling companies, which were steered directly or indirectly by the controlling companies, during 2016. All legal transactions between controlling companies and TEB were carried out in accordance with market practices, the principles of commercial prudence and integrity and the arm's length principle. The Company did not incur any loss by reason of these transactions and therefore, no compensation was necessary.

No measures were taken or avoided to the benefit of our Company's direct or indirect controlling companies since such measures were not necessary and therefore, no losses to the detriment of the Company arose.

There were no legal transactions, which were carried out at the direction of the controlling companies so as to benefit the controlling companies' subsidiaries.

No measures were taken or avoided to the benefit of the controlling company's subsidiaries since such measures were not necessary and therefore, no losses to the detriment of the Company arose.

## TEB HUMAN RESOURCES GROUP

**TEB Human Resources Group plays a key role in TEB realizing its strategic objectives.**

### Human Resources Policy

The TEB Human Resources Group strives to:

- Ensure that the organizational structure remains dynamic and readies the Bank for change in line with the TEB Group's strategic plans and objectives,
- Recruit for and retain in the TEB Group employees who are highly educated and well trained; who are amenable to innovation and change; who possess entrepreneurial skills; who are energetic and dynamic and have job-progression potential; who are capable of teamwork; and who identify with and accept responsibility for the group's shared values,
- Support, through training programs that have been determined according to career-progression roadmaps, both the personal and the professional development of TEB employees so as to ensure that human resources are put to the most productive use in line with the Bank's objectives and strategies; create both a professional workplace environment and career-progression opportunities, including by means of beneficial access to the training programs of BNP Paribas,
- Create a workplace environment that employees most want to work in; be the Bank that employees in the industry most want to work for,
- Contribute to the development of bank employees in line with the TEB Group's objectives and strategies within the framework of the TEB Formation Academy and a "continuous learning and development" approach that recognizes training and development as investments in human resources,
- Insofar as is possible, recruit and train bank management personnel from within TEB itself and make use of the group's own human

- resources when filling position vacancies,
- Operate and develop a performance evaluation system as well as merit systems and processes that will enhance both individual and team performance,
- Provide every person with equal opportunities and means for advancement in line with their career paths.

With these practices, TEB Human Resources provides swift and effective support to all employees in all human resources related matters, while playing a key role in further raising the efficiency and performance of the TEB Head Office and the branches.

### Career progression

Because particular attention is given to opportunities for TEB employees to advance in their careers, most appointments to management positions take the form of in-house assignments. In 2016, 59 senior managers and 9 directors were promoted while 484 employees who work in lower titles than managers were promoted to higher positions. Additionally 354 employees have been relocated to different positions.

Information about current position vacancies in both the BNP Paribas and the TEB groups is provided through the E-Jobs system, which gives all employees an equal chance to learn about new career opportunities and to apply for vacant positions. At the same time, TEB employees have been able to benefit from international career opportunities. In 2016, Career Committees have been organized with the participation of employee representatives and promotion proposals were openly discussed in these platforms.

Career Festival, which is a first in the Turkish finance sector, was organized at TEB in 2016. This was an event where all the employees were able to get together with TEB management and get a chance to inquire about the positions they are interested and

introduce themselves.

At the branch level, promotions at branch operation positions and exams for relocation to sales force continued. Exams and interviews were carried out for relocations in an effort to create a more objective opinion. Human Resources Business Partners team, who are competent at their field, gives consultancy to all the TEB employees for their careers and ensures the best positioning of employees according to their competencies and performances.

At TEB, all the job descriptions and career maps are available on IntraTEB which is open to everyone.

### **TEB Mentors**

The objective of the TEB Mentor Program is to enable TEB employees benefit from the experiences of more senior employees in order to develop their personal competencies and job skills. So far, 890 employees have received mentoring in TEB.

### **Talent Management and Talent Development Plans**

Under the heading of Talent Management processes, in 2016, individuals who have demonstrated high potential and performance were identified and their development was monitored by the Talent Management team working together with the individuals' superiors.

Through online talent development forms, the strengths and weaknesses of about a thousand TEB employees who have demonstrated high potential and performance are identified and they are advised about how to best pursue their future career paths. Individually-tailored 18-month progress plans formulated to help them advance their careers are further enriched by means of rotation, e-learning, classroom training, interactive workshops and experience-sharing meetings. In 2016, 549 people were interviewed as part of the "Development Plan for Talent".

In 2016, TEB continued to provide its employees with international career opportunities as a member of the "Mobility Community", which gives BNP

Paribas Group employees a chance to switch jobs within the group's operations in France, Belgium, Italy, United Kingdom, Turkey and Luxembourg.

### **The Traditional TEB Talent Day**

Talents and Leaders meetings, which gives TEB talents a chance to meet with senior executives in an open and informal environment, continued in 2016.

The traditional TEB Talent Day took place on 16 May 2016 with the participation of TEB employees who have demonstrated high potential and performance. The theme of the meeting was "Banking redesigned with the Codes of the New Generation" and the vision and targets of the Bank was presented during the meeting.

### **Global Talent Management**

Global talents have been re-evaluated within the scope of "Leaders for Tomorrow" program that has been initiated last year by BNP Paribas Group Global Talent Management.

"IRB Learn from Each Other" is a learning by living experience that involves global talents visit various countries BNP Paribas operates in for a week and get a chance to observe different ways of conducting business and different applications in their own areas of expertise. In the organization of this meeting in 2016, Turkey (TEB), Italy (BNL), Poland (BGZ) and Ukraine (USB) formed a group and each country send two of their talents to another country.

### **TEB Idea Sharing Platform: TEB Fikirbazlar**

The Idea Sharing Platform: TEB Fikirbazlar project is designed to build a bridge between young professionals and senior management to ensure that senior management become closely acquainted with generation Y and to maximize mutual idea sharing opportunities. The project was launched in April 2016, in which one Usta Fikirbaz and three Genç Fikirbaz will meet every month during the four month period within the framework of structured interviews. At the end of the 6 month period, projects are presented to the senior management of TEB and the chosen ones are adapted within TEB.



### Remuneration and Fringe Benefits

Salaries at TEB are paid monthly in net amount after all legally-mandated deductions have been taken out of base pay. In addition to this monthly salary, all TEB employees may also be paid performance-based success/sales percentages or performance bonuses. The average performance-based payments made by the Bank in 2016 in total corresponded to 2 times the average monthly base pay of the personnel receiving them.

### TEB Saklıköy Formation Academy

Located at Saklıköy in the Beykoz district of İstanbul, the TEB Formation Academy is not just a training center but also a place where employees and their families can take advantage of the academy's sport, art, workshop and restaurant facilities and activities. TEB Formation Academy also serves as a venue for the important meetings of head office teams, business lines, TEB Group companies and BNP Paribas.

## DIGITAL HR

In 2016, Digitization of human resources work has continued. Within this framework;

- The first HR Augmented Reality application in Turkey has been launched. It provides access to all HR applications from a single channel when any TEB logo is read by the mobile device.
- TEB career social media accounts has gained 80,000 followers in two years and became the third most followed and the first most interacted account.
- Mobile versions of all web sites of HR has been developed and made available for all mobile devices. TEB has been the only bank that has completed the mobile transformation in Turkey.
- TEB Digital Campus served as a 24/7 e-learning platform for TEB employees with its new interface and mobile support. There are over 1,000 contents uploaded and more than 10,000 users.
- Online Interview, Webinar, Technical Education and Exam Modules are the interfaces that HR

utilized for interactions with internal and external nominees.

### HR Solution Center

The TEB Human Resources Solution Center was established to respond rapidly and accurately to the questions and requests from internal and external customers in relation to the Bank's Human Resources practices as a first contact point, to increase customer satisfaction and to create a communication platform for these purposes. It continued its activities in this vein in 2016. The Center also organized one on one meetings with employees to answer their questions or solve their problems within the scope of internal customer satisfaction.

### Great Place to Work

The TEB Human Resources Group serves as a Change Management leader on strategic projects undertaken at the Bank.

The TEB Great Place to Work (GPTW) Project, whose goal is to create a workplace that people most want to work in and to make TEB the banking industry's most preferred employer, has racked up many successes since it was launched in 2012.

One of the most important contributors to that success is the fact that TEB's management engages in sincere and open communication on such issues because making TEB a great place to work is a goal that every TEB executive believes in and identifies with.

TEB has set up The Employee's Voice Platform. Consisting of 600 representatives from all organizational groups at the Bank, this platform is the first undertaking of its kind in the Turkish banking industry. The Employee's Voice Platform supports employees' efforts to involve themselves in decision-making processes on issues that affect them. It does this by enabling employees to convey their feelings and thoughts about TEB's journey towards becoming the best place to work to the Human Resources Department and to management and to keep everyone informed about actions taken in response to such feedback. As such, "The

Employee's Voice Platform" is pointed to as a successful model in the sector and with that "Great Place to Work Action Plan" has been established and work has commenced to realize these action plans.

The work continues throughout the Bank under the monitoring of HR in 5 categories: Communication, Collaboration & Coordination, Development & Career, Appreciation & Rewarding, Healthy Working Environment and Fun & Team Spirit. Along the target of becoming a "Great Place to Work", all TEB executives received "Great Place to Work Executives" trainings in order to formulate their action plans within their domains according to their evaluation results. They have already formed their action plans and these action plans are being followed up with evaluation surveys and interviews.

Since 2012, there has been an increase of 18 points in the GPTW Trust Index Survey. The percentage of the employees who agreed with the statement "I can say that this is a great place to work", the question that is used as the indicator of the overall perception score, has a climbing trend and increased 26 points since 2012.

In the 2016 Best Employers of Turkey research conducted by Great Place to Work, TEB made it to the list in the category of companies with more than 2,000 employees. TEB is the first and only bank to make the list and also the only institution in the finance sector to receive an award in this category.

### **Employee Surveys**

Every year TEB regularly conducts Global People Survey which all BNP Paribas Group employees are subjected to, Great Place to Work Survey by Great Place to Work company and Internal Customer Survey and the results of these surveys are shared in detail with the TEB employees.

The feedback from these surveys are communicated to the units in the Bank, converted into action plans and executed within project plans.

In addition to the improvements mentioned in the "Great Place to Work" results, there has been an

increase of 13 points in the results of the "Global People Survey" since 2012.

### **Top Employer Turkey and Top Employer Europe Certificate**

Top Employers Institute is one of the most prestigious institutes worldwide that rates the HR policies and implementations of companies and has chosen TEB for the work the Bank has done within the scope of "Great Place to Work" journey which started with the "Appreciation of the Employee", as one of the Top Employers of Europe and Turkey in 2016. As a result, TEB has managed to receive the Top Employer Turkey and Top Employer Europe Certificates for 4 years in a row.

### **TEB Internal Communication Activities**

#### **Employee Value Proposition - EVP**

The Employee Value Proposition created in 2015 "My TEB My World" has been owned by all TEB employees and in 2016, internal communication has been carried out with this motto.

"My TEB My World" stands for: "TEB World where all employees with different dreams and different goals come together. My TEB is my family where I feel cared for, share my passions, I overcome all the difficulties with team spirit and entrepreneurship, experience innovation.

Sub brands under the main brand "My TEB My World" are My Innovative World, My Successful World, My Developing World, My Fun World, My Volunteer World and My Healthy World and in 2016, all internal communication has been carried out within this framework. TEB's all communication with university students and all campus activities are carried out under the motto "My TEB My Future"

#### **TEB Passport**

In order to help employees with their orientation at their first day in TEB and ease their adaptation, a guide with all the necessary information, TEB Passport, has been prepared and uploaded to IntraTEB.

### TEB Employees Together

In 2016, the following events have been organized;

- “HR Only Us Meetings” where the results of the employee surveys are shared with the head office and regions, questions and proposals are received and answered.
- “Leaders Coffee Shop” where senior executives share their knowledge and experiences with the employees,
- “TEB Talks” where experts in their fields share their inspiring career and success stories,
- TEB Soccer Festival which enable employees have a good time and build a team spirit,
- TEB Koruncuk Choir Concert,
- “A Day at Sakliköy with Koruncuks” event,
- “Make A Wish” Social Responsibility Project.

### TEB Bulletins

Internal weekly e-bulletin “TEB’de Ne Var Ne Yok (What’s up with TEB)” which gives information on current issues and news about TEB.

### Celebrating the Special Days

As part of the activities that will make the employees feel special and improve corporate loyalty, special days like new year and religious holidays were celebrated, various gifts were presented to employees, letters sent and celebration messages were delivered.

### Executives Meeting

Executives Meeting which are regularly held in order to inform the managers about the performance of the Bank and deliver senior management’s messages was organized in 2016 as well.

### TEB Sports Academy

Intramural sports meets and other events are organized as ways of protecting employee health, strengthening team spirit and an “Us” awareness, increasing employees’ company loyalty and creating social and communal benefit as an expression of social responsibility. For much the same reason, employees are also encouraged to take part in extramural sports and to represent the company as members of bank-sponsored teams.

The highlights of TEB Sports Academy activities in

2016 are briefly summarized below.

- Intramural Soccer Tournament and Intercompany Soccer Tournament
- Corporate Basketball League Tournament
- Intercompany Volleyball Tournament & Corporate Games Volleyball League
- Marathons-Istanbul, Runatolia and Bozcaada Marathons
- Istanbul Tennis Champions Cup and Interbanks Tennis Tournament
- Pilates classes.

TEB Soccer Team became the champion of the 2016 Intercompany Soccer Tournament and TEB Volleyball Team won the 2016 Corporate Games Volleyball League.

TEB Tennis Team came second in the Istanbul Tennis Champions Cup.

TEB Running Team won a golden medal in the women’s category and came 4th at the men’s category in the 2016 Corporate Games Tournament. TEB Running Team was also chosen as the most gentle team among the 26 corporate participants. Additionally, TEB Running Team came 4<sup>th</sup> among the 21 teams competing in the men’s category of 2016 Vodafone Istanbul Half Marathon.

### TEB Club Activities

TEB Club organizes activities in areas of interest to company employees that are intended to bring them together outside the workplace as well. The most active clubs among TEB Club Activities are the TEB Band, the Turkish Classical Music choir and the Modern Dance Group.

### HR Bizbize (Only Us) Meetings

In 2016, the TEB Human Resources Group worked with 5,000 employees on a one-to-one basis in 48 HR Bizbize (Only Us) meetings held with all Headquarter and Regional employees. The Group carried out the following within the scope of these meetings:

- shared the results of the employee survey conducted throughout the year,
- explained the actions taken in line with the surveys to all those in the Bank and

- answered all questions clearly in response to feedback from employees.

#### **Social Responsibility Activities**

TEB employees regularly take part in the marathons organized in Turkey and volunteer for sports events organized by Adım Adım (Step by Step) to support foundations and associations like TOFD or Koruncuk by volunteering as runners or philanthropers for runners.

TEB runners run every year The Istanbul Marathon and Runatolia Marathon under the umbrella of the Adım Adım organization and TEB employees support these philanthropic organizations with their donations.

The amount of donations collected by the end of 2016 qualified TEB to be named “the kindest hearted Company in the Finance Sector” and among all the participants “4<sup>th</sup> most kind hearted company”.

TEB employees also met the needs of 1,500 school children from all around Turkey, within the scope of 23 April National Sovereignty and Children’s Day. When first started back in 2015, 400 children benefited from this social responsibility activity.

In addition, within the scope of the “Dream Up” project carried out by the BNP Paribas Foundation, the TEB Children’s Choir project was initiated with children living in the Koruncuk Foundation Bolluca Children’s Village. Children aged between 8-14 took music lessons regularly from music professionals through September 2015-May 2016 and the Children’s Choir gave their first concert At Formation Academy Saklıköy with the participation of representatives from the Foundation and over 200 TEB employees and their families.

Dream up is a three year project that will span through the years 2015-2018. The second year activities commenced in October 2016, the choir was expanded with the addition of 15 more children living in the Koruncuk Foundation Bolluca Children’s Village.

#### **Innovation at TEB**

TEB has been working on integrating innovation in its business culture since 2007. Having been cited as an exemplar of innovation by the world-famous research company Gartner, in 2013 TEB became the recipient of the European Financial Management Association’s “Most Successful Bank in Innovation Management” for the fourth year in a row.

In 2016, TEB continued to provide its customers with innovative products and services while also fostering innovation culture by encouraging its own customers and employees as well as university students and technology entrepreneurs through innovation-related activities.

Taking its efforts on behalf of innovation one step further, TEB launched an in-house Entrepreneurship Program, the first of its kind in the Turkish banking industry, in order to initiate an ecosystem that would encourage employees with entrepreneurial skills to discover and demonstrate their innovative features and performance abilities.

#### **TEB In-House Entrepreneurship Program**

TEB aims to create an innovative corporate culture and dynamic work environment where employees play an active role in the configuration of products, services and processes, devote themselves as if they own the business, take initiative, have a high sense of responsibility and loyalty. The Program targets to create in house entrepreneurs who will come up with innovative projects that will change the future of the Bank and have the capacity to implement their projects.

TEB is bringing together innovative, creative and entrepreneur employees together, creating an environment in which employees will provide feedback to each other while developing their projects, supporting them with training and mentoring to turn their ideas into lucrative businesses.

TEB in-house entrepreneurship program has been an important activity that feeds Start up Banking and TEB Private Angel Investment Platform both of which

TEB initiated to support the entrepreneurship ecosystem in Turkey.

In 2016, in the third year of TEB's in-house entrepreneurship program, more than 330 project applications were received from employees with entrepreneurial spirit.

#### **Annual TEB Innovation Competition**

In 2016 the 10<sup>th</sup> TEB Innovation Competition was held. One of the most outstanding examples of the Bank's efforts to promote innovation among the public at large, the competition is an annual event that is now much looked forward to.

Making life easier for its customers through the innovative and creative products and services that it offers them, TEB regards innovation as an important element of its brand-differentiation strategy.

In 2016, some 14,700 projects were submitted to TEB for consideration as entries in the year's competition. The Bank's [www.icatcikar.com](http://www.icatcikar.com) website, through which submissions are made, received 235,000 visitors from 109 countries last year.

TEB transforms innovative ideas received from customers, university students and newly-graduated young professionals into products and services for TEB customers. In 2016, over 1,700 applications in the technological innovation category has been a very useful resource for the Start-Up Banking. Finalists in the competition are offered career opportunities in TEB alongside the financial rewards they receive. So far, 12 finalists have joined the TEB family.

#### **Sparkle (Kıvılcım) Portal**

TEB employees share their innovative product and service ideas through Sparkle, the in-house innovation portal and those that are considered successful are adapted for development into business ideas. Throughout 2016, in line with the targets of the Bank, every week an opinion poll has been prepared in a different subject under the name of "Idea of the Week" and employees' opinions were sought.

"Make an Invention" is an in-house competition that takes place every year and aims to raise awareness about innovation and creativity among employees. The competition reinforces employees in different departments to come up with ideas as teams and creates a competitive environment that encourages team spirit through the innovative projects that compete.

So far, through Sparkle portal, 382 innovation and improvement ideas from TEB employees have been brought to life and work on 51 projects are underway.

#### **Traditional TEB Innovation Meeting**

In 2016, "innovation Meeting" where TEB employees, customers and world-famous speakers come together, took place for the 9th time.

Some of the themes from the meetings are as follows:

2016: Banking Redesigned with the Codes of the New Generation

2015: Be Agile, Get Results

2014: Think Simple, Think Outside the Box

2013: Innovation for the Changing Consumer Trends

2012: New Generation Banking in the Digital World

2011: Innovation in Customer Experience

2010: Innovation from Future to Today

2009: Overcoming Tough Times with Innovation

2008: Open Innovation

In the 2016 meeting where the theme was "Banking redesigning with the Codes of the New Generation", the prominent names in the sector from Turkey and abroad emphasized the importance of understanding the perspective and requirements of the new generation in order to come up with products and services that will meet the expectations of them. During the meeting, awards were presented to creative employees who presented their ideas through Sparkle Portal and In-house Innovation Competition as well as customers, university students and newly graduated young professionals and technological entrepreneurs who earned a place in the Innovation Competition.

### **University activities, TEB Innovation Campus**

In 2016 the TEB Human Resources Group continued to reach out to talented young people through its university campus activities that sought to introduce them both to TEB and to its career possibilities. Last year these events that include promotion activities, chats with TEB executives and case studies were conducted on İTÜ, Koç, Galatasaray, Boğaziçi, ODTÜ, Anadolu, Bilkent, YTÜ, İstanbul, Marmara, Bilgi, 9 Eylül, Çukurova, Çağ, Osmangazi, Akdeniz, Süleyman Demirel, İzmir Ekonomi, Trakya, Ege and Karadeniz Teknik University campuses.

TEB Innovation Campus is a program designed to acquaint junior- and senior-year university students with innovation through unconventional training activities, to provide a work environment in which innovation and creativity are supported and rewarded and to engage in enjoyable chats with TEB senior executives. Three events were conducted in this program during 2016. They were attended by a total of 71 students, to the most successful of whom shortcut traineeship and job offers were made.

Shortcut Traineeship is a project based program that runs through June to September and junior year students from the favorite universities of Turkey are accepted through a special hiring process.

The first program was launched on 20 June 2016 and 11 students have been chosen. Intern students worked for 8-12 weeks in the various departments on projects they were assigned to and at the same time received in class and digital training programs that contributed to their personal development. In September, the program closed with the project presentations of the students and their performance evaluation. The successful ones were offered part time jobs at TEB. Those who cannot sustain a part time job due to their academic schedules were offered a job at TEB through a pre-contract upon their graduation.

### **2016 TEB Innovation Awards**

In 2016, TEB won the BNP Paribas Group Innovation Award with its "AQUILA" application.

Istanbul Stage of the "BNP Paribas International Hackathon" event held simultaneously in 8 countries where financial software developing startups compete, was organized by TEB. Two champions of Turkey competed against the champions of other countries in the finals that took place in December and both received a grand prize. TEB won "Innovation Award" with "TEB Sayar" in Gamechangers 2016, in which Turkey's most innovative companies are rewarded.

Additionally, TEB won the EFMA Bronze Award with the "HIPPO" application which was the champion of the TEB In-house Entrepreneurship Program in its first year.

### **Quality at TEB**

For a more systematic application and monitoring of the environmentally friendly approach in TEB, ISO 14001 Environmental Management System is applied. TEB is also the first deposit bank to have an environmental management system certification.

TEB's Environmental Management System is audited every year by Bureau Veritas and the results are used as feedback for improvement.

### **Training at TEB**

Recognizing that qualified and well-trained human resources are the most critical distinguishing factor in the financial services industry, TEB seeks to support the personal and professional development of its employees in the most effective way possible. Training conducted with this approach in mind is concerned with development and change projects undertaken with the benefit of both internal and external resources, with internal customer service standardization in conjunction with training centers and with similar issues. In 2016, in following the latest training technologies, various digital platforms are incorporated into the training programs.

In 2016, a total of 10,006 TEB employees took part in classroom trainings. There were 50,661 attendees to classroom trainings, 491 attendees to on-the-job training and 128,386 attendees to e-learning trainings. TEB's own instructor personnel provided 66% of all in-house training.

- Orientation, Basic Training Programs, on the job trainings and mandatory trainings for the new recruits were organized and 1,047 employees attended those programs.
- Personal Development Programs of 18 months modules have been prepared for the promising and high performing talents.
- Executives attended trainings in Leadership, Management Skills Development and Coaching within the scope of Leadership Academy.
- As per their job descriptions and requirements, TEB employees attended not only in-house trainings but trainings outside the Bank (in Turkey, abroad, BNP Paribas) as well.
- In addition to the already existing SME Consultancy, Expertise, Micro business Consultancy, Retail (Banking) Family Consultancy, Agriculture Expertise, Corporate Banking and Private Banking Academies, Banking Operations, Human Resources and Branch Management Academies were opened in 2016.
- Classroom courses in English continued and 193 employees took advantage of this opportunity in 2016.
- Compliance Technical, Compliance Revisited, Compliance Workshop, Customer Communication in the Compliance Process trainings were administered to the target group employees.
- TEB Compliance Trainings which have been selected as best practices by BNP Paribas, were administered as trainings of trainers by TEB instructors to BNP Paribas instructors from various countries.
- Within the scope of Protection of Personal Data Law, target group employees received classroom and e-learning trainings.
- Competition Legislation trainings within the scope of the Act on Protection of Competition continued for the target group of employees.
- Basic Health and Safety trainings within the scope of Occupational Health and Safety Law were administered to all field, region and head office employees. Other legal mandatory trainings such as Search Rescue Evacuation, Evacuation Planning and Fire were provided for the target group employees.
- Trainings and exams for Compulsory licensing (SPK/BES/SEGEM) were attended/taken by the target group employees. In order to increase the number of SPK (Capital Markets Board) License holders, the training programs have been renewed and SPK license has become a prerequisite for inclusion in the promotion and assessment process. Employees and managers were communicated the importance of the subject matter and their awareness's were raised. Besides the classroom trainings, mobile trainings which employees can attend 24/7 and take trial tests were introduced.
- In-house instructors were educated to give BES-SEGEM exam trainings to employees. Cost optimization was attained by these in-house trainings.
- For utilization on digital platforms, MyMapp application was developed to help employees train themselves regarding the sales of retail banking products.
- The mandatory trainings of BNP Paribas Group were made available to target group employees. These trainings are: Ethical Principles, International Financial Sanctions and Embargos and Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism.
- Financial Learning Maps are being prepared as a different approach to communicate the focus areas of the Bank and the factors that affect profitability in the field.
- Branch Managers' Profitability Training

Programs are prepared and handed over to branch managers so that they can form their own branch strategy in line with the strategy of the Bank.

- Trainings were developed for the application of Design Thinking Methodology.
- Traditional In-House Instructors Meeting took place with the participation of 282 instructors. Awards were handed for 18 Most Successful In-House Instructors, 4 Most Successful TEB MASTERS and 9 Compliance Project Special Awards.



## SUMMARY OF BOARD DIRECTORS' REPORT PRESENTED TO THE GENERAL ASSEMBLY

### **Distinguished shareholders, customers and employees,**

As a responsible and good bank that is focused to its customers, TEB has completed a successful year which was aimed at sustainable growth despite the volatility at home and abroad. TEB has given priority to market conditions and legal regulations as the most sensitive issues and the Bank has continued to adhere to a high level of compliance culture.

TEB's assets increased by 11% on an annual basis amounting to TL 79.7 billion by the year-end while the Bank's net profit for the year was TL 941.8 million. Loans grew by 6% to TL 56 billion, on the other hand, total deposits increased by 12% and reached TL 49.8 billion. Profit for the period has been a source of asset and loan growth and our capital adequacy ratio rose from 13.94% to 14.37% as of year-end. The effects of economic developments on the Bank's balance sheet were closely monitored. With the effective risk management policies, it is ensured that the ratio of the non-performing loans within the total loans stood at 3.08%, which was below the sector average.

We continued our support for all the segments of economy both in our country and abroad along with our partner BNP Paribas. Our Bank has been vigorously supporting the SME's and women entrepreneurs, which we deem as an important part of production and employment.

With our partner BNP Paribas, TEB continued to make a difference to its customers in 2016 in a wide range of services, from foreign trade financing to cash management and investment banking.

TEB has given priority to digital platforms and Alternative Distribution Channels that are aimed at serving customers closely and has won many awards in these fields in 2016. The transformation for 2020s

to become a digital and agile bank, where customer satisfaction is at the forefront, has begun. Technological developments and customer expectations are identified as the main contributors for these efforts which will prepare our Bank for the future.

TEB continued to reduce operating costs and its income-expenditure ratio by transferring the branch transactions made during 2016 to digital channels. Individual loans and the credit card application processes are totally digitalized and finalized with no need to physically go to the branch, thus improvement is attained in the processes and the customer experience. In 2016, 82% of TEB's customers used digital banking channels, with customers making increasing use of this channel.

CEPTETEB Digital Banking Platform that was launched in 2015, enlarged its customer base in 2016, reached 350 thousand customers and TL 3.3 billion deposits, further developed the customer experience in digital channels.

We hereby present the operating results and financial statements of TEB for 2016 fiscal year for your comments and review. On behalf of the Board of Directors and myself, I would like to thank you, our valued shareholders, our team, our customers and our business partners for accompanying and having confidence in us throughout our journey.

Sincerely,

**Board of Directors**

**PROFIT DISTRIBUTION PROPOSAL**

<b>TÜRK EKONOMİ BANKASI A.Ş. PROFIT DISTRIBUTION TABLE FOR THE YEAR 2016 (TL)</b>		
1.	Paid-in / Issued Capital	2,204,390,000.00
2.	Total legal reserves (According to Legal Records)	247,951,019.40
Information regarding the privilege, if any privilege with respect to distribution of profit is stated in the articles of association		
		According to Legal Records (LR)
3.	Profit for the period	1,181,959,935.02
4.	Taxes to be paid ( - )	(240,164,262.26)
5.	Net profit for the period ( = )	941,795,672.76
6.	Losses related to the Previous Years ( - )	0.00
7.	Primary Legal Reserve ( - )	(47,089,783.64)
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	894,705,889.12
9.	Donations made within the year ( + )	
10.	Net distributable profit (including donations)	
11.	First Dividend to Shareholders - Cash - Share Dividend - Total	0.00
12.	Dividend distributed to the holders of the privileged share	0.00
13.	Dividend distributed to - The Members of Board of Directors - Employees - Other than Shareholders	0.00
14.	Dividend distributed to the holders of redeemed share certificates	0.76
15.	Second dividend for the shareholders	0.00
16.	Secondary Legal Reserves	0.09
17.	Statutory Reserves	0.00
18.	Special Reserves (Due to Tax Law 5520, article 5.1/e, amount is 75% of the real estate sales profit)	45,898,156.32
19.	EXTRAORDINARY RESERVES	848,807,731.95
20.	Other resources planned to be distributed	

**DIVIDEND DISTRIBUTION TABLE**

	GROUP	TOTAL DIVIDENDS		TOTAL DIVIDENDS / NET PROFIT FOR THE PERIOD	DIVIDEND TO THE SHARE WITH A NOMINAL VALUE OF TL 1	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	0	0	0	0	0
	B	0	0	0	0	0
	TOTAL	0	0	0	0	0

### SECTION 3 - ASSESSMENT OF FINANCIAL POSITION AND RISK MANAGEMENT

#### THE AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ACTIVITIES DURING THE REPORTING PERIOD

The organization set up for the operation of internal control, internal audit and risk management systems at TEB was structured in accordance with the provisions of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation" published in the Official Gazette dated 11 July 2014.

The mentioned structure is aligned with the scope and nature of the Bank's operations and possesses the quality and efficiency to respond to changing conditions.

Risk Management, Compliance and Internal Control and the Internal Audit Group report to the Board of Directors; independent of one another, these units worked in coordination and successfully completed their activities in 2016.

The Board of Directors has taken necessary action to approve important strategies and policies regarding control activities and to maintain an efficient internal audit system and risk management system.

The Audit System created encompasses all operations and units of the Bank and its subsidiaries. As at year-end, the Internal Audit Group was formed of 1 Group Head, 3 Assistant Group Heads, 4 Audit Managers, 4 Supervisor Auditors, 6 Senior Auditors, 22 Auditors, 9 Authorized Assistant Auditors, 23 Assistant Auditors, 3 Senior IT Auditors, 1 IT Auditor, 1 IT Assistant Auditor, 2 Internal Audit Group Support and Coordination Executive and 1 Executive Assistant.

The Board of Directors has taken all necessary action to make sure that the Internal Audit Group is able to audit all operations and units of the Bank and its consolidated subsidiaries without any restrictions.

Within the scope of 2016 audit activities, 125 branches were audited.

In addition to branch audits, inspections were conducted in a total of 34 different areas: 21 at the Head Office, 7 at subsidiaries, 6 in IT. Besides these audits, Management Assessment was carried out, which covered banking and information technology processes.

The Compliance and Internal Control Group covers the Internal Control Division, Legislation Division, Compliance Division and IT Control and Subsidiaries Coordination Division.

Internal control activities are arranged so as to cover basic control areas. According to the internal control organization, the Branches Control Department and Head Office Control Department under the Internal Control Division conduct the periodical controls at branches and head office departments, respectively.

Legislation and Compliance function, on the other hand, encompasses the Legislation Division and the Compliance Division in line with the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation" issued by the BRSA.

The aim of Risk Management system is to define,

measure and monitor the Bank's risk exposure stemming from its operations and to make sure that these risks are controlled through the policies, guidelines and limits established.

Risk Management functions of the Bank and all subsidiaries are gathered under the Group Risk Management. Group Risk Management reports to TEB Group Boards of Directors via the Audit Committee at TEB A.Ş. and is responsible for carrying out the general monitoring, warning and recommendation functions on behalf of the Boards of Directors in line with the principles stipulated in this regulation.

The Bank's Group Risk Management is organized in four divisions:

- Credit Risk,
- Rating Models Development,
- Credit Control, Monitoring, Group Companies and Operational Risk,
- Market, Liquidity, Counterparty Risk and Balance Sheet Analysis.

At the Bank's Board of Directors meeting held on 08 November 2005, a decision was passed to set up an Audit Committee responsible for the entire TEB Group companies in view of the provisions of Article 24 of the Banking Law no. 5411 and it was decided that the said committee should assume the powers of the members of the Senior Risk Committee set up at the Bank under Law no. 4389.

During 2016, the Audit Committee met 49 times. The Committee works committedly to monitor the risks on a consolidated basis across the entire Group, to create control points, to review documented procedures on the basis of activities, to provide the coordination among the Internal Audit Group, Risk Management, Compliance and Internal Control groups and to set up the internal control system of the same scope between the Bank and Group

companies.

The Bank closely monitors and implements international best practices, as well as the new regulatory requirements regarding internal audit and risk management systems.

## EVALUATION OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

A review of TEB's financial statements that are drawn up in accordance with the regulations of the Banking Regulation and Supervision Agency (BRSA) reveals as follows:

TEB's after-tax profit for 2016 went up by 7% to TL 941.8 million and the Bank posted a RoE of 13.5% in line with its strategies focused on profitability and productivity.

While the Bank's total assets grew by 11% to TL 79,727 in 2016, total lending also expanded around 6% and reached TL 56.4 billion; in this context, the Bank continued to extend maximum support to its individual and corporate customers. As part of the strategy to offer service to a broader customer base, retail loans reached TL 15.5 billion. Loans made available to SME, Commercial and Corporate customers that serve as a key indicator of TEB's regular support to the national economy were worth TL 40.3 billion and accounted for 72% of the Bank's performing loans portfolio.

As at end 2016, TEB converted the entirety of the deposits it has collected into loans and finished the year with a loans/deposits ratio of 113%. Time deposits volume that covers a substantial portion of the Bank's funding need went up 13% and the ratio of total deposits to balance sheet liabilities was registered as 63%. On the other hand, demand deposits also reached TL 7.63 billion, making a significant contribution to the Bank in terms of funding cost.

TEB diversified its funding sources with international borrowings. The Bank continued to obtain syndication and similar loans from international

markets in order to secure long-term funding. Despite the negative developments in global financial markets, on 31 August 2016, TEB signed a loan agreement of two tranches, in the amounts of EUR 352,000,000 and USD 205,000,000 in total with respective terms of 367 days in a bid to channel the same to exporter companies, whose loans have matured in 2016. The all-in cost was LIBOR +0.85% for USD currency and EURIBOR +0.75% for EUR currency that will be used for export financing.

As at the end of 2016, the Bank had ongoing subordinated loans in the total amount of EUR 400 million and USD 230 million based on agreements executed with various banks and financial institutions.

Within the frame of efforts to diversify funding sources and to present investors with alternative products besides deposits, the following TEB bonds with a total nominal value of TL 1.28 billion were offered in domestic markets: a 173-day bond with a nominal value of TL 109.15 million in February 2016; a 168-day bond with a nominal value of TL 146.9 million in May 2016; a 168-day bond with a nominal value of TL 259.5 million in June 2016; a 169-day bond with a nominal value of TL 137.7 million in August 2016; a 160-day bond with a nominal value of TL 297.6 million and a 168-day bond with a nominal value of TL 325 million in November 2016.

## RISK MANAGEMENT POLICIES ACCORDING TO VARIOUS TYPES OF RISKS

### Credit Risk

Credit risk is the risk of a contracting party's defaulting in the performance of its contractual obligations and thus causing the other party to incur a financial loss. The TEB Group is exposed to credit risk basically through trading, trade finance, treasury and leasing activities but credit risk may also arise in other circumstances and due to other reasons.

One of the most prominent characteristics of the Bank is its conservative lending policy and solid asset structure that go hand in hand with a consistent growth strategy.

The authority to extend limits and allocate loans basically lies with the Board of Directors, which has delegated part of this authority to the Credit Committee and the General Manager in line with the principles and procedures set out by the BRSA. In turn, the General Manager has delegated part of his authority to Credit Groups and Business Lines jointly on the basis of rules approved by the Board of Directors.

Loans are extended within the limits defined for each debtor and group of debtors individually. Every customer that performs a transaction on credit must have a credit limit allocated by the relevant authorities and customers are systematically prevented from exceeding those credit risk limits.

Credit decisions are taken after loan proposals are first approved by a credit analyst together with the credit department and the related business line. Credit limits are allocated to borrowers identified as having the ability to generate cash flow, the ability to make repayments with the income generated on their business operations, reliable financial data, strong shareholder's equity and an administration

and shareholding structure made up of people having high morality and business experience.

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to fulfill contractual obligations to be similarly affected by changes in economic, political or other conditions. In general, the TEB Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the credibility and creditworthiness of counterparties, diversifying its lending activities to avoid undue concentrations of risks with individuals or groups of customers or industries and by obtaining necessary collateral when appropriate. The credit limits to be allocated are determined in accordance with the related counterparty's financial structure, certain qualitative criteria and the quality of any collateral to be provided.

Pursuant to the prudent policies the Bank adopts, the maximum credit limit that can be allocated to a customer is kept below legal limits, thus minimizing the risk of loan concentration. Limits set by the Board of Directors are regularly monitored and reported.

After a loan facility is offered, the Credit Monitoring Department monitors the customer's repayment capability and the sufficiency and adequacy of the collateral. In this way, any problematic loan is identified at an early stage.

The Bank uses an in-house credit rating system, named TEBCORE (TEB Counterparty Risk & Rating

Evaluation), which consists of several rating models for corporate and SME customers engaged in the production, service, construction and precious metal sectors. TEB uses the same master scale used by BNP Paribas.

The ratings are used for the purposes of credit allocation and delegation, assessing IFRS (International Financial Reporting Standards) collective provisions, credit reporting, portfolio management and stress testing.

Group Risk Management reports to the Board of Directors and the Audit Committee on a regular basis presenting the Bank's risk concentrations, a breakdown of the Bank's loan portfolio by ratings, specific segments of the loan portfolio, large exposures, large non-performing accounts and impairment allowances as well as default and recovery rates.

The credit risks and limits related to financial institutions are determined by the Financial Institutions and Counterparty Risk Committee, which is a sub-committee of the Credit Committee. The limits and exposures set are monitored daily by the Group Risk Management.

Where a loan is granted subject to collateral being given, the Bank's policy is to require the collateral to be perfected before funds are advanced and to avoid currency and maturity mismatches. All collateral should be given in a legally valid manner and should be liquid in nature. In this context, real estate should be of a fast moving nature.

The Bank classifies as non-performing any loan which is 90 days or more overdue as to either principal or interest.

Both collective and specific provisions are made with

methodologies that are compliant with both IFRS standards and BNP Paribas methodologies.

### **Interest Rate Risk**

Interest rate risk involves possible losses that may be incurred due to fluctuations and volatilities in interest rates depending on maturity mismatches or the structures of interest rate-sensitive products in the balance sheet.

Protection against fluctuations in interest rates is the topmost priority for TEB. Interest rate risk is managed by the Assets and Liabilities Committee (ALCO). Decisions taken by ALCO are executed by the Assets and Liabilities Management Department under the Asset and Liability Management and Treasury Group.

Interest rate risk is determined by measuring the rate of sensitivity of assets, liabilities and off-balance sheet items to interest rates. The Board of Directors has set risk tolerance limits for the current changes in the value of net interest revenues and shareholders' equity. TEB runs simulations of interest revenues according to estimated macroeconomic indicators. Duration, gap and sensitivity analyses are conducted and these calculations are conveyed to ALCO.

Possible negative effects of interest rate fluctuations on financial position and cash flow are minimized by means of prompt decisions. The management monitors the interest rate movements in the market on a daily basis and makes changes whenever necessary in deposit and loan rates.

When determining short, medium and long-term pricing strategies, TEB's Assets and Liabilities Committee manages maturity mismatch and adopts the principle of working with positive balance sheet margins as its pricing policy.

### **Market Risk**

Market risk involves possible losses a bank may incur as a result of the exposure of its balance sheet and off-balance sheet accounts to interest rate risk, equity position risk or exchange rate risk resulting from fluctuations in the financial markets, in interest rates, exchange rates or stock prices.

TEB's Board of Directors ensures that the Group Risk Management and senior management take the necessary steps to properly measure, control and manage the Bank's exposure to market risk.

The Board of Directors determines market risk limits and periodically revises these limits in accordance with market conditions and the strategies of TEB. All assessments regarding market risks are also evaluated by the Market Risk Committee that meets on a monthly basis. With regard to TEB's daily transactions, stop-loss and transaction limits, PVO1 and VaR limits are applied on the basis of each product. The Board of Directors assigns limits for positions in derivatives and similar contracts. Transactions are carried out within these limits and the limits are monitored and reported daily.

The market risk of the Bank is calculated using a standard method and reported to legal authorities.

The market risk can influence the Value-at-Risk (VaR) figure, which is also calculated using various financial models. VaR figure is calculated using historical simulation method on the basis of a 250-business-day data and a one-day holding period in a 99% confidence interval. Daily VaR figures are the main drivers of TEB's internal reports and efforts to monitor market risk. Back testing is periodically performed to validate the accuracy of calculations and the methods used.

The VaR figures calculated by internal models to

predict losses in the event of a crisis are also verified by scenario analyses and stress tests and are then reported to senior management and the Board of Directors.

Scenario analyses and stress tests involve the reapplication of past crises to existing portfolios or the observation of likely losses due to interest and foreign exchange shocks.

### **Liquidity Risk**

Liquidity risk is defined as the risk resulting from lack of sufficient cash holdings or cash inflow to fully meet cash obligations in due time, because of imbalanced cash flow.

Liquidity risk also includes the risk of loss that may arise when it is not possible for a bank to adequately close positions at favorable prices and at sufficient amounts or as rapidly as required, or when a bank is unable to exit the positions held, due to an inability to enter the market as needed, to shallow market structure in certain products or to obstacles arising in the markets.

TEB's policies focus on maintaining the quality of its asset structure, so that liquid assets can meet all obligations. Striving to be one of the most liquid banks in the industry is of utmost importance to TEB. The Board of Directors regularly monitors and determines liquidity ratios and the relevant standards for maintaining high liquidity at all times.

TEB has in place an effective management reporting system for the timely reporting of the liquidity position to the Board of Directors, senior management and all related units. Cash flow analyses are carried out for different maturity structures and currency units. Maturity mismatches are monitored and concentrations in funding sources are closely monitored. All related analyses are



evaluated in detail by the Liquidity Risk Committee that meets once a month.

As a matter of general policy, consistency in maturities and interest rates of assets and liabilities is maintained at all times in line with Assets and Liabilities Management strategies and balance sheet positions of TL and returns on foreign currency mix are continuously managed in the positive.

With regard to the sources of funding and liquidity, it is observed that while the greater part of the liquidity requirement of TEB is met by deposits, bonds issue, syndicated loans and pre-financing products are also used at times to obtain funds in addition to deposits.

TEB strictly adheres to the policy of maintaining high-quality liquid assets in sufficient amounts. This assures a regular cash flow from our liabilities.

#### **Exchange Rate Risk**

Exchange rate risk is defined as a possible loss that the Bank may incur due to mismatches in its FX assets and liabilities in the event of changes in exchange rates.

In calculating capital adequacy that underlies exchange rate risk, VaR is calculated and reported using the standard method. While doing this, TEB takes into account all of its foreign-currency assets, liabilities and forward foreign-currency contracts.

Within the limits approved by the Board of Directors, the Asset and Liability Management and Treasury Group and the Financial Markets Group are responsible for the management of price, liquidity and fulfilment risks arising from fluctuations in local or foreign currency prices in domestic and international markets.

Money market risks and risk-bearing transactions are monitored on a daily basis, reported weekly and monthly to related committees. Similar to the market risk, matters about exchange rate risk are discussed separately by the Market Risk Committee that meets once a month.

Position limits and details determined by the Board of Directors are monitored and reported on a daily basis.

#### **Operational Risk**

“Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from ordinary or extraordinary external events.”

Operational risks are managed through constant assessment of whether the risks the Bank is exposed to is within the risk appetite of the Bank and taking corrective measures in case of any discrepancies, by way of using the most appropriate tools and methods in the process.

The operational risk capital of the Bank is calculated using a Basic Indicator Approach and reported to legal authorities.

**CREDIT RATINGS ASSIGNED BY RATING AGENCIES AND INFORMATION ON THEIR CONTENTS**

The current ratings of the Bank are as follows:

	<b>2016</b>	<b>2017*</b>
<b>Moody's Investor Services:</b>		
Foreign Currency Deposit	Ba2/NP	Ba2/NP
Outlook	Negative Stable	Stable
Revised Loan Valuation	ba1	ba1
<b>Fitch Ratings:</b>		
<b>Foreign Currency</b>		
<b>Long-term</b>	<b>BBB</b>	<b>BBB-</b>
Short-term	F2	F3
Outlook	Negative	Stable
<b>Turkish Lira</b>		
<b>Long Term</b>	<b>BBB</b>	<b>BBB-</b>
Short-term	F2	F3
Outlook	Negative	Stable
National	AAA (tur)	AAA (tur)
Outlook	Negative	Stable
Individual Rating	bbb-	bb+
Support Points	2	2

\* As of 1 March 2017

## DONATIONS

DATE	RECIPIENT	AMOUNT
07.01.2016	Elif Parlakay / January 2016 Scholarship	750.00
07.01.2016	Sabri Talha Parlakay / January 2016 Scholarship	750.00
07.01.2016	Kerem Mert Dalkılıç / January 2016 Scholarship	1,000.00
07.01.2016	Elif Zeynep Dalkılıç / January 2016 Scholarship	1,000.00
07.01.2016	Yiğit Eren Dalkılıç / January 2016 Scholarship	1,000.00
07.01.2016	Ahmet İbre / January 2016 Scholarship	750.00
07.01.2016	Yusuf İbre / January 2016 Scholarship	1,000.00
19.01.2016	Aegean Contemporary Education Foundation	50.00
20.01.2016	Turkish Education Foundation	75.00
20.01.2016	Turkish Education Foundation	100.00
20.01.2016	Turkish Education Foundation	300.00
21.01.2016	Ramazan Aksu Scholarship	32,253.15
27.01.2016	Turkish Education Foundation	100.00
28.01.2016	Turkish Armed Forces Foundation	200.00
28.01.2016	Turkish Armed Forces Foundation	200.00
29.01.2016	Turkish Education Foundation	100.00
29.01.2016	UNICEF	444,810.00
02.02.2016	Elif Parlakay / February 2016 Scholarship	750.00
02.02.2016	Sabri Talha Parlakay / February 2016 Scholarship	750.00
02.02.2016	Kerem Mert Dalkılıç / February 2016 Scholarship	1,000.00
02.02.2016	Elif Zeynep Dalkılıç / February 2016 Scholarship	1,000.00
02.02.2016	Yiğit Eren Dalkılıç / February 2016 Scholarship	1,000.00
02.02.2016	Ahmet İbre / February 2016 Scholarship	750.00
02.02.2016	Yusuf İbre / February 2016 Scholarship	1,000.00
02.02.2016	Turkish Education Foundation	100.00
03.02.2016	Turkish Education Foundation	1,000.00
04.02.2016	Turkish Education Foundation	250.00
08.02.2016	Turkish Education Foundation	100.00
11.02.2016	Turkish Education Foundation	100.00
11.02.2016	Turkish Education Foundation	200.00
15.02.2016	Kumluca Governorship	3,500.00
16.02.2016	Turkish Education Foundation	250.00
17.02.2016	Turkish Education Foundation	50.00
18.02.2016	Turkish Education Foundation	700.00

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

22.02.2016	Turkish Education Foundation	100.00
23.02.2016	Boğaziçi University Foundation	9,000.00
23.02.2016	TEV (Turkish Education Foundation) - ÇYDD (Association for Supporting Contemporary Life)	100.00
29.02.2016	Galatasaray Education Foundation	2,300.00
29.02.2016	METU Development Foundation	2,000.00
01.03.2016	Elif Parlakay / March 2016 Scholarship	750.00
01.03.2016	Sabri Talha Parlakay / March 2016 Scholarship	750.00
01.03.2016	Kerem Mert Dalkılıç / March 2016 Scholarship	1,000.00
01.03.2016	Elif Zeynep Dalkılıç / March 2016 Scholarship	1,000.00
01.03.2016	Yiğit Eren Dalkılıç / March 2016 Scholarship	1,000.00
01.03.2016	Ahmet İbre / March 2016 Scholarship	750.00
01.03.2016	Yusuf İbre / March 2016 Scholarship	1,000.00
02.03.2016	Turkish Education Foundation	200.00
02.03.2016	Bodrumspor Donation	500.00
03.03.2016	Turkish Education Foundation	100.00
03.03.2016	Turkish Education Foundation	100.00
04.03.2016	Özel Amerikan Robert High School	6,500.00
07.03.2016	Özyeğin University	100.00
07.03.2016	Turkish Education Foundation	100.00
09.03.2016	Turkish Education Foundation	100.00
16.03.2016	Antalya Bar Association Donation	10,000.00
21.03.2016	Turkish Education Foundation	50.00
21.03.2016	Boğaziçi University Foundation	10,000.00
21.03.2016	Turkish Education Foundation	100.00
22.03.2016	Turkish Education Foundation	300.00
23.03.2016	The Hope Foundation for Children with Cancer (KAÇUV)	100.00
24.03.2016	İstanbul University	3,000.00
29.03.2016	ÇYDD (Association for Supporting Contemporary Life)	50.00
01.04.2016	Turkish Education Foundation	100.00
07.04.2016	Elif Parlakay / April 2016 Scholarship	750.00
07.04.2016	Sabri Talha Parlakay / April 2016 Scholarship	750.00
07.04.2016	Kerem Mert Dalkılıç / April 2016 Scholarship	1,000.00
07.04.2016	Elif Zeynep Dalkılıç / April 2016 Scholarship	1,000.00
07.04.2016	Yiğit Eren Dalkılıç / April 2016 Scholarship	1,000.00
07.04.2016	Ahmet İbre / April 2016 Scholarship	750.00
07.04.2016	Yusuf İbre / April 2016 Scholarship	1,000.00

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

08.04.2016	Aegean Contemporary Education Foundation	100.00
13.04.2016	Anadolu University	2,500.00
13.04.2016	Turkish Education Foundation	50.00
14.04.2016	Turkish Education Foundation	100.00
19.04.2016	The Foundation for Children with Leukemia (LÖSEV)	20.00
21.04.2016	Turkish Education Foundation	100.00
21.04.2016	Turkish Education Foundation	100.00
26.04.2016	TEMA Foundation	30,500.00
02.05.2016	Elif Parlakay / May 2016 Scholarship	750.00
02.05.2016	Sabri Talha Parlaka / May 2016 Scholarship	750.00
02.05.2016	Kerem Mert Dalkılıç / May 2016 Scholarship	1,000.00
02.05.2016	Elif Zeynep Dalkılıç / May 2016 Scholarship	1,000.00
02.05.2016	Yiğit Eren Dalkılıç / May 2016 Scholarship	1,000.00
02.05.2016	Ahmet İbre / May 2016 Scholarship	750.00
02.05.2016	Yusuf İbre / May 2016 Scholarship	1,000.00
09.05.2016	Aegean Contemporary Education Foundation	50.00
10.05.2016	Turkish Education Foundation	100.00
11.05.2016	Turkish Education Foundation	150.00
16.05.2016	Turkish Education Foundation	100.00
16.05.2016	Turkish Education Foundation	200.00
17.05.2016	Turkish Education Foundation	50.00
18.05.2016	Turkish Education Foundation	100.00
20.05.2016	Turkish Education Foundation	100.00
25.05.2016	Turkish Education Foundation	50.00
27.05.2016	Turkish Education Foundation	205.00
27.05.2016	Turkish Education Foundation	100.00
30.05.2016	Turkish Education Foundation	400.00
01.06.2016	Turkish Education Foundation	100.00
03.06.2016	Baş Öğretmen Atatürk Secondary School	5,000.00
03.06.2016	Turkish Education Foundation	100.00
07.06.2016	Aegean Tibbiyeliler Social Support and Assistance Association	5,000.00
08.06.2016	Turkish Education Foundation	50.00
13.06.2016	Turkish Education Foundation	70.00
13.06.2016	İstanbul Bilgi University	5,500.00
24.06.2016	Turkish Education Foundation	100.00
28.06.2016	Turkish Education Foundation	200.00
29.06.2016	METU Business Club Foundation	3,000.00

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

29.06.2016	Turkish Education Foundation	100.00
29.06.2016	Turkish Education Foundation	200.00
29.06.2016	Turkish Education Foundation	400.00
29.06.2016	Turkish Education Foundation	250.00
30.06.2016	Turkish Education Foundation	30.00
01.07.2016	Turkish Education Foundation	100.00
01.07.2016	İlbank Youth and Sports Club	200,000.00
11.07.2016	Turkish Education Foundation	50.00
11.07.2016	Turkish Education Foundation	50.00
20.07.2016	Pamukkale Health and Education Foundation	420.00
22.07.2016	Turkish Education Foundation	50.00
25.07.2016	Turkish Education Foundation	100.00
25.07.2016	Turkish Education Foundation	200.00
28.07.2016	Turkish Education Foundation	60.00
29.07.2016	Turkish Education Foundation	70.00
02.08.2016	Aegean Contemporary Education Foundation	100.00
04.08.2016	Turkish Education Foundation	300.00
09.08.2016	Turkish Education Foundation	50.00
11.08.2016	Administrative & Financial Affairs Department	1,000,000.00
15.08.2016	Turkish Education Foundation	75.00
18.08.2016	Children of Ercan Aras 2016-2017 Year Education Support	9,000.00
19.08.2016	Heybeliada Water Sports Club	25,000.00
24.08.2016	Turkish Education Foundation	200.00
26.08.2016	Turkish Education Foundation	130.00
06.09.2016	Turkish Education Foundation	75.00
21.09.2016	Turkish Education Foundation	50.00
21.09.2016	Turkish Education Foundation	100.00
27.09.2016	Turkish Education Foundation	100.00
28.09.2016	ÇYDD (Association for Supporting Contemporary Life)	50.00
29.09.2016	Turkish Education Foundation	150.00
30.09.2016	Turkish Education Foundation	100.00
09.09.2016	Turkish Education Foundation	125.00
04.10.2016	Turkish Education Foundation	100.00
05.10.2016	Help Those With Cancer Association	1,000.00
14.10.2016	Turkish Education Foundation	1,150.00
17.10.2016	Ramazan Aksu	19,928.76
17.10.2016	Ramazan Aksu	2,803.14

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

18.10.2016	Elif Parlakay / September 2016 Scholarship	750.00
18.10.2016	Elif Parlakay / October 2016 Scholarship	750.00
18.10.2016	Sabri Talha Parlakay / September 2016 Scholarship	750.00
18.10.2016	Sabri Talha Parlakay / October 2016 Scholarship	750.00
18.10.2016	Kerem Mert Dalkılıç / September 2016 Scholarship	1,000.00
18.10.2016	Kerem Mert Dalkılıç / October 2016 Scholarship	1,000.00
18.10.2016	Elif Zeynep Dalkılıç / September 2016 Scholarship	1,000.00
18.10.2016	Elif Zeynep Dalkılıç / October 2016 Scholarship	1,000.00
18.10.2016	Yiğit Eren Dalkılıç / September 2016 Scholarship	1,000.00
18.10.2016	Yiğit Eren Dalkılıç / October 2016 Scholarship	1,000.00
18.10.2016	Ahmet İbre / September 2016 Scholarship	1,000.00
18.10.2016	Ahmet İbre / October 2016 Scholarship	1,000.00
18.10.2016	Yusuf İbre / September 2016 Scholarship	1,000.00
18.10.2016	Yusuf İbre / October 2016 Scholarship	1,000.00
18.10.2016	Turkish Education Foundation	80.00
19.10.2016	Nehir Aras	250.00
19.10.2016	Nehir Aras	250.00
19.10.2016	Turkish Education Foundation	150.00
19.10.2016	Turkish Education Foundation	650.00
20.10.2016	Turkish Education Foundation	125.00
20.10.2016	Turkish Education Foundation	100.00
20.10.2016	Turkish Education Foundation	200.00
20.10.2016	Turkish Education Foundation	550.00
24.10.2016	Turkish Education Foundation	150.00
25.10.2016	Turkish Education Foundation	200.00
27.10.2016	Turkish Education Foundation	125.00
01.11.2016	Elif Parlakay / November 2016 Scholarship	750.00
01.11.2016	Sabri Talha Parlakay / November 2016 Scholarship	750.00
01.11.2016	Kerem Mert Dalkılıç / November 2016 Scholarship	1,000.00
01.11.2016	Elif Zeynep Dalkılıç / November 2016 Scholarship	1,000.00
01.11.2016	Yiğit Eren Dalkılıç / November 2016 Scholarship	1,000.00
01.11.2016	Ahmet İbre / November 2016 Scholarship	1,000.00
01.11.2016	Yusuf İbre / November 2016 Scholarship	1,000.00
01.11.2016	Nehir Aras / November 2016 Scholarship	250.00
01.11.2016	Turkish Education Foundation	150.00
01.11.2016	Turkish Education Foundation	100.00
02.11.2016	Aegean Contemporary Education Foundation	100.00

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

03.11.2016	Turkish Education Foundation	250.00
04.11.2016	Çorum Province Special Administration Cultural and Social Affairs Directorate	1,640.25
04.11.2016	Çorum Province Special Administration Cultural and Social Affairs Directorate	351.64
04.11.2016	Çorum Province Special Administration Cultural and Social Affairs Directorate	351.65
04.11.2016	Çorum Province Special Administration Cultural and Social Affairs Directorate	1,640.25
07.11.2016	Turkish Education Foundation	200.00
09.11.2016	Turkish Education Foundation	30.00
10.11.2016	Turkish Education Foundation	100.00
10.11.2016	Turkish Education Foundation	200.00
11.11.2016	Turkish Education Foundation	400.00
11.11.2016	Turkish Education Foundation	150.00
14.11.2016	Turkish Education Foundation	150.00
15.11.2016	Turkish Education Foundation	100.00
16.11.2016	Turkish Education Foundation	100.00
18.11.2016	Turkish Education Foundation	200.00
21.11.2016	Turkish Education Foundation	90.00
22.11.2016	Turkish Education Foundation	100.00
23.11.2016	Turkish Education Foundation	50.00
28.11.2016	Halide Edip Adivar Sports Club Association	10,000.00
29.11.2016	Turkish Education Foundation	70.00
29.11.2016	Turkish Education Foundation	100.00
02.12.2016	Elif Parlakay / December 2016 Scholarship	750.00
02.12.2016	Sabri Talha Parlakay / December 2016 Scholarship	750.00
02.12.2016	Kerem Mert Dalkılıç / December 2016 Scholarship	1,000.00
02.12.2016	Elif Zeynep Dalkılıç / December 2016 Scholarship	1,000.00
02.12.2016	Yiğit Eren Dalkılıç / December 2016 Scholarship	1,000.00
02.12.2016	Ahmet İbre / December 2016 Scholarship	1,000.00
02.12.2016	Yusuf İbre / December 2016 Scholarship	1,000.00
02.12.2016	Neshir Aras / December 2016 Scholarship	250.00
07.12.2016	Save The Children-Reckitt Benchiser	4,403.40
08.12.2016	Turkish Education Foundation	450.00
09.12.2016	Turkish Education Foundation	350.00
13.12.2016	Hüseyin Ayaz Secondary School	905.00
13.12.2016	Büyükçekmece Municipality	745.00
13.12.2016	Atatürk Secondary School	390.00



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

13.12.2016	Anadolu Autism Foundation	930.00
13.12.2016	Karşıyaka Secondary School	1,960.00
13.12.2016	Ahmet Emin Yalmaz Secondary School	336.00
13.12.2016	Yalova Toki Family Health Center	1,135.00
13.12.2016	Mehmet Şimşek Anatolian Imam Hatip High School	735.00
13.12.2016	Batman Ziya Gökalp Anatolian High School	505.00
13.12.2016	Ahmet Hakkı Balcıoğlu Anatolian High School	430.00
13.12.2016	Ali Rıza Arslan Secondary School	875.00
13.12.2016	Ministry of Education Rehabilitation Center	25.00
13.12.2016	Şehit Temel Cingöz Anatolian High School	140.00
13.12.2016	Dede Korkut Secondary School	1,530.00
13.12.2016	Ilıca District Mukhtar	430.00
15.12.2016	Turkish Education Foundation	130.00
20.12.2016	Turkish Education Foundation	80.00
22.12.2016	Ertuğrul Gazi Secondary School	1,255.00
22.12.2016	Nilüfer Kindergarten	2,440.00
22.12.2016	Yenikuyu District Mukhtar	50.00
22.12.2016	Beylükdüzü Municipality	1,045.00
22.12.2016	Directorate of Kartal Science and Art Center	613.00
22.12.2016	Erzincan Ulular Sancak Primary School	1,530.00
22.12.2016	Selçuk Hatun Secondary School	1,630.00
22.12.2016	Ali Nuri Çolakoğlu High School	2,940.00
22.12.2016	Turkey Disabled Association	1,125.00
22.12.2016	Turkish Cypriot Chamber of Shopkeepers and Artisans	1,070.00
22.12.2016	İstanbul University	500.00
22.12.2016	Küçükçekmece Municipality	595.00
22.12.2016	Turkish Education Foundation	50.00
23.12.2016	Yeni Yüzyıl University	2,894.88
27.12.2016	Turkish Education Foundation	300.00
27.12.2016	Turkish Education Foundation	100.00
28.12.2016	Turkish Education Foundation	100.00
29.12.2016	Turkish Armed Forces Foundation	50,000.00
29.12.2016	Turkish National Police Empowerment Foundation	50,000.00
30.12.2016	Gendarmerie General Command	330.00
30.12.2016	İstanbul University	1,345.00
30.12.2016	Söğütlü Primary School	1,875.00
30.12.2016	Akdeniz University	1,260.00

## TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

30.12.2016	Söğütlü Primary School	240.00
30.12.2016	Hüseyin Saim Ekim Primary School	1,515.00
30.12.2016	İstanbul University	1,230.00
30.12.2016	Söğütlü Primary School	225.00
30.12.2016	Nilüferhatun Primary School	1,060.00
30.12.2016	Suphi Koyuncuoğlu	600.00

FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD

(TL thousand)	31.12.2012	2012-2011 change	31.12.2013	2013-2012 change	31.12.2014	2014-2013 change	31.12.2015	2015-2014 change	31.12.2016	2016-2015 change
Liquid Assets	6,858,891	40.85%	7,135,898	4.04%	9,820,075	37.62%	11,237,316	14.43%	15,237,022	35.59%
Securities	4,708,275	-15.65%	5,205,234	10.56%	4,717,696	-9.37%	4,673,796	-0.93%	4,668,068	-0.12%
Loans	29,685,734	15.72%	38,134,957	28.46%	45,392,210	19.03%	53,212,833	17.23%	56,363,829	5.92%
Other Assets	2,279,435	14.65%	2,932,539	28.65%	3,061,908	4.41%	2,836,397	-7.37%	3,458,471	21.93%
<b>Total Assets</b>	<b>43,532,335</b>	<b>14.28%</b>	<b>53,408,628</b>	<b>22.69%</b>	<b>62,991,889</b>	<b>17.94%</b>	<b>71,960,342</b>	<b>14.24%</b>	<b>79,727,390</b>	<b>10.79%</b>
Demand Deposits	4,339,298	7.78%	5,424,318	25.00%	5,496,770	1.34%	6,981,476	27.01%	7,628,600	9.27%
Time Deposits	24,387,267	29.30%	28,863,656	18.36%	33,941,791	17.59%	37,414,384	10.23%	42,204,058	12.80%
Funds Borrowed	6,257,178	-25.48%	9,633,738	53.96%	12,604,468	30.84%	15,919,560	26.30%	16,596,691	4.25%
Other Liabilities	3,743,010	44.21%	4,200,478	12.22%	5,045,881	20.13%	4,683,098	-7.19%	5,498,640	17.41%
Equity (Exl. profit)	4,309,604	7.56%	4,751,390	10.25%	5,280,419	11.13%	6,079,371	15.13%	6,857,602	12.80%
Net Income	495,978	139.98%	535,048	7.88%	622,560	16.36%	882,453	41.75%	941,799	6.73%
<b>Total Liabilities</b>	<b>43,532,335</b>	<b>14.28%</b>	<b>53,408,628</b>	<b>22.69%</b>	<b>62,991,889</b>	<b>17.94%</b>	<b>71,960,342</b>	<b>14.24%</b>	<b>79,727,390</b>	<b>10.79%</b>
NPL Ratio	2.14%	-0.64%	2.25%	0.11%	2.43%	0.18%	2.28%	-0.15%	3.08%	0.80%
Return on Equity	12.13%	6.32%	11.57%	-0.56%	12.03%	0.46%	14.68%	2.65%	13.53%	-1.15%
Return on Assets	1.19%	0.47%	1.10%	-0.09%	1.07%	-0.03%	1.31%	0.24%	1.24%	-0.07%
Capital Adequacy Ratio	15.24%	1.01%	14.23%	-1.01%	13.96%	-0.27%	13.94%	-0.02%	14.37%	0.43%

BRANCHES

<b>Adana Branch</b>	Turan Cemal Beriker Bulvarı Güleç İşhanı, 23 Seyhan 01120	SEYHAN	ADANA	+ 90 850 204 00 26
<b>Atatürk Caddesi Adana Branch</b>	Kurtuluş Mahallesi Atatürk Caddesi Meryem Gizer Apartmanı No:63/A Seyhan 01130	SEYHAN	ADANA	+ 90 850 204 01 17
<b>Yüreğir Branch</b>	Cumhuriyet Mah.770 Sok. No:11/A	YÜREĞİR	ADANA	+ 90 850 204 01 56
<b>Barkal Branch</b>	Şakirpaşa Mahallesi Turhan Cemal Beriker Blv. No: 249/A Seyhan 01100	SEYHAN	ADANA	+ 90 850 204 01 64
<b>Saydam Caddesi Branch</b>	Suczade Mah. Saydam Cad. No: 42 Seyhan 01030	SEYHAN	ADANA	+ 90 850 204 02 06
<b>Adana Mobilyacılar Branch</b>	Güzelevler Mah. Mobilyacılar Sitesi Meşe Cad. No:18 A Kısım Yüreğir 01310	YÜREĞİR	ADANA	+ 90 850 204 02 69
<b>Sarıçam Branch</b>	Akıncılar Mahallesi, Kozan Caddesi, No:185/A	YÜREĞİR	ADANA	+ 90 850 204 03 12
<b>Çukurova Kurumsal Branch</b>	Çınarlı Mahallesi Atatürk Caddesi No: 15 Kat: 1 A Kısım 01120 Seyhan	SEYHAN	ADANA	+ 90 850 204 03 59
<b>Adana Çarşı Branch</b>	Karasoku Mahallesi, Kızılay Cad.No:14 01010 Seyhan	SEYHAN	ADANA	+ 90 850 204 04 45
<b>Adana Toros Branch</b>	Mahfesiğmaz Mah. Turgut Özal Bulvarı No:3/A Çukurova 01173	ÇUKUROVA	ADANA	+ 90 850 204 04 46
<b>Adana Çukurova Branch</b>	Çınarlı Mahallesi Atatürk Caddesi No: 15 Seyhan 01120	SEYHAN	ADANA	+ 90 850 204 05 24
<b>Adana Atikop Branch</b>	Turhan Cemal Beriker Bulvarı Adana İş Merkezi A Blok No: 7-9 01010 Seyhan	SEYHAN	ADANA	+ 90 850 204 05 35
<b>Yeni Adana Branch</b>	Güzelyalı Mah. Turgut Özal Bulvarı No:90/D Edip Özalın Sitesi B Blok Altı Çukurova 01170	ÇUKUROVA	ADANA	+ 90 850 204 05 73
<b>Ceyhan Branch</b>	Türlübaş Mahallesi Atatürk Caddesi No:260 Ceyhan 01960	CEYHAN	ADANA	+ 90 850 204 06 56
<b>Adıyaman Branch</b>	Yenipınar Mahallesi, Atatürk Caddesi, No:31	MERKEZ	ADİYAMAN	+ 90 850 204 02 81
<b>Afyon Branch</b>	Umurbey Mahallesi Cumhuriyet Meydanı No:7 Merkez 03100	MERKEZ	AFYONKARAHİSAR	+ 90 850 204 01 16

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Afyon Kadınana Branch</b>	Ambaryolu Cad. Davulcuoğlu İş Hanı Altı No: 25 Merkez 03200	MERKEZ	AFYONKARAHİSAR	+ 90 850 204 05 10
<b>Emirdağ Branch</b>	Yenidoğan Mahallesi Şehit Er Yüksel Yeşildağ Caddesi No:4/1-2 Emirdağ 03600	EMİRDAĞ	AFYONKARAHİSAR	+90 850 204 07 55
<b>Aksaray Branch</b>	Minarecik Mahallesi, Ankara Caddesi, No:8	MERKEZ	AKSARAY	+ 90 850 204 03 54
<b>Merzifon Branch</b>	Hacıhasan Mahallesi Cumhuriyet Caddesi No:101/A Merzifon 05300	MERZİFON	AMASYA	+ 90 850 204 03 23
<b>Amasya Branch</b>	Yüzevler Mahallesi Mustafa Kemal Paşa Caddesi No:76/A-B-1 Merkez 05100	MERKEZ	AMASYA	+90 850 204 06 87
<b>Ankara Branch</b>	Kazım Özalp Mahallesi, Reşit Galip Caddesi, No:87	ÇANKAYA	ANKARA	+ 90 850 204 00 06
<b>Ulus Ankara Branch</b>	Necatibey Mahallesi, Anafartalar Caddesi, No:33, Ulus	ALTINDAĞ	ANKARA	+ 90 850 204 00 34
<b>Orta Anadolu Kurumsal Branch</b>	Kavaklıdere Mahallesi Atatürk Bulvarı No:154 Çankaya 06680	ÇANKAYA	ANKARA	+ 90 850 204 00 57
<b>Gaziosmanpaşa Ankara Branch</b>	Uğur Mumcu Cad. 76/A Gaziosmanpaşa	ÇANKAYA	ANKARA	+ 90 850 204 01 01
<b>Meşrutiyet Caddesi Branch</b>	Meşrutiyet Mahallesi, Meşrutiyet Caddesi No:11 B	ÇANKAYA	ANKARA	+ 90 850 204 01 05
<b>Ostim Branch</b>	Ostim Sanayi Sitesi 100.yıl Bulvarı No:9 Yenimahalle 06370	YENİMAHALLE	ANKARA	+ 90 850 204 01 24
<b>Necatibey Branch</b>	Namık Kemal Mah. Necatibey Cad. No: 23/A Kızılay	ÇANKAYA	ANKARA	+ 90 850 204 01 36
<b>Kızılay Branch</b>	Gazi Mustafa Kemal Bulvarı No:7/A Kızılay 06420 Ankara	KIZILAY	ANKARA	+ 90 850 204 01 38
<b>Siteler Branch</b>	Siteler Mah. Sırma Sok. No:1 Siteler	ALTINDAĞ	ANKARA	+ 90 850 204 01 41
<b>Balgat Branch</b>	Ceyhun Atıf Kansu Cad. No:80 Balgat	ÇANKAYA	ANKARA	+ 90 850 204 01 50
<b>Yıldız Branch</b>	Turan Güneş Bulvarı No:17	ÇANKAYA	ANKARA	+ 90 850 204 01 63
<b>İvedik Branch</b>	İvedik Organize Sanayi Sit. Melih Gökçek Bulvarı Halk Yapı Koop. No:17/22 Ostim	YENİMAHALLE	ANKARA	+ 90 850 204 01 67

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Sincan Branch</b>	Atatürk Mahallesi, Ankara Caddesi, No: 44/A Sincan 06930	SİNCAN	ANKARA	+ 90 850 204 01 91
<b>Ümitköy Branch</b>	Çay Yolu Mahallesi 8.Cadde No: 45	ÇANKAYA	ANKARA	+ 90 850 204 02 26
<b>Gimat Branch</b>	Mehmet Emin Erdoğan İş Merkezi Macun Mahallesi Bağdat Cad. No:93/25-26-27-28	YENİMAHALLE	ANKARA	+ 90 850 204 02 30
<b>Şaşmaz Branch</b>	Bahçekapı Mahallesi, 2488. Cadde. No:4-A	ETİMESGUT	ANKARA	+ 90 850 204 02 39
<b>Etimesgut Branch</b>	İstasyon Mahallesi İstasyon Caddesi Tüzün Sokak No:8/7	ETİMESGUT	ANKARA	+ 90 850 204 02 52
<b>Ankara 4. Kolordu Branch</b>	4. Kolordu Komutanlığı, Samsun Yolu Üzeri,	MAMAK	ANKARA	+ 90 850 204 02 85
<b>Çankaya Ankara Branch</b>	Aziziye Mahallesi, Cinnah Caddesi, No:110/A Çankaya 06000	ÇANKAYA	ANKARA	+ 90 850 204 03 07
<b>Keçiören Branch</b>	Güçlükaya Mahallesi, Kızlar Pınarı Caddesi, No:53/A Keçiören 06310	KEÇİÖREN	ANKARA	+ 90 850 204 03 08
<b>Kazım Karabekir Branch</b>	Kazım Karabekir Caddesi, No:72/9-10-90-91	ALTINDAĞ	ANKARA	+ 90 850 204 03 09
<b>Tunalı Hilmi Branch</b>	Remzi Oğuz Mahallesi, Tunalı Hilmi Caddesi, No:68/A Kavaklıdere	ÇANKAYA	ANKARA	+ 90 850 204 03 11 13
<b>Ankara Zırhlı Birlikler Branch</b>	Zırhlı Birlikler Okulu ve Eğitim Tümen Komutanlığı	ETİMESGUT	ANKARA	+ 90 850 204 03 38
<b>Çetin Emeç Branch</b>	Ehlibeyt Mahallesi, Ceyhun Atuf Kansu Caddesi, No:126/E	ÇANKAYA	ANKARA	+ 90 850 204 03 42
<b>Mithatpaşa Branch</b>	Cumhuriyet Mahallesi, Mithatpaşa Caddesi, No: 28/B	ÇANKAYA	ANKARA	+ 90 850 204 03 44
<b>Başkent Branch</b>	Simon Bolivar Cad. No: 17 06680 Çankaya - ANKARA	ÇANKAYA	ANKARA	+ 90 850 204 03 82
<b>Demetevler Branch</b>	Demet Lale Mahallesi İvedik Cad. 127/B Yenimahalle 06200	YENİMAHALLE	ANKARA	+90 850 204 06 70
<b>Mustafa Kemal Branch</b>	Mustafa Kemal Mahallesi, 2120 Caddesi No:4 A Çankaya 06530	ÇANKAYA	ANKARA	+ 90 850 204 04 26
<b>Ankara Ostim Branch</b>	Ostim Mahallesi 100.Yıl Bulvarı (Sanayi) Ofim İş ve Finans Merkezi No:99/69	YENİMAHALLE	ANKARA	+ 90 850 204 04 53

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Nato Yolu Branch</b>	Tuzluca Yır Mahallesi NATO Yolu Caddesi 294. Sokak No:1/A Mamak 06620	MAMAK	ANKARA	+90 850 204 07 16
<b>Başkent Kurumsal Branch</b>	Simon Bolivar Cad. No:17 Kat:1-2 ÇANKAYA 06680	ÇANKAYA	ANKARA	+ 90 850 204 04 56
<b>İkincisite Branch</b>	Önder Mahallesi Ereğli Caddesi No 19/B Altındağ 06320	ALTINDAĞ	ANKARA	+ 90 850 204 04 74
<b>Söğütözü Branch</b>	Platin Tower Söğütözü Mahallesi Dumlupınar Bulvarı (Eskişehir yolu Üzeri) No:94/G Çankaya 06510	ÇANKAYA	ANKARA	+90 850 204 06 82
<b>Ulucanlar Branch</b>	Kale Mahallesi Ulucanlar Caddesi No:44/A Altındağ 06250	ALTINDAĞ	ANKARA	+ 90 850 204 04 99
<b>Çukurambar Branch</b>	Kızılırmak Mah. Ufuk Üniversitesi Caddesi No: 1/A Çankaya 06530	ÇANKAYA	ANKARA	+ 90 850 204 05 17
<b>İvedik Organize Branch</b>	İvedik Mahallesi 1354. Cadde (Eski 21. Cadde) No:131 Yenimahalle 06378	YENİMAHALLE	ANKARA	+ 90 850 204 05 48
<b>Sincan Çarşı Branch</b>	Atatürk Mahallesi Meltem Sokak No:16/A 06930 Sincan	SİNCAN	ANKARA	+ 90 850 204 05 83
<b>Polatlı Topçu ve Füze Okulu Komutanlığı Branch</b>	İstiklal Mahallesi Refik Cesur Caddesi No:1 Polatlı 06900	POLATLI	ANKARA	+90 850 204 07 01
<b>Ankara Maltepe Branch</b>	POLSAN, Eti Mahallesi Gazi Mustafa Kemal Bulvarı No:50 Maltepe Çankaya 06570	ÇANKAYA	ANKARA	+ 90 850 204 06 16
<b>Dikmen Branch</b>	Ş. Mevlüt Meriç Mahallesi Dikmen Cad. No: 260/15 06460 Dikmen Çankaya	ÇANKAYA	ANKARA	+ 90 850 204 06 27
<b>Polatlı Branch</b>	Cumhuriyet Mahallesi Ankara Caddesi No: 5 Polatlı 06900	POLATLI	ANKARA	+ 90 850 204 06 57
<b>Çubuk Branch</b>	Yıldırım Beyazıt Mahallesi Ankara (1.Kısım) Bulvarı, B Blok Özdemirler Apartmanı No:29 G- H Çubuk 06760	ÇUBUK	ANKARA	+90 850 204 07 61
<b>Antalya Branch</b>	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No:53/A-B Muratpaşa 07010	MURATPAŞA	ANTALYA	+ 90 850 204 00 25
<b>Manavgat Branch</b>	Eski Hisar Mahallesi Demokrasi Bulvarı Öğrekçi Plaza No: 73/Z02-Z03 Manavgat 07600	MANAVGAT	ANTALYA	+ 90 850 204 01 07
<b>Alanya Branch</b>	Atatürk Cad. 42/A Alanya 07400	ALANYA	ANTALYA	+ 90 850 204 01 08
<b>Lara Branch</b>	Yeşilbahçe Mah. Metin Kasapoğlu Cad. Armada Apt. 44/4-5-6	MERKEZ	ANTALYA	+ 90 850 204 01 15

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Üçkapılar Branch</b>	Balbey Mah. Şht. Bnb. Cengiz Toytunç Cad. No:52 Muratpaşa 07040	MURATPAŞA	ANTALYA	+ 90 850 204 01 49
<b>Konyaaltı Branch</b>	Konyaaltı Cad. Sıtkı Göksoy Apt. No:40/5	MERKEZ	ANTALYA	+ 90 850 204 01 72
<b>Alanya Mahmutlar Branch</b>	Mahmutlar Mahallesi Barbaros Caddesi No:98B/A Alanya 07450	ALANYA	ANTALYA	+ 90 850 204 01 73
<b>Kemer Branch</b>	Yeni Mahalle Dörtüol Bulvarı No:25/B	KEMER	ANTALYA	+ 90 850 204 01 74
<b>Antalya Etiler Branch</b>	Etiler Mahallesi 851 Sokak No:2 Muratpaşa 07010	MURATPAŞA	ANTALYA	+ 90 850 204 01 88
<b>Akdeniz Sanayi Branch</b>	Şafak Mah. 5009 Sokak Akdeniz Sanayi Sitesi 36. Blok No:114 Kepez 07224	KEPEZ	ANTALYA	+ 90 850 204 02 04
<b>Güllük Branch</b>	Altındağ Mahallesi Güllük Caddesi No:99 Muratpaşa 07050	MURATPAŞA	ANTALYA	+ 90 850 204 02 56
<b>Uncalı Branch</b>	Uncalı Mahallesi Uncalı Caddesi No:63 Konyaaltı 07070	UNCALI	ANTALYA	+ 90 850 204 02 75
<b>Aspendos Kurumsal Branch</b>	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No:53/A-B Asma Kat Muratpaşa 07010	MURATPAŞA	ANTALYA	+ 90 850 204 02 82
<b>Fener Branch</b>	Çağlayan Mahallesi Barınaklar Bulvarı A. Atmaca Apt. B Blok No:3/A-B Muratpaşa 07230	MURATPAŞA	ANTALYA	+ 90 850 204 02 93
<b>Antalya Toptancı Hali Branch</b>	Güneş Mahallesi Yeni Toptancı Hal Kompleksi B2/1 Blok No:1 Kepez 07260	KEPEZ	ANTALYA	+ 90 850 204 03 18
<b>Serik Branch</b>	Yeni Mahalle, Hürriyet Caddesi No:6-8	SERİK	ANTALYA	+ 90 850 204 03 30
<b>Kumluca Branch</b>	Merkez Mahallesi Gödene Cad. No:18 Kumluca 07350	KUMLUCA	ANTALYA	+ 90 850 204 03 31
<b>Yeniköy Antalya Branch</b>	Yeniköy Mahallesi, Atatürk Caddesi, No:476 Döşemealtı	DÖŞEMEALTI	ANTALYA	+ 90 850 204 03 53
<b>Antalya Muratpaşa Branch</b>	Tahıl pazarı Mah. Şarmpol Cad. Ömer Melli İş Hanı No:86A Muratpaşa 07040	MURATPAŞA	ANTALYA	+ 90 850 204 03 87
<b>Şirinyalı Branch</b>	Şirinyalı Mahallesi İsmet Gökşen Caddesi No:80/1 Muratpaşa 07160	MURATPAŞA	ANTALYA	+ 90 850 204 04 62
<b>Manavgat Çarşı Branch</b>	Yukarı Hisar Mahallesi Antalya Caddesi No:54A Manavgat 07600	MANAVGAT	ANTALYA	+ 90 850 204 04 78



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Antalya Sanayi Branch</b>	Yükseliş Mahallesi Gazi Bulvarı No:123/1 Kepez 07025	KEPEZ	ANTALYA	+ 90 850 204 05 60
<b>Alanya Sanayi Branch</b>	Cumhuriyet Mah. Sanayi Girişi No:326 / A 07400 Alanya	ALANYA	ANTALYA	+ 90 850 204 06 04
<b>Aspendos Bulvarı Branch</b>	Aspendos Bulvarı A Blok No:76/2 Asma Kat Muratpaşa Merkez 07200	MERKEZ	ANTALYA	+ 90 850 204 06 41
<b>Kepez Branch</b>	Teomanpaşa Mahallesi Yeşilirmak Caddesi 34/2 Kepez 07260	KEPEZ	ANTALYA	+ 90 850 204 07 04
<b>Akdeniz Üniversitesi Branch</b>	Akdeniz Üniversitesi Dumlupınar Bulvarı Olbia Çarşısı Kampüs Konyaaltı 07058	KONYAALTI	ANTALYA	+90 850 204 07 32
<b>Kalkan Branch</b>	Kalkan Mahallesi Milli Egemenlik Caddesi No:1 Daire 1-2 Kaş 07960	KAŞ	ANTALYA	+90 850 204 07 44
<b>Hopa Branch</b>	Merkez Kuledibi Mahallesi Cumhuriyet Meydanı No:1/A Hopa 08600	HOPA	ARTVİN	+ 90 850 204 02 90
<b>Aydın Branch</b>	Kurtuluş Mah. Adnan Menderes Bulvarı 40/B-C Efeler 09020	EFELER	AYDIN	+ 90 850 204 00 75
<b>Didim Branch</b>	Atatürk Bulvarı, No:113/A	DİDİM	AYDIN	+ 90 850 204 01 54
<b>Nazilli Branch</b>	Altıntaş Mahallesi, 129 Sokak, No:2	NAZİLLİ	AYDIN	+ 90 850 204 03 21
<b>Kuşadası Branch</b>	İsmet İnönü Bulvarı No: 59 09400 Kuşadası	KUŞADASI	AYDIN	+ 90 850 204 04 77
<b>Aydın Çarşı Branch</b>	Hasan Efendi - Ramazan Paşa Mah. Hükümet Bulvarı No: 17/1 Efeler 09110	EFELER	AYDIN	+ 90 850 204 05 12
<b>Söke Branch</b>	Konak Mahallesi Aydın Caddesi No:19 Söke 09200	SÖKE	AYDIN	+ 90 850 204 06 59
<b>Çine Branch</b>	Hamidabat Mahallesi Mehmet Yavaş Caddesi TN:20 No:111/A Çine 09500	ÇİNE	AYDIN	+90 850 204 07 35
<b>Balıkesir Branch</b>	Hisariçi Mahallesi Örücüler Caddesi No:14/C Merkez 10100	MERKEZ	BALIKESİR	+ 90 850 204 00 77
<b>Edremit Branch</b>	Cumhuriyet Meydanı Cumhuriyet Plaza No:1/C Zemin Kat Edremit 10300	EDREMIT	BALIKESİR	+ 90 850 204 01 90
<b>Bandırma Branch</b>	İnönü Caddesi, No:68/A	BANDIRMA	BALIKESİR	+ 90 850 204 03 51

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Balıkesir Çarşı Branch</b>	Altıeylül Mahallesi, Anafartalar Caddesi No:25/B Altıeylül 10100	ALTİEYLÜL	BALIKESİR	+ 90 850 204 04 98
<b>Gönen Branch</b>	Akçaali Mahallesi Atatürk Caddesi No: 27 Gönen 10900	GÖNEN	BALIKESİR	+ 90 850 204 06 60
<b>Ayvalık Branch</b>	İsmetpaşa Mahallesi Atatürk Bulvarı Caddesi No:109 Ayvalık 10400	AYVALIK	BALIKESİR	+90 850 204 07 14
<b>Bartın Branch</b>	Kırtepe Mahallesi Hamam Caddesi No: 5 Merkez 74100	MERKEZ	BARTIN	+ 90 850 204 06 77
<b>Batman Branch</b>	Gap Mahallesi, Turgut Özal Bulvarı Babil Plaza No: 316 E-F Merkez 72070	MERKEZ	BATMAN	+ 90 850 204 03 28
<b>Batman Çarşı Branch</b>	Gap Mahallesi, Turgut Özal Bulvarı Babil Plaza No: 316 E-F 1. Kat Merkez 72070	MERKEZ	BATMAN	+ 90 850 204 06 20
<b>Bozüyük Branch</b>	Yeni Mahalle İsmet İnönü Caddesi No: 67 Bozüyük 11300	BOZÜYÜK	BİLECİK	+90 850 204 06 86
<b>Tatvan Branch</b>	Tuğ Mahallesi Cumhuriyet Caddesi No: 156 Tatvan 13200 BİTLİS	TATVAN	BİTLİS	+90 850 204 06 81
<b>Bolu Branch</b>	Aktaş Mah.İzzet Baysal Cad. No: 114	MERKEZ	BOLU	+ 90 850 204 01 42
<b>Burdur Branch</b>	Özgür Mahallesi, Gazi Caddesi,No: 88	MERKEZ	BURDUR	+ 90 850 204 02 73
<b>Bucak Branch</b>	Oğuzhan Mah. Cumhuriyet Cad. No: 20/A	BUCAK	BURDUR	+ 90 850 204 03 47
<b>Bursa Branch</b>	Doğanbey Mahallesi, Fevzi Çakmak Caddesi, No: 52/B Osmangazi	OSMANGAZİ	BURSA	+ 90 850 204 00 17
<b>Marmara Kurumsal Branch</b>	23 Nisan Mahallesi, 75.Yıl Caddesi, No: 5A/15 Durmazlar İş Merkezi Nilüfer 16120	NİLÜFER	BURSA	+ 90 850 204 00 58
<b>Bursa Serbest Bölge Branch</b>	Ata Mah. Serbest Bölge Orkide Cad. No:13/1 Gemlik 16600	GEMLİK	BURSA	+ 90 850 204 00 65
<b>Nilüfer Branch</b>	İhsaniye Mahallesi İzmir Yolu Caddesi No: 118 A Nilüfer 16130	NİLÜFER	BURSA	+ 90 850 204 01 03
<b>Beşevler Sanayi Branch</b>	Üçevler Mahallesi Nilüfer Cad 4 Nilüfer 16130	NİLÜFER	BURSA	+ 90 850 204 01 20
<b>Heykel Branch</b>	Bursa Selçuk Hatun Mah. Ressam Şefik Bursalı Cad. No: 5 Heykel	OSMANGAZİ	BURSA	+ 90 850 204 01 51

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Gazcılar Branch</b>	Hacı İlyas Mah. Celal Bayar Cad. Cüneyt Apt. No:35/11	OSMANGAZİ	BURSA	+ 90 850 204 01 62
<b>Garajlar Branch</b>	Bahar Mahallesi, Ulubatlı Hasan Bulvarı, A Blok No:61C Osmangazi 16240	OSMANGAZİ	BURSA	+ 90 850 204 01 65
<b>Gemlik Branch</b>	Hamidiye Mahallesi, İstiklal Caddesi, No: 31	GEMLİK	BURSA	+ 90 850 204 01 93
<b>İnegöl Branch</b>	Sinanbey Mahallesi, Nuri Doğrul Caddesi, No:19 İnegöl 16400	İNEGÖL	BURSA	+ 90 850 204 02 66
<b>Bursa Oto Sanayi Sitesi Branch</b>	Ankara Yolu 7. Km, Otosansit Sitesi, Yıldırım Beyazıt Bulvarı, İdari Bina, No:4-5-17-18	YILDIRIM	BURSA	+ 90 850 204 02 72
<b>Yıldırım Branch</b>	Duaçınarı Mahallesi, Ankara Caddesi, No:153/A	YILDIRIM	BURSA	+ 90 850 204 02 80
<b>Karacabey Branch</b>	Tavşanlı Mahallesi Bursa Caddesi Necmi Akkuş Sitesi No:31 A/5 Karacabey 16700	KARACABEY	BURSA	+ 90 850 204 02 91
<b>Hürriyet Branch</b>	İstiklal Mahallesi, Park Sokak, No:2	OSMANGAZİ	BURSA	+ 90 850 204 02 97
<b>Demirtaş Branch</b>	Panayır Mahallesi, Yeni Yalova Yolu Caddesi, No:455/F	OSMANGAZİ	BURSA	+ 90 850 204 02 98
<b>Kestel Branch</b>	Ahmet Vefik Paşa Mahallesi, Gazi Caddesi, No:6/A	KESTEL	BURSA	+ 90 850 204 03 15
<b>Altıparmak Branch</b>	Cemal Nadir Caddesi, No:47, Kat:1 Altıparmak	OSMANGAZİ	BURSA	+ 90 850 204 03 63
<b>Orhangazi Branch</b>	Muradiye Mahallesi, Turist Yolu Caddesi, No: 51	ORHANGAZİ	BURSA	+ 90 850 204 03 69
<b>Bursa Organize Sanayi Branch</b>	Organize San.Bölgesi, Ali Osman Sönmez Bulv. Bankalar Cad. 16159 Nilüfer	NİLÜFER	BURSA	+ 90 850 204 03 84
<b>Demirtaş Organize Sanayi Branch</b>	Demirtaş Organize Sanayi Bölgesi Mustafa Karaer Cad. No:18 Osmangazi 16245	OSMANGAZİ	BURSA	+ 90 850 204 04 57
<b>Bursa Çekirge Branch</b>	Çekirge Mahallesi Çekirge Caddesi Batıca - Bintaş Apartmanı No:153 A Osmangazi 16070	OSMANGAZİ	BURSA	+ 90 850 204 04 65
<b>Bursa Atatürk Caddesi Branch</b>	Atatürk Caddesi No: 48 16020 Heykel - Osmangazi	OSMANGAZİ	BURSA	+ 90 850 204 05 32
<b>Özlüce Branch</b>	Ertuğrul Mahallesi, Ahmet Taner Kışlalı Caddesi No:36-A/B - 36-A/C Nilüfer 16110	NİLÜFER	BURSA	+ 90 850 204 05 79

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Bursa Cumhuriyet Caddesi Branch</b>	Tuzpazarı Mah. Cumhuriyet Caddesi No:114 Osmangazi 16020	OSMANGAZİ	BURSA	+ 90 850 204 05 87
<b>Bursa Yenişehir Branch</b>	Ulucami Mahallesi Belediye Meydanı Sokak No:15 Yenişehir 16900	YENİŞEHİR	BURSA	+90 850 204 07 26
<b>Çanakkale Branch</b>	Kemalpaşa Mah.Çarşı Cad. No:113	MERKEZ	ÇANAKKALE	+ 90 850 204 01 85
<b>Biga Branch</b>	İstiklal Cad. No:39	BİGA	ÇANAKKALE	+ 90 850 204 02 77
<b>Çanakkale Anafartalar Branch</b>	İsmetpaşa Mahallesi Demircioğlu Caddesi No:24 Merkez 17000 e	MERKEZ	ÇANAKKALE	+ 90 850 204 05 34
<b>Bayramiç Branch</b>	Camicedit Mahallesi Atatürk Caddesi no:22 A Bayramiç 17700	BAYRAMIÇ	ÇANAKKALE	+90 850 204 07 27
<b>Çankırı Branch</b>	Yunus AVM Buğday Pazarı Mahallesi Çarşamba Pazarı Caddesi No:4/B116-Z118-Z119 Merkez	MERKEZ	ÇANKIRI	+90 850 204 06 73
<b>Çorum Branch</b>	Çepni Mah. İnönü Cad. No:4 Merkez 19040	MERKEZ	ÇORUM	+ 90 850 204 01 44
<b>Çorum İnönü Caddesi Branch</b>	İNÖNÜ Caddesi No:55/B Merkez 19100	MERKEZ	ÇORUM	+ 90 850 204 04 88
<b>Denizli Branch</b>	Saraylar Mahallesi İzmir Bulvarı No:57 Merkez 20100	MERKEZ	DENİZLİ	+ 90 850 204 00 19
<b>Bayramyeri Branch</b>	Enver Paşa Caddesi, No:26	MERKEZ	DENİZLİ	+ 90 850 204 00 98
<b>Çınar Branch</b>	15 Mayıs Mahallesi Gazi Mustafa Kemal Bulvarı No:145/B Pamukkale 20150	PAMUKKALE	DENİZLİ	+ 90 850 204 01 99
<b>Denizli Saraylar Branch</b>	Saraylar Mahallesi 459 Sokak No: 7 / 9 20100	MERKEZ	DENİZLİ	+ 90 850 204 03 88
<b>Denizli Sanayi Branch</b>	Saraylar Mahallesi Ahi Sinan Caddesi No:36/A Merkezefendi 20010	MERKEZEFENDİ	DENİZLİ	+ 90 850 204 05 51
<b>Denizli Çivril Branch</b>	Çatlar Mahallesi Cumhuriyet Caddesi No:3 Çivril 20600	ÇİVRİL	DENİZLİ	+90 850 204 06 84
<b>Acıpayam Branch</b>	Yukarı Mahalle Çarşı Caddesi No:8/A Acıpayam 20800	ACIPAYAM	DENİZLİ	+90 850 204 07 42
<b>Diyarbakır Branch</b>	Peyas Mahallesi, Urfa Caddesi, Azizoğlu Sitesi, A Blok, Zemin Kat, No:98/32	MERKEZ	DİYARBAKIR	+ 90 850 204 01 28

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Ofis Branch</b>	Kooperatifler Mahallesi Akkoyunlu Bulvarı No: 19/B Yenişehir 21100	YENİŞEHİR	DİYARBAKIR	+ 90 850 204 03 03
<b>Diyarbakır Sur Branch</b>	Bağcılar Mahallesi, Urfa Bulvarı, Baran Plaza No:217/1 Bağlar 21050	BAĞLAR	DİYARBAKIR	+ 90 850 204 04 80
<b>Diyarbakır Kayapınar Branch</b>	Selahattin Eyyubi Mahallesi Turgut Özal Bulvarı Yıldem Yapı Sitesi B Blok No:74/A Bağlar 21080	BAĞLAR	DİYARBAKIR	+ 90 850 204 05 99
<b>Düzce Branch</b>	Camikebir Mahallesi, İstanbul Caddesi No:13/B	MERKEZ	DÜZCE	+ 90 850 204 02 87
<b>Edirne Branch</b>	Mithatpaşa Mahallesi Talatpaşa Caddesi No:155 Merkez 22100	MERKEZ	EDİRNE	+ 90 850 204 02 13
<b>Keşan Branch</b>	Büyük Cami Mahallesi, Cumhuriyet Meydanı, No:13	KEŞAN	EDİRNE	+ 90 850 204 02 94
<b>Uzunköprü Branch</b>	Muradiye Camii Mahallesi Cumhuriyet Caddesi No:1-A Uzunköprü 22300	UZUNKÖPRÜ	EDİRNE	+90 850 204 06 93
<b>Trakya Üniversitesi Branch</b>	Kocasinan Mahallesi E5 Karayolu Caddesi No:76/13 İç Kapı: 2 Merkez 22030	MERKEZ	EDİRNE	+90 850 204 07 45
<b>Elazığ Branch</b>	Hürriyet Cad. Mehmet Arslan İş Merkezi No:35/A Merkez 23200	MERKEZ	ELAZIĞ	+ 90 850 204 01 61
<b>Elazığ Hürriyet Caddesi Branch</b>	İcadiye Mahallesi Hürriyet Caddesi No: 25 23200	MERKEZ	ELAZIĞ	+ 90 850 204 06 02
<b>Erzincan Branch</b>	Atatürk Mahallesi, Nerim Tombul Caddesi, No:12/Z2-Z3 Merkez 24002	MERKEZ	ERZİNCAN	+90 850 204 03 16
<b>Erzurum Branch</b>	Lalapaşa Mahallesi Orhan Şerifsoy Caddesi No:27/B Yakutiye 25100	YAKUTİYE	ERZURUM	+ 90 850 204 01 48
<b>Erzurum Cumhuriyet Branch</b>	Yukarı Mumcu Mahallesi Cumhuriyet Caddesi No:29/B Merkez 25200	MERKEZ	ERZURUM	+ 90 850 204 06 07
<b>Eskişehir Branch</b>	İki Eylül Cad. Başan Sokak No:2	MERKEZ	ESKİŞEHİR	+ 90 850 204 00 41
<b>Teksan Branch</b>	Teksan Sanayi Sitesi Ankara Karayolu 10.Km. İdari Bina	MERKEZ	ESKİŞEHİR	+ 90 850 204 01 84
<b>Sakarya Caddesi Branch</b>	Cumhuriyet Mahallesi, Sakarya-1 Caddesi, No:37	MERKEZ	ESKİŞEHİR	+ 90 850 204 02 27
<b>Eskişehir İki Eylül Caddesi Branch</b>	İstiklal Mah. İki Eylül Cad. No: 50/B Odunpazarı 26010	ODUNPAZARI	ESKİŞEHİR	+ 90 850 204 04 13

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Eskişehir Bağlar Branch</b>	Yenibağlar Mahallesi Üniversite Caddesi 106/A Tepebaşı 26170	TEPEBAŞI	ESKİŞEHİR	+ 90 850 204 05 67
<b>Gaziantep Branch</b>	İncili Pınar Mah. Muammer Aksoy Bulvarı Dünya İş Merkezi 34/2	ŞEHİTKAMİL	GAZİANTEP	+ 90 850 204 00 28
<b>Şehitkamil Gaziantep Branch</b>	Budak Mahallesi Gazi Muhtarpaşa Bulvarı No:44/D Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	+ 90 850 204 00 97
<b>Suburcu Branch</b>	Çukur Mahallesi Suburcu Caddesi No: 11/A Şahinbey 27400	ŞAHİNBEY	GAZİANTEP	+ 90 850 204 01 96
<b>Şirehanı Branch</b>	İsmetpaşa Mahallesi, İnönü Caddesi, No:217/7 Şahinbey 27010	ŞAHİNBEY	GAZİANTEP	+ 90 850 204 03 37
<b>Güneydoğu Anadolu Kurumsal Branch</b>	Mücahitler Mah. Gazi Muhtarpaşa Bulvarı No:48 Kat: 6 A Kısım Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	+ 90 850 204 03 58
<b>Gaziantep İncilipınar Branch</b>	Değirmiş Mahallesi Gazi Muhtar Paşa Bulvarı No:13 A Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	+ 90 850 204 04 09
<b>Gazimağusa Branch</b>	İsmet İnönü Bulvarı, No:43 Sakarya	-	GAZİMAĞUSA / KKTC	+ 90 392 365 59 20
<b>Giresun Branch</b>	Şeyhkeramettin Mahallesi Gazi Caddesi No:2 Merkez 28200	MERKEZ	GİRESUN	+ 90 850 204 02 70
<b>Girne Branch</b>	Bedrettin Demirel Caddesi, No:12/12B	-	GİRNE / KKTC	+ 90 392 815 85 10
<b>Antakya Branch</b>	Yavuz Selim Cad. 5. Mıntıka Zühtüye Ökten Çarşısı No:1-2 Antakya Merkez 31100	MERKEZ	HATAY	+ 90 850 204 00 73
<b>İskenderun Branch</b>	Çay Mahallesi, Atatürk Bulvarı, No:25/1-2	İSKENDERUN	HATAY	+ 90 850 204 00 85
<b>Iğdır Branch</b>	Cumhuriyet Mahallesi İbrahim Bozyel Caddesi No:5/A Merkez 76000	MERKEZ	IĞDIR	+90 850 204 06 78
<b>Isparta Branch</b>	Pirimehmet Mahallesi, Süleyman Demirel Bulvarı, No:67/A	MERKEZ	ISPARTA	+ 90 850 204 02 43
<b>İstanbul Kurumsal Branch</b>	Gayrettepe Mahallesi Yener Sokak No:1 Kat:1/A Beşiktaş 34349	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 00 12
<b>Osmanbey Branch</b>	Cumhuriyet Mah. Halaskargazi Cad. No:103B Şişli 34380	ŞİŞLİ	İSTANBUL	+ 90 850 204 00 13
<b>Bakırköy Branch</b>	Cevizlik Mah, İstanbul Cad, No:24 Bakırköy 34142	BAKIRKÖY	İSTANBUL	+ 90 850 204 00 14

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Suadiye Branch</b>	Bağdat Cad. German Apt. 456 Suadiye	KADIKÖY	İSTANBUL	+ 90 850 204 00 15
<b>Etiler Branch</b>	Etiler Mahallesi Nispetiye Cad. No:97 Kat:1 Beşiktaş 34337	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 00 16
<b>Kozyatağı Kurumsal Branch</b>	Değirmen Sokak Nida Kule No:18 Kat:3 Kozyatağı Kadıköy 34710	KADIKÖY	İSTANBUL	+ 90 850 204 00 18
<b>Bayrampaşa Branch</b>	Yenidoğan Mah. Abdi İpekçi Cad. No:47	BAYRAMPAŞA	İSTANBUL	+ 90 850 204 00 22
<b>Eminönü Branch</b>	Hobyar Mahallesi, Vakıf Hanı Sokak, No:8 Fatih 34112	FATİH	İSTANBUL	+ 90 850 204 00 29
<b>Merter Branch</b>	Osmaniye Mahallesi, Keresteciler Sitesi, Fatih Caddesi, No:21	GÜNGÖREN	İSTANBUL	+ 90 850 204 00 32
<b>Pendik E-5 Branch</b>	Çınardere Mahallesi, E5 Yanyolu Caddesi, No:85 Pendik 34896	PENDİK	İSTANBUL	+ 90 850 204 00 37
<b>Güneşli Branch</b>	Evren Mah. Koçman Cad. No:36/B Bağcılar 34212	BAĞCILAR	İSTANBUL	+ 90 850 204 00 39
<b>Kalamış Branch</b>	Faruk Ayanoğlu Cad. Barış Apt. 19/1-2 Fenerbahçe	KADIKÖY	İSTANBUL	+ 90 850 204 00 42
<b>Ümraniye Branch</b>	Alemdağ Cad. 194/2	ÜMRANIYE	İSTANBUL	+ 90 850 204 00 43
<b>Maçka Branch</b>	Harbiye Mah. Kadırgalar Cad. No:13A Şişli 34367	ŞİŞLİ	İSTANBUL	+ 90 850 204 00 45
<b>Beylikdüzü Branch</b>	Beylikdüzü OSB Mah. Açelya Cad. No:1/8 Beylikdüzü 34524	BEYLİKDÜZÜ	İSTANBUL	+ 90 850 204 00 47
<b>Bebek Branch</b>	Cevdet Paşa Caddesi, No:55 Bebek	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 00 48
<b>4. Levent Branch</b>	Emniyet Evleri Mahallesi Eski Büyükdere Caddesi No:11/A Kağıthane 34415	KAĞITHANE	İSTANBUL	+ 90 850 204 00 49
<b>Yeşilköy Branch</b>	İstasyon Caddesi Orhan Gazi Sok. No:1 Zemin Kat Kısım A Yeşilköy Bakırköy 34801	BAKIRKÖY	İSTANBUL	+ 90 850 204 00 54
<b>Trakya Kurumsal Branch</b>	Nur Yıldız Plaza Evren Mahallesi Gülbahar Caddesi No:7A Kat:5 Güneşli/Bağcılar 34212	BAĞCILAR	İSTANBUL	+ 90 850 204 00 55
<b>Kozyatağı Branch</b>	Atatürk Cad. Akdeniz Sitesi, A1 Blok, 1-2-3 Sahrayıcedit, Erenköy	KADIKÖY	İSTANBUL	+ 90 850 204 00 56

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>İkitelli Branch</b>	İkitelli Organize Sanayi Bölgesi Atatürk Bulvarı, No: 107/8 İkitelli	KÜÇÜKÇEKMECE	İSTANBUL	+ 90 850 204 00 60
<b>İmes Sanayi Sitesi Branch</b>	İmes Sanayi Sitesi C Blok 301/3 Yukarı Dudullu	ÜMRANIYE	İSTANBUL	+ 90 850 204 00 61
<b>Mecidiyeköy Branch</b>	Büyükdere Cad. 103/1 Mecidiyeköy	ŞİŞLİ	İSTANBUL	+ 90 850 204 00 64
<b>Özel Bankacılık Merkezi Branch</b>	Nispetiye Cad. Dilhayat Sok. No:8 Zemin Kat Etiler	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 00 70
<b>Aksaray İstanbul Branch</b>	Aksaray Mahallesi Turgut Özal Millet Caddesi No:5A Fatih 34096	FATİH	İSTANBUL	+ 90 850 204 00 72
<b>Avcılar Branch</b>	Mustafa Kemal Paşa Mahallesi Firuzköy Bulvarı No:115A Avcılar 34320	AVCILAR	İSTANBUL	+ 90 850 204 00 74
<b>Bahçeşehir Branch</b>	Bahçeşehir 2. Kısım Mahallesi Süzer Bulvarı No:13 Başakşehir 34488	BAŞAKŞEHİR	İSTANBUL	+ 90 850 204 00 76
<b>Beşiktaş Branch</b>	Ortabahçe Cad.No:2	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 00 78
<b>Beşüzevler Branch</b>	Barbaros Hayrettin Paşa Mah. Eski Edirne Asfaltı Cad. No:224B Gaziosmanpaşa 34520	GAZİOSMANPAŞA	İSTANBUL	+ 90 850 204 00 79
<b>Altıyol Branch</b>	Söğütlüçeşme Caddesi No:124/126 A	KADIKÖY	İSTANBUL	+ 90 850 204 00 87
<b>Zeytinburnu Branch</b>	Prof. Muammer Aksoy Cad. No:85	ZEYTİNBURNU	İSTANBUL	+ 90 850 204 00 93
<b>Altunizade Branch</b>	Kısıklı Cad. No:19 Altunizade	ÜSKÜDAR	İSTANBUL	+ 90 850 204 00 95
<b>Davutpaşa Branch</b>	Maltepe Mah. Davutpaşa Cad. No:101 DK:230-231-232-352 Topkapı Zeytinburnu 34010 İstanbul	ZEYTİNBURNU	İSTANBUL	+ 90 850 204 00 96
<b>İDO Yenikapı Terminali Branch</b>	Kennedy Cad. Yenikapı Hızlı Feribot İskelesi Fatih 34130 İstanbul	FATİH	İSTANBUL	
<b>Caddebostan Branch</b>	Bağdat Cad. No: 273 Göztepe	KADIKÖY	İSTANBUL	+ 90 850 204 01 10
<b>Kazasker Branch</b>	Şemsettin Günaltay Cad. No:109/A Erenköy	KADIKÖY	İSTANBUL	+ 90 850 204 01 11
<b>Levent Çarşı Branch</b>	Çarşı Caddesi No:22 1.Levent	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 01 12



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Hadımköy Branch</b>	Akçaburgaz 5.Bölge San 1 Bulvarı 109 Hadımköy	BÜYÜKÇEKMECE	İSTANBUL	+ 90 850 204 01 19
<b>Maltepe İstanbul Branch</b>	Bağlarbaşı Mahallesi, Bağdat Caddesi, No:477	MALTEPE	İSTANBUL	+ 90 850 204 01 21
<b>Sefaköy Branch</b>	Kartaltepe Mahallesi Çarşı Sokak No:1 / Z-1 Küçükçekmece 34295 L	KÜÇÜKÇEKMECE	İSTANBUL	+ 90 850 204 01 22
<b>Beyazıt Branch</b>	Mimar Hayrettin Mahallesi Yeniçeriler Caddesi No:31 K:1 Eminönü Fatih 34126	FATİH	İSTANBUL	+ 90 850 204 01 23
<b>Ortaklar Caddesi Branch</b>	Büyükdere Cad. 60/A Mecidiyeköy Şişli 34387	ŞİŞLİ	İSTANBUL	+ 90 850 204 01 25
<b>Güneşli Tahsilat Veznesi Branch</b>	Yalçın Koreş Cad. No:20 Yenibosna	BAĞCILAR	İSTANBUL	+ 90 212 515 52 46
<b>Perpa Branch</b>	Okmeydanı Mah.Perpa Ticaret Merkezi A Blok 922 Kat:7/8/9	ŞİŞLİ	İSTANBUL	+ 90 850 204 01 27
<b>Maslak Branch</b>	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No:14/A Sarıyer 34468	SARIYER	İSTANBUL	+ 90 850 204 01 29
<b>Ortaköy Branch</b>	Yıldız Mahallesi, Çırağan Caddesi, No:97 Ortaköy	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 01 30
<b>Pendik Branch</b>	Batı Mah. Ankara Cad. No:102	PENDİK	İSTANBUL	+ 90 850 204 01 31
<b>Üsküdar Branch</b>	Aziz Mahmut Hüdayi Mah. Hakimiyeti Milliye Cad. No: 50 Kat:1 Üsküdar 34672 I	ÜSKÜDAR	İSTANBUL	+ 90 850 204 01 32
<b>Çiftelhavuzlar Branch</b>	Bağdat Cad. Aziz Kaya İş Merkezi No: 193/A Zemin Kat A Kısım Çiftelhavuzlar Kadıköy 34730	KADIKÖY	İSTANBUL	+ 90 850 204 01 34
<b>Kadıköy Rıhtım Branch</b>	Caferağa Mah. Mühürdar Cad. No:22 Kat 1 Kadıköy 34710	KADIKÖY	İSTANBUL	+ 90 850 204 04 52
<b>Karaköy Branch</b>	Bereketzade Mah.Bankalar Cad. No:28B Kat:3-4 Beyoğlu 34420	BEYOĞLU	İSTANBUL	+ 90 850 204 01 39
<b>Kartal Çarşı Branch</b>	Ankara Cad. Şimşek Han No: 82 Zemin Kat	KARTAL	İSTANBUL	+ 90 850 204 01 40
<b>Çekmeköy Branch</b>	Madenler Mahallesi Serencebey Cad. No:58A Ümraniye 34776	ÜMRANİYE	İSTANBUL	+ 90 850 204 01 43
<b>Göztepe İstanbul Branch</b>	Göztepe Mahallesi Tütüncü Mehmet Efendi Caddesi No:93/A Göztepe Kadıköy 34730	KADIKÖY	İSTANBUL	+ 90 850 204 01 46

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Tahtakale Branch</b>	Tahtakale Mah. Tahtakale Cad. No:55 Fatih 34116	FATİH	İSTANBUL	+ 90 850 204 01 47
<b>İçerenköy Branch</b>	İçerenköy Mah. Çayır Cad. Özce Center İş Merkezi No:3A/1 Ataşehir 34752	ATAŞEHİR	İSTANBUL	+ 90 850 204 01 52
<b>Kavacık Branch</b>	Çubuklu Mahallesi, Orhan Veli Kanık Caddesi No:81/B	BEYKOZ	İSTANBUL	+ 90 850 204 01 55
<b>Çağlayan Branch</b>	Çağlayan Mahallesi, Kağıthane Caddesi, No:141/D Kağıthane 34403	KAĞITHANE	İSTANBUL	+ 90 850 204 01 57
<b>Bağcılar Branch</b>	İstanbul Cad. No:12/B	BAĞCILAR	İSTANBUL	+ 90 850 204 01 76
<b>Topçular Branch</b>	Rami Kışla Cad.Koçbay İş Merkezi No:25/B 7-8 Topçular	EYÜP	İSTANBUL	+ 90 850 204 01 78
<b>Des Sanayi Branch</b>	Dudullu Organize Sanayi Bölgesi DES Sanayi Sitesi 1.Cadde No: 3/4 Ümraniye 34775	ÜMRANİYE	İSTANBUL	+ 90 850 204 01 79
<b>Mega Center Branch</b>	Kocatepe Mahallesi Yağ İskelesi Caddesi Mega Center C.51 Blok No:25/A Bayrampaşa 34045	BAYRAMPAŞA	İSTANBUL	+ 90 850 204 01 80
<b>Acıbadem Branch</b>	Acıbadem Caddesi, No:164/4	ÜSKÜDAR	İSTANBUL	+ 90 850 204 01 83
<b>Gaziosmanpaşa İstanbul Branch</b>	Merkez Mahallesi Eyüp Yolu No:4 Gaziosmanpaşa 34245	GAZİOSMANPAŞA	İSTANBUL	+ 90 850 204 01 86
<b>Kurtköy Branch</b>	Şeyhli Mahallesi Ankara Caddesi No:217 A Pendik 34890	PENDİK	İSTANBUL	+ 90 850 204 01 87
<b>Büyükçekmece Branch</b>	19 Mayıs Mahallesi Nutuk Caddesi No:48A/1 Büyükçekmece 34500	BÜYÜKÇEKMECE	İSTANBUL	+ 90 850 204 01 89
<b>Sultanbeyli Branch</b>	Mehmet Akif Mahallesi Fatih Bulvarı No:244/B Sultanbeyli 34920	SULTANBEYLİ	İSTANBUL	+ 90 850 204 01 94
<b>İstoç Branch</b>	Mahmutbey Mahallesi 17. Yol Sokak No: 132/A İSTOÇ Bağcılar 34218	BAĞCILAR	İSTANBUL	+ 90 850 204 01 97
<b>Sarıyer Branch</b>	Sarıyer Merkez Mahallesi, Yeni Mahalle Cad. No:19	SARIYER	İSTANBUL	+ 90 850 204 02 01
<b>Florya Branch</b>	Şenlik Mah. Florya Asfaltı No:86 Zemin Kat Kısım A Florya Bakırköy 34153	BAKIRKÖY	İSTANBUL	+ 90 850 204 02 02
<b>Santral Bilgi Branch</b>	Eski Silahtarağa Elektrik Santrali Kazım Karabekir Cad. No: 2/13 Eyüp 34060	EYÜP	İSTANBUL	

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Kurtuluş Branch</b>	Feriköy Mahallesi, Kurtuluş Caddesi, No:126A	ŞİŞLİ	İSTANBUL	+ 90 850 204 02 09
<b>Laleli Branch</b>	Mimar Kemalettin Mahallesi Mesih Paşa Cad. No:54 Daire:1 Laleli Fatih 34130	FATİH	İSTANBUL	+ 90 850 204 02 10
<b>Bankalar Caddesi Branch</b>	Bereketzade Mah. Bankalar Cad. No:28B	BEYOĞLU	İSTANBUL	+ 90 850 204 02 12
<b>Gültepe Branch</b>	Ortabayır Mahallesi Talatpaşa Caddesi No:82 C Gültepe Kağıthane 34410	KAĞITHANE	İSTANBUL	+ 90 850 204 02 14
<b>Tuzla OSB Branch</b>	Tuzla Mermerciler Organize Sanayi Bölgesi 5.Sokak No:2 Tuzla 34953	TUZLA	İSTANBUL	+ 90 850 204 02 18
<b>Valikonağı Branch</b>	Teşvikiye Mahallesi, Valikonağı Caddesi, No:66 Şişli 34365	ŞİŞLİ	İSTANBUL	+ 90 850 204 02 19
<b>İstanbul Ulus Branch</b>	Adnan Saygun Cad.Konak Yüksel Apt.No:32/1 - 34/1 Ulus	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 02 20
<b>Demirciler Sitesi Branch</b>	Merkezefendi Mah. Demirciler Sit. 3. Cad. No:36 Zeytinburnu 34015	ZEYTİNBURNU	İSTANBUL	+ 90 850 204 02 21
<b>Avcılar Borusan Branch</b>	Firuzköy Yolu, No:21, Borusan Oto	AVCILAR	İSTANBUL	+ 90 212 412 02 48
<b>Tümsan Sanayi Sitesi Branch</b>	İkitelli Organize Sanayi Bölgesi, Atatürk Bulvarı, Tümsan 1. Kısım Sanayi Sitesi, 3. Blok, No: 1-2 İkitelli	BAŞAKŞEHİR	İSTANBUL	+ 90 850 204 02 23
<b>İmsan Branch</b>	İkitelli Caddesi İmsan Küçük Sanayi Sitesi E - Blok No:10 İkitelli	KÜÇÜKÇEKMECE	İSTANBUL	+ 90 850 204 02 28
<b>Maltepe Çarşı İstanbul Branch</b>	Altayçeşme Mahallesi, Atatürk Caddesi No:41/604	MALTEPE	İSTANBUL	+ 90 850 204 02 32
<b>Şirinevler Branch</b>	Meriç Sokak Ünal İş Merkezi No:13/3 Zemin Kat Şirinevler Bahçelievler 34188	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 02 33
<b>Bahçelievler İstanbul Branch</b>	İzzettin Çalışlar Caddesi, No:40	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 02 34
<b>Cihangir Branch</b>	Kuloğlu Mahallesi, Sıraselviler Caddesi, No:158/A	BEYOĞLU	İSTANBUL	+ 90 850 204 02 35
<b>Tuzla Branch</b>	İçmeler Mahallesi, Erdem Sokak, No:21/A Tuzla 34947	TUZLA	İSTANBUL	+ 90 850 204 02 36
<b>Avcılar Çarşı Branch</b>	Merkez Mahallesi, Reşitpaşa Caddesi, No:41	AVCILAR	İSTANBUL	+ 90 850 204 02 41

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Yeniköy Branch</b>	Yeniköy Mahallesi Köybaşı Caddesi No:51 Yeniköy Sarıyer 34464	SARIYER	İSTANBUL	+ 90 850 204 02 51
<b>Nuruosmaniye Branch</b>	Nuruosmaniye Caddesi, No:46 Çağaloğlu	FATİH	İSTANBUL	+ 90 850 204 02 54
<b>Silivri Branch</b>	Piri Mehmet Paşa Mah. Başkomutan Cad. No:4 Silivri 34570	SİLİVRİ	İSTANBUL	+ 90 850 204 02 61
<b>Altın-tepe Branch</b>	Bağdat Caddesi, No: 75/3-4, Altın-tepe	MALTEPE	İSTANBUL	+ 90 850 204 02 67
<b>Kuyumcukent Branch</b>	29 Ekim Caddesi, No:1, Kuyumcukent, Atölye Bloğu, Zemin/1.Kat, 5.Sokak, No:19 Yenibosna	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 02 71
<b>Kaynarca Branch</b>	Fevzi Çakmak Mah. Tevfik İleri Cad. No:111 Pendik 34899	PENDİK	İSTANBUL	+ 90 850 204 02 78
<b>Arnavutköy Branch</b>	Arnavutköy Merkez Mahallesi Eski Edirne Caddesi No:1211 Arnavutköy 34725	ARNAVUTKÖY	İSTANBUL	+90 850 204 07 18
<b>Kuyubaşı Branch</b>	Fahrettin Kerim Gökay Cad. No.122/1 Zemin Kat A Kısım Göztepe Kadıköy 34722	KADIKÖY	İSTANBUL	+ 90 850 204 03 02
<b>Borusan İstinye Branch</b>	Derbent Yolu, Balabandere Neslihan Caddesi, No:1, İstinye	SARIYER	İSTANBUL	+ 90 850 204 03 17
<b>Tuzla Deniz Harp Okulu Branch</b>	Tuzla Deniz Harp Okulu Komutanlığı Sosyal Tesisleri	TUZLA	İSTANBUL	+ 90 850 204 03 20
<b>Yenibosna Branch</b>	Yenibosna Merkez Mahallesi Yıldırım Beyazıt Caddesi No: 210A Bahçelievler 34197	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 03 29
<b>Fatih Branch</b>	Ali Kuşçu Mah. Macar Kardeşler Cad. No:34 Fatih 34083	FATİH	İSTANBUL	+ 90 850 204 03 35
<b>Esenyurt Branch</b>	İnönü Mahallesi, Doğan Araslı Bulvarı, No:124/C	ESENYURT	İSTANBUL	+ 90 850 204 03 36
<b>Çengelköy Branch</b>	Çengelköy Mah. Çengelköy Caddesi No:59 Çengelköy Üsküdar 34680	ÜSKÜDAR	İSTANBUL	+ 90 850 204 03 41
<b>Sarıgazi Branch</b>	İnönü Mah. Ankara Cad. No:63/A Sancaktepe	SANCAKTEPE	İSTANBUL	+ 90 850 204 03 43
<b>Tuzla Piyade Okulu Branch</b>	Piyade Okulu Komutanlığı	TUZLA	İSTANBUL	+ 90 850 204 03 50
<b>Zekeriyaköy Branch</b>	Vişne 2 Mahallesi, 4.Cadde, Kapalıçarşı, No:27-15 Zekeriyaköy	SARIYER	İSTANBUL	+ 90 850 204 03 70

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Arkas Esentepe Tahsilat Veznesi Branch</b>	Kasap Sokak Arkas Binası No:2 Esentepe	ŞİŞLİ	İSTANBUL	+ 90 212 340 53 37
<b>Kuştepe Bilgi Branch</b>	Kuştepe Kampüsü İnönü Cad. No: 6 Kuştepe 34387 Şişli	ŞİŞLİ	İSTANBUL	+ 90 212 318 83 00
<b>Küçüksu Branch</b>	Saray Mahallesi Küçüksu Caddesi No:60/1A Ümraniye 34768	ÜMRANIYE	İSTANBUL	+ 90 850 204 03 77
<b>Harbiye Branch</b>	Cumhuriyet Cad. No:123 B Harbiye Şişli 34373	ŞİŞLİ	İSTANBUL	+90 850 204 03 80
<b>Şişli Meydan Branch</b>	19 Mayıs Mah. Halaskargazi Cad. No:212A Şişli 34381	ŞİŞLİ	İSTANBUL	+ 90 850 204 03 83
<b>Erenköy Branch</b>	Caddebostan Mahallesi, Ethem Efendi Caddesi, No:13/1 Kadıköy 34728	KADIKÖY	İSTANBUL	+ 90 850 204 0389
<b>Sirkeci Branch</b>	Ankara Caddesi No:48 Sirkeci Fatih 34112	FATİH	İSTANBUL	+90 850 204 03 91
<b>Yıldız Posta Branch</b>	Gayrettepe Mah., Yener Sok., No:1	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 03 92
<b>Bakırköy Meydan Branch</b>	İncirli Cad.Teyyareci Nurettin Sokak No:18 34145 Bakırköy	BAKIRKÖY	İSTANBUL	+ 90 850 204 03 93
<b>Beykent Üniversitesi Branch</b>	T.C Beykent Üniversitesi Ayazağa Kampüsü, Ayazağa Mahallesi, Hadımkoru Caddesi, No:19A Sarıyer 34485	SARIYER	İSTANBUL	+90 850 204 06 63
<b>Santral Ümraniye Branch</b>	Atatürk Mahallesi Sütçü imam Caddesi Kardeşler Apartmanı No:51A Dükkan No:1-2 Ümraniye 34764	ÜMRANIYE	İSTANBUL	+ 90 850 204 04 02
<b>Piri Reis Üniversitesi Branch</b>	Piri Reis Üniversitesi: Postane Mah. No 16 34940 Tuzla	TUZLA	İSTANBUL	
<b>Güneşli Çarşı Branch</b>	Bağlar Mahallesi Atatürk Caddesi No: 6-1 Bağcılar 34209	BAĞCILAR	İSTANBUL	+ 90 850 204 04 04
<b>Maslak Sanayi Branch</b>	Ayazağa Mahallesi Büyükdere Caddesi No:257/C Sarıyer 34485	SARIYER	İSTANBUL	+ 90 850 204 04 06
<b>Beylikdüzü E-5 Branch</b>	Mevlana Mahallesi Çelebi Mehmet Caddesi No:7 Esenyurt 34515	ESENYURT	İSTANBUL	+ 90 850 204 04 07
<b>Keresteciler Sitesi Branch</b>	M.Nesih Özmen Mahallesi Merter Tekstil Merkezi Pelit Sokak No:1 Güngören 34173	GÜNGÖREN	İSTANBUL	+ 90 850 204 04 08
<b>Sefaköy Halkalı Caddesi Branch</b>	Teyfikbey Mahallesi Halkalı Caddesi No:134/A Küçükçekmece 34295	KÜÇÜKÇEKMECE	İSTANBUL	+ 90 850 204 04 18

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Sanayi Mahallesi Branch</b>	Sanayi Mah. Sultan Selim Cad. No:22/22A/22B Kağıthane 34415	KAĞITHANE	İSTANBUL	+90 850 204 04 24
<b>Mecidiyeköy Çarşısı Branch</b>	Büyükdere Caddesi Alba İş Hanı No:67 / 71 34387 Mecidiyeköy/Şişli	ŞİŞLİ	İSTANBUL	+ 90 850 204 04 27
<b>Batı Ataşehir Branch</b>	Barbaros Mahallesi Halk Caddesi No:47/1 Ataşehir 34746	ATAŞEHİR	İSTANBUL	+90 850 204 06 74
<b>Fındıkzade Branch</b>	Haseki Sultan Mahallesi Kızılelma Caddesi No:15 Fatih 34096	FATİH	İSTANBUL	+ 90 850 204 04 30
<b>Bostancı E5 Branch</b>	İçerenköy Mahallesi Değirmenyolu Caddesi No:21/1 Ataşehir 34752	ATAŞEHİR	İSTANBUL	+ 90 850 204 04 31
<b>Boğaziçi Kurumsal Branch</b>	Büyükdere Cad. Şarlı İş Merkezi No:103 K:3 Mecidiyeköy - Şişli	ŞİŞLİ	İSTANBUL	+ 90 850 204 04 32
<b>Haznedar Bahçelievler Branch</b>	Bahçelievler Mahallesi Naci Kasım Sokak No:2/1A Bahçelievler 34180	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 04 34
<b>Ataşehir Branch</b>	Atatürk Mahallesi Ataşehir Bulvarı No:14/F Özel İşyeri:1 Ataşehir 34758	ATAŞEHİR	İSTANBUL	+ 90 850 204 04 35
<b>Kapalıçarşı Branch</b>	Tavukpazarı Sokak No: 52 / 54 34120 Eminönü - Fatih	FATİH	İSTANBUL	+ 90 850 204 04 40
<b>Maltepe E-5 Branch</b>	Altayçeşme Mahallesi Çam Sokak No:25A Maltepe 34843	MALTEPE	İSTANBUL	+ 90 850 204 04 41
<b>Mercan Branch</b>	Süleymaniye Mahallesi, Şahende Sok. No:7 Fatih 34116	FATİH	İSTANBUL	+ 90 850 204 04 49
<b>Beyoğlu Branch</b>	Kuloğlu Mahallesi İstiklal Caddesi No:139 Beyoğlu 34433	BEYOĞLU	İSTANBUL	+ 90 850 204 04 51
<b>Kadıköy Çarşısı Branch</b>	Caferağa Mah. Mühürdar Cad. No:22 Kadıköy 34710	KADIKÖY	İSTANBUL	+ 90 850 204 04 52
<b>İkitelli Organize Sanayi Branch</b>	İkitelli OSB Mahallesi Bağcılar-Güngören Metro AVM B Blok Sokak Dış Kapı No:1/B İç Kapı No:13 Başakşehir 34490	BAŞAKŞEHİR	İSTANBUL	+ 90 850 204 04 60
<b>Aksaray Ordu Caddesi Branch</b>	Kemalpaşa Mah. Ordu Caddesi No:66A Fatih 34134	FATİH	İSTANBUL	+ 90 850 204 04 63
<b>Ihlamurkuyu Branch</b>	Ihlamurkuyu Mah. Alemdar Cad. No:249/A Dudullu Ümraniye 34771	ÜMRANİYE	İSTANBUL	+ 90 850 204 04 68
<b>Atrium Branch</b>	Atrium Çarşısı No:78-80 No.lu Dükkan Ataköy Bakırköy 34156	BAKIRKÖY	İSTANBUL	+ 90 850 204 04 72

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Kağıthane Branch</b>	Sadabat Caddesi No: 32 34406 Kağıthane	KAĞITHANE	İSTANBUL	+ 90 850 204 04 76
<b>Tuzla Çarşı Branch</b>	Postane Mahallesi Tahaffuzhane Caddesi No: 4/A-4/B Tuzla 34940	TUZLA	İSTANBUL	+ 90 850 204 06 80
<b>Şenesenevler Branch</b>	Bostancı Mahallesi, Emin Ali Paşa Caddesi, No:116 A/14, Kadıköy 34744	KADIKÖY	İSTANBUL	+ 90 850 204 04 87
<b>Kızıltoprak Branch</b>	Zühtüpaşa Mah. Bağdat Cad. No:62/3 Kızıltoprak Kadıköy 34724	KADIKÖY	İSTANBUL	+ 90 850 204 04 89
<b>Laleli Çarşı Branch</b>	Mimar Kemalettin Mahallesi Sekbanbaşı Sok. No:4/A Fatih 34130	FATİH	İSTANBUL	+ 90 850 204 05 00
<b>Zeytinburnu Bulvar Branch</b>	Gökalp Mahallesi 58. Bulvar Caddesi No:49- 51 Zeytinburnu 34020	ZEYTİNBURNU	İSTANBUL	+ 90 850 204 05 21
<b>Hasanpaşa Branch</b>	Kurbağalidere Caddesi No:25 34722 Söğütlüçeşme - Kadıköy	KADIKÖY	İSTANBUL	+ 90 850 204 05 23
<b>Topkapı Maltepe Branch</b>	Maltepe Mah. Gümüşsuyu Cad. No:53 Dk:21-22 Zeytinburnu 34010	ZEYTİNBURNU	İSTANBUL	+ 90 850 204 05 28
<b>İstanbul Anadolu Kurumsal Branch</b>	Esentepe Mahallesi Cevizli D-100 Güney Yanyol Caddesi Dumankaya Vizyon D Blok No:13 D / 76 Kartal 34870	KARTAL	İSTANBUL	+ 90 850 204 05 36
<b>Yeditepe Kurumsal Branch</b>	Gayrettepe Mahallesi Yener Sokak No:1 Kat:1/B Beşiktaş 34349	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 05 38
<b>Beşiktaş Çarşı Branch</b>	Cihannuma Mahallesi Salih Efendi Sok. No:7 Beşiktaş 34353	BEŞİKTAŞ	İSTANBUL	+ 90 850 204 05 42
<b>İstanbul Esenyurt Üniversitesi Branch</b>	Doğan Araslı Bulvarı No:79 Esenyurt 34513	ESENYURT	İSTANBUL	
<b>Kasımpaşa Branch</b>	Camiikebir Mahallesi Bahriye Caddesi Kayalar Ticaret Apt.No:37/1-4 Beyoğlu 34440	BEYOĞLU	İSTANBUL	+ 90 850 204 05 54
<b>Küçükbakkalköy Branch</b>	Küçükbakkalköy Mah. Serdar Sok. No:1 D:3 Ataşehir 34750	ATAŞEHİR	İSTANBUL	+ 90 850 204 05 58
<b>Alibeyköy Branch</b>	Alibeyköy Mahallesi Namık Kemal Caddesi 30/A Eyüp 34060	EYÜP	İSTANBUL	+ 90 850 204 05 61
<b>Cevizli Branch</b>	Orhantepe Mah.Çınar Caddesi No: 9 34865 Cevizli - Kartal	KARTAL	İSTANBUL	+ 90 850 204 05 62
<b>Koşuyolu Branch</b>	Koşuyolu Mahallesi, Koşuyolu Caddesi, No:72 A Kadıköy 34718	KADIKÖY	İSTANBUL	+ 90 850 204 05 63

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>İmes Keyap Branch</b>	Bostancı Yolu Cad. Keyap Sanayi Sitesi B1 Blok No:21 34775 Yukarı Dudullu - Ümraniye	ÜMRANIYE	İSTANBUL	+ 90 850 204 05 65
<b>Göktürk Branch</b>	Göktürk Merkez Mahallesi, İstanbul Caddesi, No:30-32 Göktürk / Eyüp 34050	EYÜP	İSTANBUL	+90 850 204 06 99
<b>Cennet Mahallesi Branch</b>	Kartaltepe Mahallesi Çarşı Sokak No:1 / Z-1 Bodrum Kat Küçükçekmece 34295	KÜÇÜKÇEKMECE	İSTANBUL	+ 90 850 204 05 91
<b>Soğanlık Branch</b>	Atatürk Caddesi No: 119 34880 Soğanlık - Kartal	KARTAL	İSTANBUL	+ 90 850 204 05 96
<b>Avcılar E-5 Branch</b>	Cihangir Mahallesi E-5 Yanyol Caddesi No:239 Avcılar 34310	AVCILAR	İSTANBUL	+ 90 850 204 05 97
<b>Sultangazi Branch</b>	Cebeci Mahallesi, Eski Edirne Asfaltı No: 748 34270 Sultançiftliği / Sultangazi	SULTANGAZİ	İSTANBUL	+ 90 850 204 06 06
<b>Esenler Branch</b>	Menderes Mahallesi Atışalanı Caddesi No:15 Esenler 34225	ESENLER	İSTANBUL	+ 90 850 204 06 09
<b>Ümraniye Sanayi Branch</b>	Çakmak Mahallesi Alemdağ Caddesi No:422 Ümraniye 34775	ÜMRANIYE	İSTANBUL	+ 90 850 204 06 10
<b>Gedik Üniversitesi Branch</b>	T.C. İstanbul Gedik Üniversitesi Cumhuriyet Mahallesi İlbahar Sokak No:1 Yakacık Kartal 34876	KARTAL	İSTANBUL	
<b>Terazidere Branch</b>	Terazidere Mahallesi, Cumhuriyet Caddesi, No: 65 Bayrampaşa 34035	BAYRAMPAŞA	İSTANBUL	+ 90 850 204 06 14
<b>Yenibosna Çarşı Branch</b>	Fevzi Çakmak Mahallesi Yıldırım Beyazıt Caddesi No: 83B Bahçelievler 34197	BAHÇELİEVLER	İSTANBUL	+ 90 850 204 06 15
<b>Seyrantepe Branch</b>	Seyrantepe Mahallesi İbrahim Karaoğlanoğlu Caddesi Alptekin İş Merkezi No:101 A-B Kağıthane 34418	KAĞITHANE	İSTANBUL	+ 90 850 204 06 18
<b>Adatepe Branch</b>	Altayçeşme Mahallesi Bağdat Cad. No:287-291 Maltepe 34843	MALTEPE	İSTANBUL	+ 90 850 204 06 30
<b>Rumeli Kurumsal Branch</b>	Target İş Merkezi E-5 Yan Yolu üzeri Haramidere mevki K:5 Beylikdüzü 34520	BEYLİKDÜZÜ	İSTANBUL	+ 90 850 204 06 36
<b>Beykent Branch</b>	Cumhuriyet Mah. Gürpınar Yolu Beylikdüzü San.Sitesi B2 Blok No:325-326-327-328-355-356 B.Çekmece 34500	BÜYÜKÇEKMECE	İSTANBUL	+ 90 850 204 06 37
<b>Gezgin Branch</b>	Akfırat Mah. Göçbeyli Bulvarı No:1 (İPOP) İstanbul Park Tuzla 34959	TUZLA	İSTANBUL	+ 90 533 373 32 61
<b>Libadiye Branch</b>	Cumhuriyet Mahallesi Libadiye Cad. No: 81-81 A Canan Sokak No: 1 Üsküdar 34699	ÜSKÜDAR	İSTANBUL	+ 90 850 204 06 53



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Kıraç Branch</b>	Çakmaklı Mahallesi Hadımköy Yolu Caddesi No:55/A Büyükçekmece 34500	BÜYÜKÇEKMECE	İSTANBUL	+90 850 204 06 54
<b>İstanbul Atatürk Havalimanı Branch</b>	İstanbul Atatürk Hava Limanı Dış Hatlar Terminali Gelen Yolcu Katı IAL 3372 Yeşilköy 34149	BAKIRKÖY	İSTANBUL	+90 850 204 06 55
<b>Bahçelievler Soğanlı Branch</b>	Soğanlı Mahallesi Mustafa Kemal Paşa Caddesi No:134 B Bahçelievler 34183	BAHÇELİEVLER	İSTANBUL	+90 850 204 07 19
<b>Dudullu Branch</b>	Necip Fazıl Bulvarı No:7-9 Ümraniye 34773	ÜMRANİYE	İSTANBUL	+90 850 204 07 21
<b>İzmir Branch</b>	Cumhuriyet Bulvarı 109-A	KONAK	İZMİR	+ 90 850 204 0040
<b>Pınarbaşı Branch</b>	Ümit Mah. Kemalpaşa Cad. No:333 B Pınarbaşı Bornova 35060	BORNOVA	İZMİR	+90 850 204 00 50
<b>Kemalpaşa Branch</b>	Atatürk Mahallesi, İzmir Caddesi, No:89 Kemalpaşa OSB Kemalpaşa 35177	KEMALPAŞA	İZMİR	+ 90 850 204 00 51
<b>Karabağlar Branch</b>	Aşık Veysel Mahallesi Yeşillik Caddesi No: 437-441/B Karabağlar 35110	KARABAĞLAR	İZMİR	+ 90 850 204 00 53
<b>Çarşı İzmir Branch</b>	1203/1 Sokak, No: 7 Yenişehir, Konak İzmir	KONAK	İZMİR	+ 90 850 204 00 66
<b>A.O.S.B. İzmir Branch</b>	M. Kemal Atatürk Bulvarı No:42 / 19 Çiğli 35620	ÇİĞLİ	İZMİR	+ 90 850 204 00 67
<b>Ege Kurumsal Branch</b>	Cumhuriyet Bulvarı 66 Kat:2	KONAK	İZMİR	+ 90 850 204 00 68
<b>Gündoğdu Branch</b>	Kültür Mahallesi Plevne Bulvarı Dr. Rıfat Bey Apartmanı Zemin Kat No:14A ve 14 /1 Konak 35220	KONAK	İZMİR	+ 90 850 204 00 69
<b>Girne Bulvarı Branch</b>	Girne Bulvarı No:140 Karşıyaka 35580	KARŞIYAKA	İZMİR	+ 90 850 204 00 86
<b>Bornova Branch</b>	Manavkuyu Mahallesi Mustafa Kemal Caddesi 132/1A Bayraklı 35535	BAYRAKLI	İZMİR	+ 90 850 204 01 00
<b>İzmir Göztepe Branch</b>	Göztepe Mahallesi Mithatpaşa Caddesi No:984A Konak 35290	KONAK	İZMİR	+90 850 204 01 60
<b>İzmir Çankaya Branch</b>	Fevzipaşa Bulvarı No:59 / A-B Çankaya Konak 35210	KONAK	İZMİR	+ 90 850 204 02 00
<b>İzmir 1. Sanayi Branch</b>	Mersinli Mahallesi, 2822 Sokak No: 63 Konak 35170	KONAK	İZMİR	+ 90 850 204 02 08

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Aliağa Branch</b>	İstiklal Cad.No:35/B	ALIAĞA	İZMİR	+ 90 850 204 02 11
<b>Balçova Branch</b>	Onur Mah. Ata Cad. No:48/A Balçova 35330	BALÇOVA	İZMİR	+ 90 850 204 02 16
<b>Menemen Branch</b>	Mermerli Mahallesi Mithatpaşa Caddesi No:55 Menemen 35661	MENEMEN	İZMİR	+ 90 850 204 02 29
<b>Bostanlı Branch</b>	Bostanlı Mahallesi Cemal Gürsel Caddesi No: 526/B Karşıyaka 35590	KARŞIYAKA	İZMİR	+ 90 850 204 02 31
<b>Çeşme Branch</b>	İsmet İnönü Mahallesi 2001 Sokak No:74/A Çeşme 35930	ÇEŞME	İZMİR	+ 90 850 204 02 48
<b>Ödemiş Branch</b>	Akincılar Mahallesi, Gazi Caddesi, No: 32/1 Ödemiş 35750	ÖDEMiŞ	İZMİR	+ 90 850 204 02 49
<b>Tire Branch</b>	Cumhuriyet Meydanı, No:05	TİRE	İZMİR	+ 90 850 204 02 53
<b>Şirinyer Branch</b>	Menderes Caddesi, No: 288/B	BUCA	İZMİR	+ 90 850 204 02 76
<b>Gaziemir Branch</b>	Akçay Caddesi, No:169/A	GAZİEMİR	İZMİR	+ 90 850 204 02 79
<b>Konak Branch</b>	Konak Mahallesi, Cumhuriyet Bulvarı, No:34/A Konak 35250	KONAK	İZMİR	+ 90 850 204 02 96
<b>Toptancılar Çarşısı İzmir Branch</b>	1202/2 Sokak, No:66 Yenişehir	KONAK	İZMİR	+ 90 850 204 03 19
<b>Hatay İzmir Branch</b>	İnönü Caddesi, No:229/B Karabağlar 35361	KARABAĞLAR	İZMİR	+ 90 850 204 03 22
<b>4. Sanayi Branch</b>	129 Sokak, No: 1/E 4. Sanayi Sitesi	BORNOVA	İZMİR	+ 90 850 204 03 45
<b>Torbalı Branch</b>	Tepeköy Mahallesi Ağalar Caddesi No:16 A-B	TORBALI	İZMİR	+ 90 850 204 03 56
<b>Montrö Branch</b>	Şair Eşref Bulvarı No:23/A 35210 Çankaya KONAK	KONAK	İZMİR	+ 90 850 204 03 81
<b>Karşıyaka Branch</b>	Cemal Gürsel Caddesi No:200/A Karşıyaka 35600	KARŞIYAKA	İZMİR	+ 90 850 204 03 94
<b>Bornova Çarşı Branch</b>	Mustafa Kemal Cad. No:11-A/B Bornova 35040	BORNOVA	İZMİR	+ 90 850 204 03 98

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Narlıdere Branch</b>	Çamtepe Mah. Mithatpaşa Cad. No: 277-279 Narlıdere 35320	NARLIDERE	İZMİR	+90 850 204 07 03
<b>Alsancak Branch</b>	1382 Sk. 33/A Bodrum Kat Alsancak Konak 35220	KONAK	İZMİR	+ 90 850 204 04 55
<b>Dokuz Eylül Üniversitesi Branch</b>	İnciraltı Mahallesi Mithatpaşa Caddesi Dokuz Eylül Üniversitesi İnciraltı Yerleşkesi No:1606 2/1/1 Balçova 35330	BALÇOVA	İZMİR	+ 90 850 204 07 53
<b>Bergama Branch</b>	Ertuğrul Mahallesi Park Otel Sokak No:10 Bergama 35700	BERGAMA	İZMİR	+90 850 204 06 97
<b>Kemeraltı Branch</b>	863 Sokak No: 56 - 58 35250 Kemeraltı - Konak	KONAK	İZMİR	+ 90 850 204 05 33
<b>Çiğli Branch</b>	Şirintepe Mah. Anadolu Cad. No:778/3A Çiğli 35620	ÇİĞLİ	İZMİR	+ 90 850 204 05 55
<b>Çamdibi Branch</b>	Mersinli Mahallesi Fatih Caddesi No:80 Konak 35170	KONAK	İZMİR	+ 90 850 204 05 77
<b>Buca Branch</b>	Kozağaç Mahallesi Uğur Mumcu Caddesi No:96 Buca 35390	BUCA	İZMİR	+90 850 204 06 96
<b>Manavkuyu Branch</b>	Adalet Mahallesi Manas Bulvarı No: 20/A Bayraklı 35530	BAYRAKLI	İZMİR	+ 90 850 204 06 25
<b>Bayındır Branch</b>	Mithatpaşa Mah. Fevzi Paşa Cad. No:23A Bayındır 35840	BAYINDIR	İZMİR	+90 850 204 07 25
<b>Ege Üniversitesi Branch</b>	Kazım Dirik Mahallesi Üniversite Caddesi No:9/47A Bornova 35100	BORNOVA	İZMİR	+90 850 204 07 54
<b>Menderes Branch</b>	Kasımpaşa Mahallesi Atatürk Caddesi No 69 C Menderes 35471	MENDERES	İZMİR	+90 850 204 07 71
<b>Kahramanmaraş Branch</b>	Hayrullah Mahallesi Kıbrıs Meydanı 33011. Sokak No:2 Merkez 46040	MERKEZ	KAHRAMANMARAŞ	+ 90 850 204 00 31
<b>Kahramanmaraş Çarşı Branch</b>	Menderes Mahallesi Trabzon Bulvarı No:53/D Dulkadiroğlu 46100	DULKADİROĞLU	KAHRAMANMARAŞ	+ 90 850 204 04 86
<b>Elbistan Branch</b>	Güneşli Mahallesi Dulkadiroğlu Caddesi No:100/B Elbistan 46300	ELBİSTAN	KAHRAMANMARAŞ	+ 90 850 204 06 85
<b>Karabük Branch</b>	Bayır Mahallesi Menderes Caddesi No:2/B Merkez 78100	MERKEZ	KARABÜK	+ 90 850 204 02 83
<b>Karaman Branch</b>	Mansurdede Mahallesi Atatürk Bulvarı No:24 D-E-F Merkez 70200	MERKEZ	KARAMAN	+90 850 204 06 72

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Kars Branch</b>	Merkez Mahallesi, Kazım Paşa Cad. No:117	MERKEZ	KARS	+ 90 850 204 03 78
<b>Kastamonu Branch</b>	Cebrail Mahallesi Plevne Caddesi No:52 A-B Merkez 37200	MERKEZ	KASTAMONU	+ 90 850 204 02 68
<b>Kayseri Branch</b>	Cumhuriyet Mah. Millet Cad. Belediye İş Merkezi 65/66	MERKEZ	KAYSERİ	+ 90 850 204 00 23
<b>Kayseri Sanayi Branch</b>	Anbar Mahallesi 14. Cadde No:20 Zemin Kat	MELİKGAZİ	KAYSERİ	+ 90 850 204 01 70
<b>Yeşilhisar Branch</b>	Fevziöğlü Mahallesi İstasyon Caddesi No:10 A Yeşilhisar 38800	YEŞİLHİSAR	KAYSERİ	+ 90 850 204 07 64
<b>Kayseri Çarşı Branch</b>	Cumhuriyet Mah. Millet Cad. No:26 Melikgazi 38110	MELİKGAZİ	KAYSERİ	+ 90 850 204 04 05
<b>Kayseri Eski Sanayi Branch</b>	Eski Sanayi Bölgesi 4.Cadde No:51 38010 Hacısaki - Kocasinan	KOCASINAN	KAYSERİ	+ 90 850 204 05 72
<b>Kayseri Kurumsal Branch</b>	Anbar Mahallesi 14.Cadde No:20 Asma Kat 38070	MELİKGAZİ	KAYSERİ	+ 90 850 204 05 93
<b>Kocasinan Kayseri Branch</b>	Sahabiye Mah. Ahmet Paşa Cad. No: 31-B, 31-C, 31-D, 31-E Kocasinan 38010	KOCASINAN	KAYSERİ	+90 850 204 07 13
<b>Develi Branch</b>	İbrahimağa Mahallesi Cumhuriyet Caddesi Belediye İş Merkezi No:2/1B Develi 38400	DEVELİ	KAYSERİ	+90 850 204 07 63
<b>Kırıkkale Branch</b>	Yenidoğan Mahallesi, Cumhuriyet Cad. No: 8/A	MERKEZ	KIRIKKALE	+ 90 850 204 03 79
<b>Lüleburgaz Branch</b>	Kocasinan Mahallesi İstanbul Caddesi No: 12/ Z01 Lüleburgaz 39750	LÜLEBURGAZ	KIRKLARELİ	+ 90 850 204 02 05
<b>Kırklareli Branch</b>	Karakaş Mahallesi, Fevzi Çakmak Bulvarı, No:41	MERKEZ	KIRKLARELİ	+ 90 850 204 03 39
<b>Kırşehir Branch</b>	Medrese Mahallesi, M. Kemal Hotamaroğlu Sokak No:2 Merkez 40200	MERKEZ	KIRŞEHİR	+90 850 204 06 68
<b>İzmit Branch</b>	Körfez Mahallesi, Ankara Karayolu, No:123/3	MERKEZ (İZMİT)	KOCAELİ	+ 90 850 204 00 20
<b>Gebze Branch</b>	Hacı Halil Mah.Zübeyde Hanım Cad. No:33/B	GEBZE	KOCAELİ	+ 90 850 204 00 35
<b>Gebze Organize Sanayi Bölgesi Branch</b>	Gebze Organize Sanayi Bölgesi, Bankalar ve Çarşı Merkezi, 1600 Sokak, No:1601-7 Gebze 41480	GEBZE	KOCAELİ	+ 90 850 204 07 34

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Gölcük Branch</b>	Amiral Sağlam Caddesi No:12/B	GÖLCÜK	KOCAELİ	+ 90 850 204 02 17
<b>Gebze E5 Branch</b>	Osman Yılmaz Mahallesi, İstanbul Caddesi, No:74/A	GEBZE	KOCAELİ	+ 90 850 204 02 44
<b>İzmit Sanayi Sitesi Branch</b>	Sanayi Mahallesi, Fırat Sokak, No:16/A	İZMİT	KOCAELİ	+ 90 850 204 03 06
<b>Bekirpaşa Branch</b>	28 Haziran Mahallesi Turan Güneş Caddesi No:301 A İzmit 41060	İZMİT	KOCAELİ	+ 90 850 204 03 13
<b>Körfez Branch</b>	Kuzey Mahallesi, Cahit Zarifoğlu Caddesi, No: 53/B	KÖRFEZ	KOCAELİ	+ 90 850 204 03 26
<b>Alemdar Branch</b>	Alemdar Caddesi, Ömerağa Mahallesi, No:19	İZMİT	KOCAELİ	+ 90 850 204 03 48
<b>Gebze Çarşı Branch</b>	Hacı Halil Mah. Cumhuriyet Meydanı No:3/2 Gebze 41400	GEBZE	KOCAELİ	+ 90 850 204 04 11
<b>Çarşı İzmit Branch</b>	Ömerağa Mahallesi Hürriyet Caddesi No:91 İzmit 41300	İZMİT	KOCAELİ	+ 90 850 204 04 16
<b>Gebze Akse Sapağı Branch</b>	Mustafapaşa Mahallesi İbrahimağa Caddesi No:75/A Gebze 41400	GEBZE	KOCAELİ	+90 850 204 06 83
<b>Darıca Branch</b>	Kazımkarabekir Mahallesi İstasyon Caddesi No:509/A Darıca 41700	DARICA	KOCAELİ	+90 850 204 07 22
<b>İDO Eskişehir Terminali Branch</b>	İDO Eskişehir Vapur İskelesi Eskişehir Mahallesi İskele Meydanı No:7 Gebze 41400	GEBZE	KOCAELİ	
<b>Konya Branch</b>	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Cengizhan No:130/1 Selçuklu 42060	SELÇUKLU	KONYA	+ 90 850 204 00 30
<b>Büsan Sanayi Sitesi Branch</b>	Fevzi Çakmak Mah. KOSGEB Caddesi No:1/1 Karatay 42050	KARATAY	KONYA	+ 90 850 204 01 18
<b>Zafer Sanayi Branch</b>	Demirkol Sok.No:2 Selçuklu	SELÇUKLU	KONYA	+ 90 850 204 02 25
<b>Mevlana Branch</b>	Aziziye Mahallesi, Mevlana Caddesi, No:63 D:1	KARATAY	KONYA	+ 90 850 204 02 57
<b>Konya Ereğli Branch</b>	Selçuklu Mahallesi, İstasyon Caddesi, Necip Pala İş Hanı, No:55	EREĞLİ	KONYA	+ 90 850 204 02 60
<b>Akşehir Branch</b>	Meydan Mahallesi, İnönü Caddesi, No:72/A	AKŞEHİR	KONYA	+ 90 850 204 02 86

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Zafer Branch</b>	İhsaniye Mahallesi Müneccimbaşı Sok. No:3B Selçuklu 42060	SELÇUKLU	KONYA	+ 90 850 204 03 32
<b>Nalçacı Konya Branch</b>	Ahmet Hilmi Nalçacı Caddesi Acentacılar Sitesi No:111-113 Selçuklu 42060	SELÇUKLU	KONYA	+ 90 850 204 04 12
<b>Konya Buğday Pazarı Branch</b>	Fevzi Çakmak Mahallesi Adana Çevreyolu Caddesi No:26B-(1 İşyeri) Karatay 42050	KARATAY	KONYA	+90 850 204 07 08
<b>Konya Larende Branch</b>	Aziziye Mahallesi, Mevlana Caddesi, No:63 Kat:1 D:1 Karatay 42030	KARATAY	KONYA	+90 850 204 02 57
<b>Çumra Branch</b>	İzzetbey Mahallesi Yıldız Sokak No:33A/1 Çumra 42500	ÇUMRA	KONYA	+90 850 204 07 28
<b>Kütahya Branch</b>	Gazi Kemal Mahallesi Cumhuriyet Caddesi No:77/B Merkez 43050	MERKEZ	KÜTAHYA	+ 90 850 204 06 43
<b>Tavşanlı Branch</b>	Yeni Mahalle Emet Cad. No:16/A Tavşanlı 43300	TAVŞANLI	KÜTAHYA	+90 850 204 07 12
<b>Lefkoşa Branch</b>	Mehmet Akif Caddesi, No:86 Köşklüçiftlik	-	LEFKOŞA / KKTC	+ 90 392 229 20 40
<b>Lefkoşa Sarayönü Branch</b>	Girne Caddesi No:20 Lefkoşa	-	LEFKOŞA / KKTC	+90 392 228 02 55
<b>Malatya Branch</b>	Niyazi Mahallesi Çevre Yolu Sokak (Buhara Bulvarı) Caddesi No:195 Merkez 44100	MERKEZ	MALATYA	+ 90 850 204 00 89
<b>İnönü Caddesi Malatya Branch</b>	Şıkşık Mahallesi İnönü Caddesi No:91/A	MERKEZ	MALATYA	+ 90 850 204 02 45
<b>Malatya Çarşı Branch</b>	Cumhuriyet Cad. No:10 Merkez 44200	MERKEZ	MALATYA	+90 850 204 06 90
<b>Manisa Branch</b>	1.Anafartalar Mahallesi Mustafa Kemal Paşa Caddesi No:40/A Merkez 45020	MERKEZ	MANİSA	+ 90 850 204 01 14
<b>Salihli Branch</b>	Atatürk Mahallesi Belediye Caddesi No:93-95	SALİHLİ	MANİSA	+ 90 850 204 01 92
<b>Manisa Sanayi Branch</b>	75. Yıl Mahallesi Bahri Sarıtepe Caddesi No:53/A Yunusemre 45030	YUNUSEMRE	MANİSA	+ 90 850 204 02 03
<b>Akhisar Branch</b>	Şehit Teğmen Ün Cad. Paşa Mahallesi No:78 Akhisar 45200	AKHİSAR	MANİSA	+ 90 850 204 02 59
<b>Turgutlu Branch</b>	Altay Mahallesi, Atatürk Bulvarı, No:163	TURGUTLU	MANİSA	+ 90 850 204 02 92

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Soma Branch</b>	Kurtuluş Mahallesi, Fatih Caddesi, No:10	SOMA	MANİSA	+ 90 850 204 03 40
<b>Alaşehir Branch</b>	Soğuksu Mahallesi Sekine Evren Caddesi No:87 Alaşehir 45600	ALAŞEHİR	MANİSA	+90 850 204 06 64
<b>Sarıgöl Branch</b>	Cumhuriyet Mahallesi Aşağı Koçaklar Caddesi No:6/Z01 Sarıgöl 45470	SARIGÖL	MANİSA	+90 850 204 07 23
<b>Saruhanlı Branch</b>	Saruhan Mah. Cumhuriyet Meydanı No:9/2- 3 Saruhanlı 45800	SARUHANLI	MANİSA	+90 850 204 07 24
<b>Kula Branch</b>	Camii Cedit Mahallesi Yunus Emre Caddesi No:101/A Kula 45170	KULA	MANİSA	+90 850 204 07 56
<b>Mardin Branch</b>	13 Mart Mahallesi, Vali Ozan Caddesi, 82/B Artuklu 47200	ARTUKLU	MARDİN	+ 90 850 204 03 27
<b>Mersin Branch</b>	Camışerif Mahallesi İsmet İnönü Bulvarı No:94A Akdeniz 33010	AKDENİZ	MERSİN	+ 90 850 204 00 38
<b>Tarsus Branch</b>	Müftü Mahallesi, 0345 Sokak, No: 31	TARSUS	MERSİN	+ 90 850 204 02 37
<b>Mezitli Branch</b>	Menderes Mahallesi, Gazi Mustafa Kemal Bulvarı, Doğaner İş Hanı, A Blok No:709/Aa Mezitli	MERKEZ	MERSİN	+ 90 850 204 02 55
<b>Anamur Branch</b>	Esentepe Mahallesi, Atatürk Bulvarı, No: 8/B	ANAMUR	MERSİN	+ 90 850 204 03 04
<b>Metropol Mersin Branch</b>	Mesudiye Mahallesi Kuvayi Milliye Caddesi No: 84/B Akdeniz 33060	AKDENİZ	MERSİN	+ 90 850 204 03 52
<b>Mersin Çamlıbel Branch</b>	Kültür Mahallesi 103.Cadde No: 62 33100 İçel	MERKEZ	MERSİN	+ 90 850 204 03 85
<b>Mersin Çarşı Branch</b>	Camışerif Mahallesi, İstiklal Caddesi, No:40/D Akdeniz 33060	AKDENİZ	MERSİN	+ 90 850 204 04 44
<b>Tarsus Makam Branch</b>	Şehit Mustafa Mahallesi Atatürk Cad. 33400 No: 17/A Tarsus	TARSUS	MERSİN	+ 90 850 204 04 66
<b>Mersin Pozcu Branch</b>	İnönü (Bahçe) Mah. G.M.K. Bulvarı Emel Sitesi B ve C Blok No: 353 / A 33140 Pozcu İÇEL	MERKEZ	MERSİN	+ 90 850 204 05 84
<b>Mersin Toptancılar Sitesi Branch</b>	Mersin Toptancılar Sitesi (Mertoç) Hal Mahallesi Turgut Özal Bulvarı E Blok No: 92 Akdeniz 33020	AKDENİZ	MERSİN	+ 90 850 204 06 52
<b>Silifke Branch</b>	Mukaddem Mahallesi İnönü Bulvarı No:20 A Silifke 33940	SİLİFKE	MERSİN	+ 90 850 204 06 88

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Erdemli Branch</b>	Merkez Mahallesi, Alparslan Türkeş Bulvarı, No: 561A Erdemli 33730	ERDEMLİ	MERSİN	+ 90 850 204 07 02
<b>Mut Branch</b>	Doğancı Mahallesi Atatürk Bulvarı No:48/A-B Mut 33600	MUT	MERSİN	+90 850 204 07 46
<b>Marmaris Branch</b>	Tepe Mahallesi Ulusal Egemenlik Caddesi No:24 Marmaris 48700	MARMARİS	MUĞLA	+ 90 850 204 01 02
<b>Bodrum Branch</b>	Türk Kuyusu Mahallesi, Kıbrıs Şehitleri Caddesi, No:65/A-65/B Bodrum 48400	BODRUM	MUĞLA	+ 90 850 204 01 06
<b>Fethiye Branch</b>	Cumhuriyet Mahallesi, Çarşı Caddesi, No:25 Fethiye 48300	FETHİYE	MUĞLA	+ 90 850 204 01 33
<b>Fethiye İnönü Bulvarı Branch</b>	Taşyaka Mahallesi İnönü Bulvarı No:82/A Fethiye 48300 Muğla	FETHİYE	MUĞLA	+ 90 850 204 01 68
<b>Bodrum Çarşı Branch</b>	Çarşı Mahallesi 4. Sokak No:11 Bodrum 48400	BODRUM	MUĞLA	+ 90 850 204 01 69
<b>Aksaz Branch</b>	Aksaz Deniz Üs Komutanlığı, Aksaz	MARMARİS	MUĞLA	+ 90 850 204 02 40
<b>Muğla Branch</b>	Şeyh Mahallesi İsmet İnönü Caddesi Dış Kapı No:17 Menteşe 48050	MENTEŞE	MUĞLA	+ 90 850 204 02 58
<b>Bodrum Gümbet Branch</b>	Merkez Mahallesi, Atatürk Bulvarı No: 203/A1-A3 Konacık - Bodrum 48480	BODRUM	MUĞLA	+ 90 850 204 03 14
<b>Karya Bodrum Branch</b>	Kıbrıs Şehitleri Cad. Emniyet Müdürlüğü Yanı Ataman İş Mrk. C Blk. Bodrum 48400	BODRUM	MUĞLA	+ 90 850 204 04 19
<b>Fethiye Likya Branch</b>	Taşyaka Mahallesi İnönü Bulvarı No:4 4/A 4/B Fethiye 48300	FETHİYE	MUĞLA	+ 90 850 204 04 96
<b>Milas Branch</b>	Hacııyas Mahallesi Menteşe Caddesi Özler İş Hanı Karşısı No:91 Milas 48200	MİLAS	MUĞLA	+ 90 850 204 06 65
<b>Yalıkavak Branch</b>	İnönü Caddesi No:101/A-E Yalıkavak Bodrum 48990	BODRUM	MUĞLA	+90 850 204 06 92
<b>Fethiye Seydikemer Branch</b>	Cumhuriyet Mahallesi İnönü Caddesi No:40 Kemer Fethiye 48300	FETHİYE	MUĞLA	+90 850 204 07 09
<b>Nevşehir Branch</b>	Karasoku Mahallesi Atatürk Caddesi No:16/B Merkez 50100	MERKEZ	NEVŞEHİR	+ 90 850 204 06 94
<b>Niğde Branch</b>	Yenice Mah. Bankalar Cad.No:15	MERKEZ	NİĞDE	+ 90 850 204 01 66



TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Fatsa Branch</b>	Mustafa Kemal Paşa Mahallesi Reşadiye Cad. No:14/A Fatsa 52400	FATSA	ORDU	+ 90 850 204 01 53
<b>Ordu Branch</b>	Şarkıye Mah. Süleyman Felek Cad.No:93C Altınordu 52000	ALTINORDU	ORDU	+ 90 850 204 01 82
<b>Ünye Branch</b>	Kaledere Mahallesi Akkuş Niksar Caddesi No:6/A Ünye 52300	ÜNYE	ORDU	+90 850 204 06 98
<b>Osmaniye Branch</b>	Alibeyli Mahallesi Dr Ahmet Alkan Caddesi No:17/A Merkez 80010	MERKEZ	OSMANIYE	+ 90 850 204 06 42
<b>Kadirli Branch</b>	Savrun Mahallesi Atatürk Caddesi No: 46 Kadirli 80760	KADIRLI	OSMANIYE	+ 90 850 204 06 89
<b>Rize Branch</b>	Yeniköy Mah. Tevfik İleri Cad. No: 18	MERKEZ	RİZE	+ 90 850 204 01 95
<b>Adapazarı Branch</b>	Tıgçılar Mahallesi, Atatürk Bulvarı, No:27	MERKEZ	SAKARYA	+ 90 850 204 01 13
<b>Erenler Sanayi Branch</b>	Erenler Mahallesi, Sakarya Caddesi, No:306/A	ERENLER	SAKARYA	+ 90 850 204 02 88
<b>Adapazarı Çarşı Branch</b>	Orta Mahalle Soğan Pazarı Caddesi No:8 Adapazarı 54040	ADAPAZARI	SAKARYA	+ 90 850 204 05 05
<b>Geyve Branch</b>	Camikebir Mahallesi, Elvan Bey Sokak No:66 A-1 Geyve 54700	GEYVE	SAKARYA	+90 850 204 07 52
<b>Samsun Branch</b>	Kale Mahallesi Kaptanağa Sok. No: 4/B İlkadım 55030	MERKEZ	SAMSUN	+ 90 850 204 00 90
<b>Çarşamba Branch</b>	Dr. Tevfik Türker Caddesi No:13	ÇARŞAMBA	SAMSUN	+ 90 850 204 01 58
<b>Samsun Sanayi Branch</b>	Yeni Mahalle Sanayi Sitesi 28.Cadde No:19	MERKEZ	SAMSUN	+ 90 850 204 01 81
<b>Samsun Çiftlik Branch</b>	19 Mayıs Mahallesi İstiklal Caddesi No:57 İlkadım 55030	İLKADIM	SAMSUN	+ 90 850 204 01 98
<b>Bafra Branch</b>	Hacınabi Mahallesi, Cumhuriyet Meydanı, No:20	BAFRA	SAMSUN	+ 90 850 204 03 33
<b>Samsun Mecidiye Branch</b>	Hançerli Mahallesi Çifte Hamam Caddesi No:2 İlkadım 55020	İLKADIM	SAMSUN	+ 90 850 204 04 94
<b>Veziroköprü Branch</b>	Fazıl Ahmet Mahallesi, Fazıl Mustafa Paşa Caddesi,No:65 Veziroköprü 55900	VEZİRKÖPRÜ	SAMSUN	+90 850 204 07 60

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Siirt Branch</b>	Bahçelievler Mahallesi Ali Çelik Caddesi No:3-1 Merkez 56100	MERKEZ	SİİRT	+90 850 204 06 71
<b>Sinop Branch</b>	Meydankapı Mahallesi Kıbrıs Caddesi No:4 Merkez 57000	MERKEZ	SİNOP	+90 850 204 06 91
<b>Sivas Branch</b>	Atatürk Caddesi No:15	MERKEZ	SİVAS	+ 90 850 204 02 47
<b>Toptancılar Sitesi Sivas Branch</b>	Gültepe Mahallesi İmren Sokak No:3D Merkez 58080	MERKEZ	SİVAS	+90 850 204 07 06
<b>Şanlıurfa Branch</b>	Atatürk Bulvarı Numune Pasajı No:16/2-3 Haliliye 63100	HALİLİYE	ŞANLIURFA	+ 90 850 204 01 35
<b>Şanlıurfa Sarayönü Caddesi Branch</b>	Yusufpaşa Mahallesi Sarayönü Caddesi No:131 Haliliye	HALİLİYE	ŞANLIURFA	+ 90 850 204 04 23
<b>Çorlu Branch</b>	Kazimiye Mahallesi, Salih Omurtak Caddesi, No:22/B	ÇORLU	TEKİRDAĞ	+ 90 850 204 01 09
<b>Tekirdağ Branch</b>	Hükümet Caddesi, No:94	MERKEZ	TEKİRDAĞ	+ 90 850 204 02 24
<b>Çerkezköy Branch</b>	Gazi Osman Paşa Mahallesi, Atatürk Caddesi, No:5	ÇERKEZKÖY	TEKİRDAĞ	+ 90 850 204 02 84
<b>Çorlu Çarşı Branch</b>	Cemaliye Mahallesi Saray Caddesi No:2 Çorlu 59860	ÇORLU	TEKİRDAĞ	+90 850 204 02 89
<b>Tekirdağ Köprübaşı Branch</b>	Aydoğdu Mahallesi Köprübaşı Sokak No:11/B Merkez 59200	MERKEZ	TEKİRDAĞ	+90 850 204 06 76
<b>Malkara Branch</b>	Camiatik Mahallesi Hürriyet Caddesi No:25/11 Malkara 59300	MALKARA	TEKİRDAĞ	+90 850 204 07 30
<b>Hayrabolu Branch</b>	Hisar Mahallesi Şair Mehmet Mahvi Sokak No:10/Z1 Hayrabolu 59400	HAYRABOLU	TEKİRDAĞ	+90 850 204 07 33
<b>Tokat Branch</b>	Kabe-i Mescid Mahallesi Gaziosmanpaşa Bulvarı No:168/A Merkez 60030	MERKEZ	TOKAT	+ 90 850 204 06 51
<b>Tokat Erbaa Branch</b>	Cumhuriyet Mahallesi Hükümet Caddesi No:140A Erbaa 60500	ERBAA	TOKAT	+90 850 204 07 11
<b>Zile Branch</b>	Cedid Mahallesi İstasyon Caddesi No:13A/13B Zile 60400	ZİLE	TOKAT	+90 850 204 07 43
<b>Trabzon Branch</b>	Kemer kaya Mah. Kahramanmaraş Caddesi No:35A Ortahisar 61030	ORTAHİSAR	TRABZON	+ 90 850 204 00 91

TÜRK EKONOMİ BANKASI 2016 ANNUAL REPORT

<b>Akçaabat Branch</b>	Orta Mahallesi, İnönü Caddesi No:119 -119 A	AKÇAABAT	TRABZON	+ 90 850 204 01 77
<b>Değirmendere Trabzon Branch</b>	Sanayi Mahallesi Devlet Karayolu Caddesi No:85A Ortahisar 61030	ORTAHİSAR	TRABZON	+ 90 850 204 02 42
<b>Trabzon Gazipaşa Branch</b>	Kemer kaya Mah. Kunduracılar Cad. No:74 Ortahisar 6103009110	ORTAHİSAR	TRABZON	+ 90 850 204 04 15
<b>Uşak Branch</b>	İslicce Mah. İsmetpaşa Cad. No:67/B Merkez 64100	MERKEZ	UŞAK	+ 90 850 204 00 92
<b>Uşak Çarşı Branch</b>	İsmet Paşa Caddesi No:58 64100	MERKEZ	UŞAK	+ 90 850 204 05 18
<b>Van Branch</b>	Şerefiye Mahallesi Mareşal Fevzi Çakmak Caddesi No: 14/B Merkez 65040	MERKEZ	VAN	+ 90 850 204 02 15
<b>Van Yüzüncü Yıl Üniversitesi Branch</b>	Yüzüncü Yıl Üniversitesi Bardakçı Mahallesi Zeve Kampüsü Tuşba 65040	TUŞBA	VAN	+90 850 204 07 10
<b>Yalova Branch</b>	Rüstempaşa Mahallesi, Çeşme Sokak, No:2/1 Merkez 77200	MERKEZ	YALOVA	+ 90 850 204 03 10
<b>Yalova İskele Branch</b>	Süleymanbey Mahallesi Cengiz Koçal Caddesi No:22/1-4 Merkez 77200	MERKEZ	YALOVA	+ 90 850 204 05 59
<b>Yozgat Branch</b>	Medrese Mahallesi, Şeyhzade Caddesi, No:11/B Merkez 66100	MERKEZ	YOZGAT	+90 850 204 07 00
<b>Sorgun Branch</b>	Çay Mahallesi Cumhuriyet Caddesi No:71 A Sorgun 66700	SORGUN	YOZGAT	+90 850 204 07 31
<b>Boğazlıyan Branch</b>	Çarşı Mahallesi Mescit Caddesi No:17 Boğazlıyan 66400	BOĞAZLIYAN	YOZGAT	+90 850 204 07 38
<b>Karadeniz Ereğli Branch</b>	Orhanlar Mah. Arifağa, Yalı Cad. No:36 Ereğli	EREĞLİ	ZONGULDAK	+ 90 850 204 00 88
<b>Zonguldak Branch</b>	Meşrutiyet Mah. Gazipaşa Cad. No:31 Merkez 67030	MERKEZ	ZONGULDAK	+ 90 850 204 06 34

**ANNUAL REPORT COMPLIANCE OPINION**



**CONVENIENCE TRANSLATION INTO ENGLISH  
OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL  
REPORT ORIGINALLY ISSUED IN TURKISH**

**To the Board of Directors of Türk Ekonomi Bankası A.Ş.**

**Auditor's Report on the Board of Directors' Annual Report within the Scope of Independent Audit Standards**

We have audited the annual report of Türk Ekonomi Bankası A.Ş. (the "Bank") and its consolidated subsidiaries for the period ended 31 December 2016.

*Board of Directors' responsibility for the Annual Report*

The Bank management is responsible for the fair preparation of the annual report and its consistency with the unconsolidated and consolidated financial statements ("financial statements") which are issued in accordance with the "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 and Article 514 of Turkish Commercial Code ("TCC") No. 6102 and "Banking Regulation and Supervision Agency ("BRSA") Accounting and 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, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of the annual report.

*Independent Auditor's Responsibility*

Our responsibility is to express an opinion on whether the financial information in this annual report is consistent with the Bank's financial statements and reflects the truth, based on our independent audit of the Bank's annual report within the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 and article 397 of the TCC.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.



### *Opinion*

Based on our opinion, the financial information in the annual report of the Board of Directors of Türk Ekonomi Bankası A.Ş. is consistent with the audited financial statements and presented fairly, in all material respects.

### **Other Responsibilities Arising from Regulatory Requirements**

Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Türk Ekonomi Bankası A.Ş. to continue its operations for the foreseeable future.

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

A handwritten signature in blue ink, appearing to read "Engin Çubukçu", is written over a faint, light blue grid background.

Engin Çubukçu, SMMM  
Partner

Istanbul, 1 March 2017

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR  
THE YEAR ENDED 31 DECEMBER 2016**

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
FOR THE PERIOD FROM 1 JANUARY TO  
31 DECEMBER 2016**





**CONVENIENCE TRANSLATION INTO ENGLISH OF THE  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**To the Board of Directors of Türk Ekonomi Bankası A.Ş.;**

**Report on the Unconsolidated Financial Statements**

We have audited the accompanying unconsolidated balance sheet of Türk Ekonomi Bankası A.Ş. ("the Bank") as at 31 December 2016 and the related unconsolidated statement of income, unconsolidated income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Unconsolidated Financial Statements*

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and 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, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditor's Responsibility*

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



### *Opinion*

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

### **Report on Other Responsibilities Arising From Regulatory Requirements**

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

### **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.

Engin Çubukçu, SMMM  
Partner

Istanbul, 7 February 2017



**TEB**  
**BNP PARIBAS JOINT VENTURE**

TÜRK EKONOMİ BANKASI  
Head Office  
TEB Kampüsü C ve D Blok, Saray Mah.,  
Sokullu Caddesi, No: 7A-7B Ümraniye 34768 İSTANBUL  
Tel : (0216) 635 35 35  
Fax : (0216) 636 36 36  
Trade Registration No: 189356  
Central Registration System Number: 0876004342000105  
www.teb.com.tr



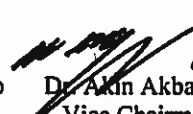
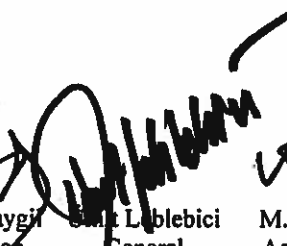


**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND AUDIT REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE  
UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2016**

Address : Saray Mahallesi Sokullu Caddesi No: 7/A – 7/B  
Ümraniye 34768 - İstanbul  
Telephone : (0 216) 635 35 35  
Fax : (0 216) 636 36 36  
Website : [www.teb.com.tr](http://www.teb.com.tr)  
E-mail : [yatirimciiliskileri@teb.com.tr](mailto:yatirimciiliskileri@teb.com.tr)

The unconsolidated financial report for the year-end 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 Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information Related to Financial Position and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Financial Statements
- Other Explanation
- Independent Auditor’s Report

The accompanying unconsolidated financial statements, related disclosures and footnotes which are audited 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 in compliance with the financial records of our Bank, and unless stated otherwise, presented in thousands of Turkish Lira (TL).

					
Yavuz Canevi Chairman of the Board of Directors	Jacques Roger Jean Marie Rinino Chairman of the Audit Committee	Dr. Akin Akbaygi Vice Chairman of the Audit Committee	Mehmet Leblebici General Manager	M. Aşkın Dolacı Assistant General Manager Responsible of Financial Reporting	Gökhan Kazancı Director Responsible of Financial Reporting

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

Name-Surname/Title : Aslihan Kaya / External Reporting Senior Manager  
Telephone Number : (0216) 635 24 51  
Fax Number : (0216) 636 36 36

## INDEX

Page Number

### SECTION ONE General Information

I.	History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status	1
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 Banks Belongs to	1
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	2
IV.	Information on the Bank's Qualified Shareholders	3
V.	Summary on the Bank's Functions and Lines of Activity	3
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	3
VII.	Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between Bank and its Subsidiaries	3

### SECTION TWO Unconsolidated Financial Statements

I.	Balance Sheet	5
II.	Statement of Off-Balance Sheet Items	7
III.	Statement of Income	8
IV.	Income and Expense Items under Shareholders' Equity	9
V.	Statement of Changes in Shareholders' Equity	10
VI.	Statement of Cash Flows	12
VII.	Statement of Profit Distribution	13

### SECTION THREE Accounting Principles

I.	Basis of Presentation	14
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	14
III.	Explanations on Investments in Associates, Subsidiaries and Joint Ventures	15
IV.	Explanations on Forward and Option Contracts and Derivative Instruments	15
V.	Explanations on Interest Income and Expenses	16
VI.	Explanations on Fees and Commission Income and Expenses	16
VII.	Explanations on Financial Assets	17
VIII.	Explanations on Impairment of Financial Assets	18
IX.	Explanations on Offsetting of Financial Assets and Liabilities	19
X.	Explanations on Sales and Repurchase Agreements and Lending of Securities	19
XI.	Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets	19
XII.	Explanations on Goodwill and Other Intangible Assets	20
XIII.	Explanations on Tangible Fixed Assets	21
XIV.	Explanations on Leasing Transactions	21
XV.	Explanations on Provisions and Contingent Liabilities	21
XVI.	Explanations on Contingent Assets	22
XVII.	Explanations on Liabilities Regarding Employee Benefits	22
XVIII.	Explanations on Taxation	23
XIX.	Additional Explanations on Borrowings	24
XX.	Explanations on Issued Equity Securities	24
XXI.	Explanations on Bill Guarantees and Acceptances	24
XXII.	Explanations on Government Incentives	24
XXIII.	Explanations on Reporting According to Segmentation	25
XXIV.	Explanations on Other Matters	25
XXV.	Reclassifications	25

### SECTION FOUR Information on Financial Structure and Risk Management

I.	Explanations Related to Components of Shareholders' Equity	26
II.	Explanations Related to Credit Risk	32
III.	Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation	42
IV.	Explanations Related to Currency Risk	42
V.	Explanations Related to Interest Rate Risk	44
VI.	Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio	47
VII.	Explanations Related to Leverage Ratio	53
VIII.	Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	54
IX.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	55
X.	Explanations Related to Risk Management	56

### SECTION FIVE Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations and Disclosures Related to the Assets	73
II.	Explanations and Disclosures Related to the Liabilities	89
III.	Explanations and Disclosures Related to the Off-Balance Sheet Items	98
IV.	Explanations and Disclosures Related to the Statement of Income	103
V.	Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity	108
VI.	Explanations and Disclosures Related to Statement of Cash Flows	109
VII.	Explanations and Disclosures Related to Risk Group of the Bank	110
VIII.	Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	111
IX.	Explanations and Disclosures Related to Subsequent Events	111

### SECTION SIX Other Explanations

I.	Explanations on Other Activities of Bank	111
----	--	-----

### SECTION SEVEN Independent Auditor's Report

I.	Explanations on the Independent Auditor's Report	111
II.	Other Footnotes and Explanations Prepared by the Independent Auditors	111

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

(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**

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 Banks Belongs to**

As of 31 December 2016 and 31 December 2015 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2016		31 December 2015	
	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 31 December 2016, Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1 (full TL) nominal each.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(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 and Vice Chairman of the Audit Committee	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Ayşe Aşardağ	Member of the Board of Directors	University
Ümit Leblebici	General Manager and the Executive Director	Master
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Alain Georges Auguste Fonteneau	Member of the Board of Directors	Master
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Musa Erden	Member of the Board of Directors	University
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
Pascal Jean Fischer	Member of the Board of Directors	University
<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
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
<b>Group Heads (*);</b>		
Pascal Alfred J. Gilliard	Chief Risk Officer	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 FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

<b>Name / Commercial Name</b>	<b>Share Amount</b>	<b>Share Ratio</b>	<b>Paid-up Shares</b>	<b>Unpaid Shares</b>
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, fund management 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 31 December 2016, the Bank has 511 local branches and 4 foreign branches (31 December 2015: 528 local branches, 4 foreign branches). As of 31 December 2016, the number of employees of the Bank is 9,640 (31 December 2015: 9,927).

**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, 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 Contingencies and Commitments
- III. Statement of Income
- IV. Income and Expense Items Under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Statement of Profit Distribution



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 2016**

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

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

	Section 5 Note	Audited Current Period 31.12.2016			Audited Prior Period 31.12.2015		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-1)</b>	<b>1,958,800</b>	<b>9,708,614</b>	<b>11,667,414</b>	<b>1,202,306</b>	<b>8,713,621</b>	<b>9,915,927</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>(I-2)</b>	<b>1,035,676</b>	<b>237,298</b>	<b>1,272,974</b>	<b>599,312</b>	<b>100,685</b>	<b>699,997</b>
2.1 Financial Assets Held for Trading		1,035,676	237,298	1,272,974	599,312	100,685	699,997
2.1.1 Government Debt Securities		189,384	13,810	203,194	194,821	11,007	205,828
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(I-3)	846,292	223,488	1,069,780	404,491	89,678	494,169
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		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(I-4)</b>	<b>193,881</b>	<b>1,374,797</b>	<b>1,568,678</b>	<b>616,630</b>	<b>704,759</b>	<b>1,321,389</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>2,000,930</b>	<b>-</b>	<b>2,000,930</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		2,000,930	-	2,000,930	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(I-5)</b>	<b>4,054,403</b>	<b>48,963</b>	<b>4,103,366</b>	<b>4,029,678</b>	<b>98,873</b>	<b>4,128,551</b>
5.1 Equity Securities		20,956	20,908	41,864	21,384	75,150	96,534
5.2 Government Debt Securities		4,033,447	28,055	4,061,502	4,008,294	23,723	4,032,017
5.3 Other Marketable Securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	<b>(I-6)</b>	<b>44,734,240</b>	<b>11,629,589</b>	<b>56,363,829</b>	<b>43,513,186</b>	<b>9,699,647</b>	<b>53,212,833</b>
6.1 Loans and Receivables		44,176,746	11,629,589	55,806,335	43,110,006	9,699,647	52,809,653
6.1.1 Loans to Risk Group of the Bank		81,279	-	81,279	10,477	2	10,479
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		44,095,467	11,629,589	55,725,056	43,099,529	9,699,645	52,799,174
6.2 Loans under Follow-up		1,771,775	-	1,771,775	1,232,527	-	1,232,527
6.3 Specific Provisions (-)		1,214,281	-	1,214,281	829,347	-	829,347
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-7)</b>	<b>361,508</b>	<b>-</b>	<b>361,508</b>	<b>339,417</b>	<b>-</b>	<b>339,417</b>
8.1 Government Debt Securities		361,508	-	361,508	339,417	-	339,417
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Accounted with Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		-	-	-	-	-	-
9.2.1 Financial Investments		-	-	-	-	-	-
9.2.2 Non-Financial Investments		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(I-9)</b>	<b>115,986</b>	<b>-</b>	<b>115,986</b>	<b>115,986</b>	<b>-</b>	<b>115,986</b>
10.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>	<b>(I-10)</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		5	-	5	5	-	5
<b>XII. FINANCIAL LEASE RECEIVABLES</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(I-12)</b>	<b>195,320</b>	<b>-</b>	<b>195,320</b>	<b>58,309</b>	<b>-</b>	<b>58,309</b>
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		195,320	-	195,320	58,309	-	58,309
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>242,037</b>	<b>-</b>	<b>242,037</b>	<b>283,005</b>	<b>-</b>	<b>283,005</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>502,712</b>	<b>-</b>	<b>502,712</b>	<b>471,406</b>	<b>-</b>	<b>471,406</b>
15.1 Goodwill		421,124	-	421,124	421,124	-	421,124
15.2 Other		81,588	-	81,588	50,282	-	50,282
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>98,947</b>	<b>-</b>	<b>98,947</b>	<b>81,214</b>	<b>-</b>	<b>81,214</b>
17.1 Current Tax Asset		56,385	-	56,385	1,430	-	1,430
17.2 Deferred Tax Asset	(I-16)	42,562	-	42,562	79,784	-	79,784
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(I-17)</b>	<b>91,254</b>	<b>-</b>	<b>91,254</b>	<b>71,874</b>	<b>-</b>	<b>71,874</b>
18.1 Held for Sale Purpose		91,254	-	91,254	71,874	-	71,874
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-18)</b>	<b>916,140</b>	<b>226,290</b>	<b>1,142,430</b>	<b>989,437</b>	<b>270,992</b>	<b>1,260,429</b>
<b>TOTAL ASSETS</b>		<b>56,501,839</b>	<b>23,225,551</b>	<b>79,727,390</b>	<b>52,371,765</b>	<b>19,588,577</b>	<b>71,960,342</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 BALANCE SHEET AT 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

	Section 5 Note	Audited Current Period 31.12.2016			Audited Prior Period 31.12.2015		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	<b>29,200,370</b>	<b>20,632,288</b>	<b>49,832,658</b>	<b>28,627,484</b>	<b>15,768,376</b>	<b>44,395,860</b>
1.1 Deposits from Risk Group of the Bank		734,791	1,737,251	2,472,042	567,219	1,009,931	1,577,150
1.2 Other		28,465,579	18,895,037	47,360,616	28,060,265	14,758,445	42,818,710
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(II-2)	<b>787,810</b>	<b>154,782</b>	<b>942,592</b>	<b>466,161</b>	<b>53,286</b>	<b>519,447</b>
<b>III. FUNDS BORROWED</b>	(II-3)	<b>148,425</b>	<b>12,690,631</b>	<b>12,839,056</b>	<b>1,243,066</b>	<b>10,351,671</b>	<b>11,594,737</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>1,457,750</b>	-	<b>1,457,750</b>	<b>2,384,787</b>	-	<b>2,384,787</b>
4.1 Interbank Money Market Payables		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Payables		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements	(II-4)	1,457,750	-	1,457,750	2,384,787	-	2,384,787
<b>V. SECURITIES ISSUED (Net)</b>	(II-3)	<b>739,302</b>	-	<b>739,302</b>	<b>184,110</b>	<b>86,553</b>	<b>270,663</b>
5.1 Bills		739,302	-	739,302	184,110	86,553	270,663
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>1,054,843</b>	<b>359,624</b>	<b>1,414,467</b>	<b>999,765</b>	<b>286,792</b>	<b>1,286,557</b>
<b>VIII. OTHER EXTERNAL FUNDINGS PAYABLE</b>	(II-5)	<b>843,448</b>	<b>3,352</b>	<b>846,800</b>	<b>1,063,037</b>	<b>1,421</b>	<b>1,064,458</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES</b>	(II-6)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(II-7)	<b>284,492</b>	-	<b>284,492</b>	<b>158,539</b>	<b>677</b>	<b>159,216</b>
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		284,492	-	284,492	158,539	677	159,216
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(II-8)	<b>1,119,144</b>	<b>14,063</b>	<b>1,133,207</b>	<b>1,036,090</b>	<b>115,721</b>	<b>1,151,811</b>
12.1 General Loan Loss Provisions		683,893	-	683,893	698,089	-	698,089
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		235,302	10,003	245,305	199,530	5,209	204,739
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		199,949	4,060	204,009	138,471	110,512	248,983
<b>XIII. TAX LIABILITY</b>	(II-9)	<b>137,780</b>	-	<b>137,780</b>	<b>230,946</b>	-	<b>230,946</b>
13.1 Current Tax Liability		137,780	-	137,780	230,946	-	230,946
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(II-10)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(II-11)	-	<b>2,299,885</b>	<b>2,299,885</b>	-	<b>1,940,036</b>	<b>1,940,036</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-12)	<b>7,800,220</b>	<b>(819)</b>	<b>7,799,401</b>	<b>6,902,345</b>	<b>59,479</b>	<b>6,961,824</b>
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		998,728	(819)	997,909	828,515	59,479	887,994
16.2.1 Share Premium		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(51,156)	(819)	(51,975)	(60,958)	59,523	(1,435)
16.2.4 Revaluation Surplus on Tangible Assets		311,160	-	311,160	97,024	-	97,024
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	527	-	527
16.2.8 Hedging Funds (Effective Portion)		30,509	-	30,509	80,987	(44)	80,943
16.2.9 Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		705,123	-	705,123	708,370	-	708,370
16.3 Profit Reserves		3,645,806	-	3,645,806	2,977,490	-	2,977,490
16.3.1 Legal Reserves		247,951	-	247,951	203,828	-	203,828
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		3,081,817	-	3,081,817	2,484,698	-	2,484,698
16.3.4 Other Profit Reserves		316,038	-	316,038	288,964	-	288,964
16.4 Profit or Loss		951,296	-	951,296	891,950	-	891,950
16.4.1 Prior Periods Profit / (Loss)		9,497	-	9,497	9,497	-	9,497
16.4.2 Current Period Profit / (Loss)		941,799	-	941,799	882,453	-	882,453
16.5 Minority Interest	(II-13)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>43,573,584</b>	<b>36,153,806</b>	<b>79,727,390</b>	<b>43,296,330</b>	<b>28,664,012</b>	<b>71,960,342</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 INCOME FOR THE PERIOD**  
**ENDED 31 DECEMBER 2016 AND 2015**

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

**III. STATEMENT OF INCOME**

	Section 5 Note	Audited Current Period 31.12.2016	Audited Prior Period 31.12.2015
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>7,208,135</b>	<b>6,219,447</b>
1.1 Interest Income on Loans		6,631,088	5,718,676
1.2 Interest Income on Reserve Deposits		52,008	21,805
1.3 Interest Income on Banks		28,665	36,479
1.4 Interest Income on Money Market Placements		24,197	49,988
1.5 Interest Income on Marketable Securities Portfolio		468,360	389,864
1.5.1 Held-For-Trading Financial Assets		46,312	22,100
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Financial Assets Available for Sale		393,193	340,016
1.5.4 Held-to-maturity Investments		28,855	27,748
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		3,817	2,635
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>3,770,851</b>	<b>3,145,286</b>
2.1 Interest Expense on Deposits		3,222,418	2,632,741
2.2 Interest Expense on Funds Borrowed		277,149	280,823
2.3 Interest Expense on Money Market Borrowings		185,223	153,481
2.4 Interest Expense on Securities Issued		37,759	43,072
2.5 Other Interest Expense		48,302	35,169
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,437,284</b>	<b>3,074,161</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>977,715</b>	<b>1,016,655</b>
4.1 Fees and Commissions Received		1,326,240	1,397,557
4.1.1 Non-cash Loans		151,564	127,875
4.1.2 Other	(IV-12)	1,174,676	1,269,682
4.2 Fees and Commissions Paid		348,525	380,902
4.2.1 Non-cash Loans		2,479	2,148
4.2.2 Other	(IV-12)	346,046	378,754
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>20,742</b>	<b>20,671</b>
<b>VI. TRADING GAIN / (LOSS) (Net)</b>	<b>(IV-4)</b>	<b>(380,987)</b>	<b>(553,503)</b>
6.1 Securities Trading Gains / (Losses)		3,105	2,113
6.2 Gains / (Losses) on Derivative Financial Instruments		407,973	771,053
6.3 Foreign Exchange Gains / (Losses)		(792,065)	(1,326,669)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>572,769</b>	<b>302,616</b>
<b>VIII. TOTAL OPERATING INCOME/LOSS (III+IV+V+VI+VII)</b>		<b>4,627,523</b>	<b>3,860,600</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>1,106,846</b>	<b>934,057</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>2,338,714</b>	<b>2,135,481</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,181,963</b>	<b>791,062</b>
<b>XII. AMOUNT IN EXCESS RECORDED 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-8)</b>	<b>1,181,963</b>	<b>791,062</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(240,164)</b>	<b>(179,847)</b>
16.1 Current Tax Provision		(176,761)	(206,921)
16.2 Deferred Tax Provision		(63,403)	27,074
<b>XVII. NET PROFIT / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(IV-10)</b>	<b>941,799</b>	<b>611,215</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	<b>285,514</b>
18.1 Income on Assets Held for Sale		-	-
18.2 Income on sale of associates, subsidiaries and joint ventures		-	285,514
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>(IV-8)</b>	-	<b>285,514</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	-	<b>(14,276)</b>
21.1 Current Tax Provision		-	(14,276)
21.2 Deferred Tax Provision		-	-
<b>XXII. NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)</b>	<b>(IV-10)</b>	-	<b>271,238</b>
<b>XXIII. NET PROFIT / (LOSS) (XVII+XXII)</b>	<b>(IV-11)</b>	<b>941,799</b>	<b>882,453</b>
23.1 Group's Profit / (Loss)		941,799	882,453
23.2 Minority Interest Profit / (Loss)		-	-
Earnings per Share		0.4272	0.4003

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 INCOME AND EXPENSE ITEMS UNDER**  
**SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**

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

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

	Audited Current Period 31.12.2016	Audited Prior Period 31.12.2015
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM FINANCIAL ASSETS AVAILABLE FOR SALE</b>	<b>(63,282)</b>	<b>21,720</b>
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>-</b>	<b>-</b>
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	<b>(63,044)</b>	<b>176,327</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>-</b>
<b>VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>-</b>
<b>VIII. OTHER INCOME / EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>(4,077)</b>	<b>22,381</b>
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>26,181</b>	<b>(44,036)</b>
<b>X. NET INCOME / EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>(104,222)</b>	<b>176,392</b>
<b>XI. PROFIT/ (LOSS)</b>	<b>941,799</b>	<b>882,453</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit / (Loss))	95,425	(22,640)
11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	(5,789)	(3,548)
11.3 Transfer of Foreign Net Investment Hedge Operations to Income Statement	-	-
11.4 Other	852,163	908,641
<b>XII. TOTAL PROFIT/ (LOSS) ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>837,577</b>	<b>1,058,845</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 CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015**

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

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

Audited	Section 5 Note	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extra-ordinary 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 Disc.Op.	Total Equity Except from Minority Interest	Minority Interest	Total Equity
<b>Prior Period - 01.01-31.12.2015</b>																			
I.		2,204,390	200,262	2,565	-	172,700	-	1,959,298	718,118	-	632,057	(18,811)	91,991	527	(60,118)	-	5,902,979	-	5,902,979
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		2,204,390	200,262	2,565	-	172,700	-	1,959,298	718,118	-	632,057	(18,811)	91,991	527	(60,118)	-	5,902,979	-	5,902,979
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	(V-a)	-	-	-	-	-	-	-	-	-	-	17,376	-	-	-	-	-	-	-
VI.	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	141,061	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	141,061	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	17,955	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	-	882,453	-	-	-	-	-	-	-	-	-
XX.		-	-	-	-	31,128	-	525,400	60,999	-	(622,560)	-	5,033	-	-	-	-	-	-
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	31,128	-	525,400	60,999	-	(622,560)	-	5,033	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2015</b>																			
<b>(II+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	-	203,828	-	2,484,698	797,072	882,453	9,497	(1,435)	97,024	527	80,943	-	6,961,824	-	6,961,824

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 CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

Audited	Section 5 Note	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extra-ordinary 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 Disc. Op.	Total Equity Except from Minority Interest	Minority Interest	Total Equity
<b>Current Period- 01.01-31.12.2016</b>																			
I.		2,204,390	200,262	2,565	-	203,828	-	2,484,698	797,072	-	891,950	(1,435)	97,024	527	80,943	-	6,961,824	-	6,961,824
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	(V-a)	-	-	-	-	-	-	-	-	-	-	(50,540)	-	-	-	-	(50,540)	-	(50,540)
IV.	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	(3,248)	-	-	-	-	-	-	-	(3,248)	-	(3,248)
XVII.		-	-	-	-	-	-	-	941,799	-	-	-	-	-	-	-	941,799	-	941,799
XVIII.		-	-	-	-	44,123	-	597,119	27,075	-	(882,453)	-	214,136	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	44,123	-	597,119	27,075	-	(882,453)	-	214,136	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2016</b>																			
<b>(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)</b>																			
		2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	941,799	9,497	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401

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 CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VI. STATEMENT OF CASH FLOWS**

	Section 5 Note	Audited Current Period 01.01-31.12.2016	Audited Prior Period 01.01-31.12.2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,755,433</b>	<b>2,003,120</b>
1.1.1 Interest received		6,331,515	6,133,439
1.1.2 Interest paid		(3,277,159)	(3,104,690)
1.1.3 Dividend received		20,742	19,559
1.1.4 Fees and commissions received		1,889,818	2,031,369
1.1.5 Other income		889,837	1,097,178
1.1.6 Collections from previously written off loans		644,667	495,010
1.1.7 Payments to personnel and service suppliers		(966,737)	(895,732)
1.1.8 Taxes paid		(338,521)	(195,482)
1.1.9 Others	(VI-1)	(3,438,729)	(3,577,531)
<b>1.2 Changes in operating assets and liabilities</b>		<b>763,608</b>	<b>(1,425,437)</b>
1.2.1 Net decrease / (increase) in financial assets held for trading		2,730	(117,734)
1.2.2 Net decrease / increase in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) /decrease in due from banks and other financial institutions		38,788	(2,654)
1.2.4 Net increase in loans		(3,957,911)	(8,254,746)
1.2.5 Net increase in other assets	(VI-1)	(279,009)	(749,386)
1.2.6 Net decrease in bank deposits		(859,669)	(497,873)
1.2.7 Net increase in other deposits		5,409,495	6,019,686
1.2.8 Net increase in funds borrowed		1,266,001	2,488,902
1.2.9 Net increase / decrease in matured payables		-	-
1.2.10 Net decrease in other liabilities	(VI-1)	(856,817)	(311,632)
<b>I. Net cash provided from banking operations</b>		<b>2,519,041</b>	<b>577,683</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash (used in) / provided from investing activities</b>		<b>(60,896)</b>	<b>416,470</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	346,768
2.3 Fixed asset purchases		(54,288)	(61,520)
2.4 Fixed asset sales		301	1,339
2.5 Cash paid for purchase of financial assets available for sale		(2,247,988)	(2,960,665)
2.6 Cash obtained from sale of financial assets available for sale		2,313,764	3,118,501
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(VI-1)	(72,685)	(27,953)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities</b>		<b>460,467</b>	<b>(712,244)</b>
3.1 Cash obtained from funds borrowed and securities issued		726,988	266,556
3.2 Cash used for repayment of funds borrowed and securities issued		(266,521)	(978,800)
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>601,388</b>	<b>288,054</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>3,520,000</b>	<b>569,963</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>3,880,129</b>	<b>3,310,166</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>7,400,129</b>	<b>3,880,129</b>

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



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 CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited Current Period 31.12.2016 (*)	Audited Prior Period 31.12.2015
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	1,181,963	1,076,576
1.2	240,164	194,123
1.2.1	176,761	221,197
1.2.2	-	-
1.2.3	63,403	(27,074)
<b>A.</b>	<b>941,799</b>	<b>882,453</b>
1.3	-	-
1.4	-	44,123
1.5	-	-
<b>B.</b>	<b>941,799</b>	<b>838,330</b>
1.6	-	-
1.6.1	-	-
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	-
1.9.1	-	-
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.10	-	-
1.11	-	-
1.12	-	624,194
1.13	-	-
1.14	-	214,136
<b>II. DISTRIBUTION OF RESERVE</b>		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1	0.4272	0.4003
3.2	42.72	40.30
3.3	-	-
3.4	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1	-	-
4.2	-	-
4.3	-	-
4.4	-	-

(\*) As of 31 December 2016 when the financial statements has been finalized, the General Assembly meeting did not performed.

(\*\*) Other taxes and duties amount is deferred tax expense. (31 December 2015: Deferred tax income)

The accompanying notes are an integral part of these unconsolidated financial statement

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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 in case where a specific regulation is not made by BRSA, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). 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 accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between Notes II and XXV.

The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the Bank’s accounting policies, financial position and performance. The amendments of TAS and TFRS announced but not applicable as of the report date, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank has started works in order to comply with TFRS 9 Financial Instruments Standard, which will be effective from 1 January 2018.

**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.

**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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

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.

At period ends, foreign currency asset and liability balances are valued at the Bank’s period end counter currency buying rates and recognized as a “Foreign exchange gain/loss”.

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**

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**

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.

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

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) from 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 reversed on the date of classification as loans under follow-up.

Interest accruals on the loans under follow-up are recorded as interest income only when they are collected.

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

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 Bankassurance 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**VII. Explanations on Financial Assets**

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 Group. 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.

Marketable securities are classified as “Financial assets at fair value through profit or loss”, “Financial assets available for sale” or “held-to-maturity investments”.

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.

*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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

*Held-to-Maturity Investments (continued)*

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.

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

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or the groups of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the amount of impairment is determined and its provision is made.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event (“loss event”) after the first recognition of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

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

If there is a legally enforceable right to offset, financial assets and liabilities are indicated by net amounts on the balance sheet in case that;

- (i) The Bank intends to collect/ pay the related financial assets and liabilities on a net basis, or
- (ii) Realization of the relevant financial asset and payment of the liability occur 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 held for trading, available for sale and held-to maturity securities 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 31 December 2016, the Bank has reverse repo amounting to TL2,000,930 (31 December 2015: None).

As of 31 December 2016, the Bank does not have any marketable securities lending transaction (31 December 2015: None).

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

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

As of 31 December 2016, assets held for sale and discontinued operations of the Bank are TL91,254 (31 December 2015: TL71,874). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL1,590 (31 December 2015: TL1,480) has been reserved as provision for impairment losses.

The Bank does not have any discontinued operations.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**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.

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.

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.

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 Group 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.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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 annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor Vehicles	10-20
Furniture, Fixtures and Office Equipment and Others	2-50

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 5 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 leases 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 leases 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”.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**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 never be realized. 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**

*Defined Benefit Plans*

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 No: 19 “Turkish Accounting Standard on 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 Pension Fund Foundation” (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 31 December 2016, the Pension Fund has 1,866 employees and 1,037 pensioners (31 December 2015: 2,006 employees and 997 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.

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

*Defined Benefit Plans (continued)*

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 2016. 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.

Communiqué on “Turkish Accounting Standard (TAS 19) about Benefits for Employee (No: 9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2016, actuarial income amounting to TL3,322 (1 January - 31 December 2015: TL17,707 income) was classified as “Other Comprehensive Income” and as of 31 December 2016, a total of TL34,632 (31 December 2015: TL37,954) actuarial profit was accounted under “Other Reserves”.

**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%.

The tax legislation requires advance tax of 20% 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 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years, and 75% of sale proceeds of real estate received from bank receivables are exempt from corporate taxation.

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.

*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.

As of 31 December 2016 and 31 December 2015, in accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

*Deferred Tax Liability/Asset (continued)*

After net off the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. Deferred tax expense has been presented on statement of gain and loss amounting to TL63,403 (31 December 2015: TL27,024 income). Portion of deferred tax accounted for under equity related to valuation differences which is presented in the table below has been netted and presented within relevant accounts in statement of profit and loss accounted for under equity.

	<b>Current Period</b>	<b>Prior Period</b>
Financial assets available for sale	12,742	(4,344)
Cash flow hedge	12,610	(35,265)
Actuarial profit or loss	829	(4,427)
<b>Total</b>	<b>26,181</b>	<b>(44,036)</b>

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 is no shares issued in 2016.

**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.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

The details of the income statement and the balance sheet which the group operates as a business lane according to organizational:

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Net Interest Income	495,138	269,136	1,176,840	1,496,170	3,437,284
Net Fees and Commissions Income and Other Operating Income	208,340	180,397	632,433	529,314	1,550,484
Trading Profit/Loss	(50)	(541)	(3,376)	(377,020)	(380,987)
Dividend Income	-	-	-	20,742	20,742
Impairment Provision for Loans and Other Receivables (-)	140,110	83,463	623,336	259,937	1,106,846
Other Operating Expenses (-)	447,115	50,316	520,922	1,320,361	2,338,714
<b>Profit Before Taxes</b>	<b>116,203</b>	<b>315,213</b>	<b>661,639</b>	<b>88,908</b>	<b>1,181,963</b>
Tax Provision (-)	-	-	-	240,164	240,164
<b>Net Profit for the Period</b>	<b>116,203</b>	<b>315,213</b>	<b>661,639</b>	<b>(151,256)</b>	<b>941,799</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Segment Assets	12,285,775	13,540,031	25,642,231	28,143,362	79,611,399
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,285,775</b>	<b>13,540,031</b>	<b>25,642,231</b>	<b>28,259,353</b>	<b>79,727,390</b>
Segment Liabilities	30,444,094	10,570,571	8,644,258	22,269,066	71,927,989
Shareholders' Equity	-	-	-	7,799,401	7,799,401
<b>Total Liabilities</b>	<b>30,444,094</b>	<b>10,570,571</b>	<b>8,644,258</b>	<b>30,068,467</b>	<b>79,727,390</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Net Interest Income	460,987	251,280	1,077,191	1,284,703	3,074,161
Net Fees and Commissions Income and Other Operating Income	260,549	172,363	569,549	316,810	1,319,271
Trading Profit / Loss	1,695	(87)	(75)	(555,036)	(553,503)
Dividend Income	-	-	-	20,671	20,671
Impairment Provision for Loans and Other Receivables (-)	174,242	124,593	492,639	142,583	934,057
Other Operating Expenses (-)	405,636	42,180	517,767	1,169,898	2,135,481
<b>Profit before taxes from continued operations</b>	<b>143,353</b>	<b>256,783</b>	<b>636,259</b>	<b>(245,333)</b>	<b>791,062</b>
Tax provision from continued operations (-)	-	-	-	179,847	179,847
<b>Profit before taxes from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285,514</b>	<b>285,514</b>
Tax provision from discontinued operations (-)	-	-	-	14,276	14,276
<b>Net Profit for the Period</b>	<b>143,353</b>	<b>256,783</b>	<b>636,259</b>	<b>(153,942)</b>	<b>882,453</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Segment Assets	12,237,860	12,014,856	24,743,720	22,847,915	71,844,351
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,237,860</b>	<b>12,014,856</b>	<b>24,743,720</b>	<b>22,963,906</b>	<b>71,960,342</b>
Segment Liabilities	26,884,205	8,945,692	8,354,559	20,814,062	64,998,518
Shareholders' Equity	-	-	-	6,961,824	6,961,824
<b>Total Liabilities</b>	<b>26,884,205</b>	<b>8,945,692</b>	<b>8,354,559</b>	<b>27,775,886</b>	<b>71,960,342</b>

**XXIV. Explanations on Other Matters**

It has been resolved in the Ordinary General Assembly dated 28 March 2016 the Bank, TL882,453 that constitutes the 2015 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, TL44,123 as Legal Reserves, TL0.72 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL0.08 (full TL) as Legal Reserves and TL214,136 as Tangible and Intangible Assets revaluation funds.

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2016, some reclassifications are made in the income statement, the statement of cash flows and the statement of off-balance sheet as of 31 December 2015.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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”. As of 31 December 2016, Bank’s total capital has been calculated as TL9,668,450 and capital adequacy ratio is 14.37%. As of 31 December 2015, Bank’s total capital amounted to TL8,740,676. Capital adequacy ratio was 13.94% calculated pursuant to former regulations. 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”.

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

	Current Period 31.12.2016	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	4,446,513	
Gains Recognized in Equity as per TAS	-	
Profit	951,296	
Current Period Profit	941,799	
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>7,805,553</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 (-)	51,975	
Leasehold Improvements on Operational Leases	64,762	
Goodwill netted off deferred tax liability	345,300	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	46,095	76,825
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>508,132</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>7,297,421</b>	

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	<b>Current Period</b>	<b>Amount related to</b>
	<b>31.12.2016</b>	<b>treatment before</b>
		<b>01.01.2014(*)</b>
<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)	106,554	
<b>Additional Tier 1 Capital before deductions</b>	<b>106,554</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 (-)	106,554	-
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>106,554</b>	
<b>Total Additional Tier 1 Capital</b>	<b>-</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>7,297,421</b>	
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	1,466,546	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	228,449	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	683,893	
<b>Tier 2 Capital Before Deductions</b>	<b>2,378,888</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>-</b>	
<b>Total Tier 2 Capital</b>	<b>2,378,888</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>9,676,309</b>	

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	<b>Current Period</b> <b>31.12.2016</b>	<b>Amount related to</b> <b>treatment before</b> <b>01.01.2014(*)</b>
<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	7,170	
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 (-)	677	
Other items to be defined by the BRSA (-)	12	
<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	9,668,450	
Total Risk Weighted Assets	67,261,065	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.85	
Tier 1 Capital Adequacy Ratio (%)	10.85	
Capital Adequacy Ratio (%)	14.37	
<b>BUFFERS</b>		
Total buffer requirement (%)	0.63	
Capital conservation buffer requirement (%)	0.63	
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 (%)	4.22	
<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	30,008	
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)	42,562	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	683,893	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	683,893	
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.



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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

<b>Common Equity Tier 1 Capital</b>	<b>31 December 2015 (*)</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652
Share Premium	2,565
Share Cancellation Profits	-
Reserves	3,467,589
Income recognized under equity in accordance with TAS	97,024
Profit	891,950
Current Period’s Profit	882,453
Prior Period’s Profit	9,497
General Reserves for Possible Losses	-
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>6,864,307</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	1,435
Leasehold Improvements on Operational Leases (-)	75,489
Goodwill and intangible asset and the related deferred tax liability (-)	256,490
Net Deferred Tax Asset / Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank’s direct or indirect investments on its own Tier 1 Capital (-)	-
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 (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
<b>Total Deductions from common equity tier 1 Capital</b>	<b>333,414</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>6,530,893</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Premiums that are not included in Common Equity Tier 1 capital	-
Bank’s borrowing instruments and related issuance premium (issued after 1.1.2014 )	-
Bank’s borrowing instruments and related issuance premium (issued before 1.1.2014 )	210,420
<b>Additional Tier 1 Capital before deductions</b>	<b>210,420</b>
<b>Deductions from Additional Tier 1 Capital</b>	
Bank’s direct or indirect investment in Tier 1 Capital (-)	-
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(-)	-
The amount to be deducted from Additional Tier 1 Capital (-)	-
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>210,420</b>
<b>Deductions From Tier 1 Capital</b>	
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	210,420
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
<b>Tier 1 Capital</b>	<b>6,530,893</b>
<b>TIER 2 CAPITAL</b>	
Bank’s borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank’s borrowing instruments and related issuance premium (issued before 1.1.2014)	1,526,571
Pledged assets of the shareholders to be used for the Bank’s capital increases	-
General Provisions	698,089

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	<b>31 December 2015 (*)</b>
<b>Tier 2 Capital Before Deductions</b>	<b>2,224,660</b>
<b>Deductions From Tier 2 Capital</b>	<b>-</b>
Bank’s direct or indirect investment in Tier 2 capital (-)	-
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>-</b>
<b>Tier 2 Capital</b>	<b>2,224,660</b>
<b>TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS</b>	<b>8,755,553</b>
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	11,651
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 (-)	3,188
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2 ) (-)	-
Other items to be defined by BRSA (-)	38
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>	<b>8,740,676</b>
<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	84,269
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)	79,784

**Summary information related to the capital adequacy ratio:**

	<b>31 December 2015 (*)</b>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	4,539,535
Capital Requirement for Market Risk (CRMR)	65,397
Capital Requirement for Operational Risk (CROR) (*)	411,557
Total Capital	8,740,676
Total Capital /(((CRCR+CRMR+CROR)*12.5)*100)	13.94
Tier 1 Capital/(((CRCR+CRMR+CROR)*12.5)*100)	10.42
Common Equity Tier 1 Capital/(((CRCR+CRMR+CROR)*12.5)*100)	10.42

(\*) The calculation of Equity and Capital Adequacy Ratios has been changed in accordance with the “Regulations regarding to changes on Regulation on Equity of Banks” effective from 31 March 2016, the prior period information has been calculated pursuant to former regulation.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

Investor Issuer	IFC TEB	BNP Paribas TEB	BNP Paribas TEB	EBRD TEB	BNP Paribas TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	-	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>					
Subject to 10% deduction as of 1/1/2015	Yes	No	No	Yes	No
Eligible at solo/ group/ group and solo	Available	Available	Available	Available	Available
Type of the debt instrument	Credit	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	106.6	635.1	369.5	228.4	461.9
Par value of debt instrument (TL Currency in mil)	351.5	646.7	369.5	228.4	461.9
Accounting classification of the debt instrument	34700001	34701100	34701100	34701100	34701100
Original date of issuance	31.07.2007	04.11.2011	20.07.2012	14.05.2012	27.06.2013
Perpetual or dated	Demand	Time	Time	Time	Time
Original maturity date	Demand	04.11.2023	20.07.2024	14.05.2024	27.06.2023
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	31.07.2017	04.11.2018	20.07.2019	14.05.2019	27.06.2018
Subsequent call dates, if applicable	-	-	-	-	-
<b>Coupons / dividends</b>					
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	LIBOR+3.5%	Euribor+4.75%	Euribor+4.75%	LIBOR+5.75%	Euribor+2.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Available	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>					
If convertible, conversion trigger(s)	Repayment option(*)	-	-	-	-
If convertible, fully or partially	Totally	-	-	-	-
If convertible, conversion rate	(*)	-	-	-	-
If convertible, mandatory or optional conversion	Optional	-	-	-	-
If convertible, specify instrument type convertible into	Share	-	-	-	-
If convertible, specify issuer of instrument it converts into	TEB	-	-	-	-
<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)	tier 2 debt instruments	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	Not Possess	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed (**)	Article 7/2 (ç), (f), (i), (j)	-	-	Article 8/2 (ğ)	-

(\*) The additional Tier 1 borrowing obtained from IFC on 31 July 2007 was structured in such a manner that entitle IFC to convert the borrowing to common shares in case of not paying back on 31 July 2017, at call option date. Conversion ratio will be calculated through valid market data if right is exercised.

(\*\*) Under article 7/2; in subsection (ç), clauses on step-up and incentive to redeem; in subsection (f) delegating to the bank about cancellation of interest and dividend payment; in subsection (i) and (j) conditions of conversion to common shares and write-down are stated. Under article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

<b>Total Capital per Balance Sheet</b>	<b>7,799,401</b>
Hedging Funds (effective portion)	(30,509)
Deductions Made Under Regulation	(471,471)
<b>Common Equity Tier 1 Capital</b>	<b>7,297,421</b>
Additional Tier 1 Capital	-
<b>Tier 1 Capital</b>	<b>7,297,421</b>
General Provisions	683,893
Bank’s Borrowing Instruments	1,694,995
Deductions Made Under Regulation	(7,859)
<b>Total Equity</b>	<b>9,668,450</b>

**II. Explanations Related to Credit Risk**

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

According to the “Communiqué 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 numbered 26333 dated 1 November 2006 which was revised with the communiqué published in the Official Gazette numbered 29918 dated 14 December 2016; Non-required delay time loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as “Non-Performing Loan” in the Accounting Practice; group III, IV and V loans defined on the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition accrued interest and quasi-interest loading to principal.

The Bank provides specific reserves to Group III, IV and V loans in accordance with “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

<b>Exposure classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount (*,**)</b>
Conditional and unconditional receivables from central governments or central banks	16,855,734	17,314,205
Conditional and unconditional receivables from regional or local governments	424,412	408,183
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,764,864	4,863,919
Conditional and unconditional corporate receivables	29,816,457	28,314,190
Conditional and unconditional retail receivables	26,067,621	26,135,739
Conditional and unconditional secured mortgage receivables	11,994,604	10,270,177
Past due receivables	584,975	601,685
Receivables defined in high risk category by BRSA	-	712,690
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	1,541,918	1,571,311
Investments in equities	41,864	23,235

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*) Average risk amount is calculated by taking the arithmetic average of balances prepared to the end of the month.

For the positions of the Bank in terms of forward transactions and other similar contracts, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2016, the receivables of the Bank from its top 100 and top 200 cash loan customers amount is TL7,492,224 and TL10,194,434 and share in total cash loans are respectively 13.43% and 18.27%.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

As of 31 December 2016, the receivables of the Bank from its top 100 and top 200 non-cash loan customers amount to TL7,879,699 and TL10,194,434 with a share 45.73% and 59.16% respectively in the total non-cash loans.

As of 31 December 2016, the share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 5.26% and 7.26% respectively.

As of 31 December 2016, the general loan loss provision related with the credit risk taken by the Bank is TL683,893 (31 December 2015: TL: 698,089).

**Credit Rating System**

The credit risk is assessed through the system named as TEBCORE and internal rating system related to Bank’s rating scala, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2016, consumer loans, business loans and agriculture loans are excluded from the internal rating system of the Bank and those loans are about 35.02% of total loan portfolio. Application and behavioral score card models are used in the credit risk evaluation process of consumer and business segments.

The risks that are subject to rating models can be allocated as follows.

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total % 31.12.2016</b>	<b>Share in the Total % 31.12.2015</b>
1st Category	The borrower has a very strong financial structure	34.56	35.82
2nd Category	The borrower has a good financial structure	29.56	28.23
3rd Category	The borrower has an intermediate level of financial structure	28.97	29.86
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	6.91	6.09
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

**Profile of significant exposures in major regions:**

	Exposure Categories (***)																	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	
<b>Current Period</b>																		
Domestic	4,796,802	209,912	-	-	-	561,145	19,286,963	17,412,843	4,547,681	711,722	-	-	-	-	-	526,843	41,864	48,095,775
European Union (EU)																		
Countries	-	-	-	-	-	854,954	15,395	5,720	3,874	1,975	-	-	-	-	-	1,044	-	882,962
OECD Countries (*)	-	-	-	-	-	80,214	13,560	2,090	1,070	-	-	-	-	-	-	5,345	-	102,279
Off-Shore Banking Regions (****)	122,659	-	-	-	-	8	228,334	70,894	37,377	1,285	-	-	-	-	-	137	-	460,694
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	8,099	56,858	787	1,025	11	-	-	-	-	-	-	-	66,780
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,986	-	115,986
Unallocated Assets/Liabilities (**)	-	2,300	-	-	-	279,948	9,432,977	2,053,197	102,241	29,826	-	-	-	-	-	1,638	-	11,902,127
<b>Total</b>	<b>4,919,461</b>	<b>212,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,784,368</b>	<b>29,034,087</b>	<b>19,545,531</b>	<b>4,693,268</b>	<b>744,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650,993</b>	<b>41,864</b>	<b>61,626,603</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

**Profile of significant exposures in major regions: (continued)**

	Exposure Categories (***)																Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other receivables	
<b>Prior Period</b>																	
Domestic	213,690	75,147	-	-	-	1,187,923	17,935,678	14,382,727	4,789,439	447,237	7,450,552	-	-	-	-	614,257	47,096,650
European Union (EU) Countries	-	-	-	-	-	208,136	11,605	3,573	3,637	890	6,253	-	-	-	-	-	234,094
OECD Countries (*)	-	-	-	-	-	27,468	11,246	1,616	1,652	3	2,918	-	-	-	-	-	44,903
Off-Shore Banking Regions (****)	136,626	-	-	-	-	7	195,360	21,298	53,992	1,517	117,124	-	-	-	-	13	525,937
USD, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	9,252	45,499	758	998	8	1,273	-	-	-	-	-	57,788
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,986	115,986
Unallocated Assets/Liabilities (**)	-	615	-	-	-	327,926	7,442,958	2,316,147	62,711	-	21,688	-	-	-	-	275,811	10,447,856
<b>Total</b>	<b>350,316</b>	<b>75,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,760,712</b>	<b>25,642,346</b>	<b>16,726,119</b>	<b>4,912,429</b>	<b>449,655</b>	<b>7,599,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,006,067</b>	<b>58,523,214</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions



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

TÜRK EKONOMİ BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

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

II. Explanations Related to Credit Risk (continued)

Risk profile by Sectors or Counterparties:

Current Period	Exposure Categories (**)																	Total		
	Conditional and unconditional exposures to central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities		TL (*)	FC
Agriculture	-	-	-	-	-	-	629,245	542,734	165,463	21,725	-	-	-	-	-	5,345	-	1,231,090	133,422	1,364,512
Farming and Stockbreeding	-	-	-	-	-	-	595,301	517,914	162,480	20,693	-	-	-	-	-	5,345	-	1,168,456	133,277	1,301,733
Forestry	-	-	-	-	-	-	8,746	5,949	950	766	-	-	-	-	-	-	-	16,266	145	16,411
Fishery	-	-	-	-	-	-	25,198	18,871	2,033	266	-	-	-	-	-	-	-	46,368	-	46,368
Manufacturing	-	-	-	-	-	-	13,606,660	4,690,883	720,529	226,532	-	-	-	-	-	54	-	10,877,612	8,367,046	19,244,658
Mining and Quarrying	-	-	-	-	-	-	680,127	232,290	31,003	5,046	-	-	-	-	-	-	-	640,726	307,740	948,466
Production	-	-	-	-	-	-	12,490,763	4,440,946	686,510	219,901	-	-	-	-	-	54	-	10,084,820	7,753,354	17,838,174
Electricity, Gas and Water	-	-	-	-	-	-	435,770	17,647	3,016	1,585	-	-	-	-	-	-	-	152,066	305,952	458,018
Construction	-	-	-	-	-	-	3,004,565	1,226,366	326,610	83,208	-	-	-	-	-	-	-	3,106,313	1,534,436	4,640,749
Services	4,919,461	212,212	-	-	-	1,784,368	11,535,498	5,793,532	1,229,542	282,446	-	-	-	-	-	617,850	41,700	18,205,865	8,210,744	26,416,609
Wholesale and Retail Trade	-	36	-	-	-	-	4,371,967	2,841,140	538,661	136,648	-	-	-	-	-	10	-	5,751,867	2,136,595	7,888,462
Accommodation and Dining	-	608	-	-	-	-	1,113,976	366,179	207,845	17,750	-	-	-	-	-	-	-	819,574	886,784	1,706,358
Transportation and Telecom.	-	-	-	-	-	-	1,995,272	1,268,908	170,405	83,573	-	-	-	-	-	-	-	2,474,487	1,043,671	3,518,158
Financial Institutions	4,919,461	-	-	-	-	1,784,368	1,062,869	49,986	8,309	6,398	-	-	-	-	-	617,840	41,700	6,784,689	1,706,242	8,490,931
Real Estate and Rental Services	-	6	-	-	-	-	2,056,098	921,046	256,327	30,903	-	-	-	-	-	-	-	1,189,627	2,074,753	3,264,380
Self-Employment Services	-	-	-	-	-	-	855,543	295,089	43,300	5,459	-	-	-	-	-	-	-	844,306	355,085	1,199,391
Educational Services	-	-	-	-	-	-	15,044	37,844	2,516	1,400	-	-	-	-	-	-	-	55,969	835	56,804
Health and Social Services	-	211,562	-	-	-	-	64,729	13,340	2,179	315	-	-	-	-	-	-	-	285,346	6,779	292,125
Other	-	-	-	-	-	-	258,119	7,292,016	2,251,124	130,908	-	-	-	-	-	27,744	164	4,998,372	4,961,703	9,960,075
<b>Total</b>	<b>4,919,461</b>	<b>212,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,784,368</b>	<b>29,034,087</b>	<b>19,545,531</b>	<b>4,693,268</b>	<b>744,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650,993</b>	<b>41,864</b>	<b>38,419,252</b>	<b>23,207,351</b>	<b>61,626,603</b>

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

**Risk profile by Sectors or Counterparties: (continued)**

Prior Period	Exposure Categories (**)																			Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail real estate property	Conditional and unconditional exposures secured by past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	TL (*)	FC			
Agriculture	-	-	-	-	-	-	946,588	1,105,809	296,598	30,226	1,127	-	-	-	-	2,216,401	163,947	2,380,348		
Farming and Stockbreeding	-	-	-	-	-	-	930,981	1,091,257	292,725	30,176	1,095	-	-	-	-	2,182,584	163,650	2,346,234		
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fishery	-	-	-	-	-	-	15,607	14,552	3,873	50	32	-	-	-	-	33,817	297	34,114		
Manufacturing	-	1	-	-	-	-	10,312,341	3,478,443	489,074	85,811	11,740	-	-	-	608	8,100,370	6,277,648	14,378,018		
Mining and Quarrying	-	-	-	-	-	-	712,865	268,767	37,117	5,663	556	-	-	-	-	577,120	447,848	1,024,968		
Production	-	1	-	-	-	-	9,412,815	3,193,756	450,531	79,693	11,141	-	-	-	608	7,402,914	5,745,631	13,148,545		
Electricity, Gas and Water	-	-	-	-	-	-	186,661	15,920	1,426	455	43	-	-	-	-	120,336	84,169	204,505		
Construction	-	-	-	-	-	-	2,918,602	1,079,114	368,552	43,390	5,176	-	-	-	-	2,908,983	1,505,851	4,414,834		
Services	350,316	75,761	-	-	-	1,760,712	11,209,453	6,037,227	1,186,141	117,027	18,170	-	-	-	1,005,294	14,981,891	6,778,210	21,760,101		
Wholesale and Retail Trade	-	10,498	-	-	-	-	5,772,694	3,380,089	519,226	57,591	11,496	-	-	-	594	7,646,749	2,105,439	9,752,188		
Accommodation and Dining	-	-	-	-	-	-	861,191	311,188	198,029	7,530	991	-	-	-	-	667,322	711,607	1,378,929		
Transportation and Telecom.	-	-	-	-	-	-	1,731,824	1,166,236	167,562	28,995	2,222	-	-	-	5	2,309,656	787,188	3,096,844		
Financial Institutions	350,316	-	-	-	-	1,760,712	566,094	40,520	4,102	316	760	-	-	1,004,676	2,289,965	1,437,531	3,727,496			
Real Estate and Rental Services	-	1	-	-	-	-	1,583,189	776,926	233,774	15,226	1,626	-	-	-	-	1,053,855	1,556,887	2,610,742		
Self-Employment Services	-	500	-	-	-	-	580,586	255,059	40,449	5,973	732	-	-	19	711,597	171,721	883,318			
Educational Services	-	1	-	-	-	-	13,722	44,115	9,942	482	118	-	-	-	-	64,929	3,451	68,380		
Health and Social Services	-	64,761	-	-	-	-	100,153	63,094	13,057	914	225	-	-	-	-	237,818	4,386	242,204		
Other	-	-	-	-	-	-	255,362	5,025,526	2,572,064	173,201	7,563,595	-	-	-	165	15,291,186	298,727	15,589,913		
<b>Total</b>	<b>350,316</b>	<b>75,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,760,712</b>	<b>25,642,346</b>	<b>16,726,119</b>	<b>4,912,429</b>	<b>449,655</b>	<b>7,599,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,006,067</b>	<b>43,498,831</b>	<b>15,024,383</b>	<b>58,523,214</b>		

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Analysis of maturity-bearing exposures according to remaining maturities:**

Current Period	Term To Maturity				
	Up to 1 Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Exposure classifications					
Conditional and unconditional exposures to central governments or central banks	4,748,785	-	-	-	8,158
Conditional and unconditional exposures to regional governments or local authorities	1,285	804	1,554	7,111	199,154
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	581,812	196,630	87,040	170,905	194,925
Conditional and unconditional exposures to corporates	5,714,482	1,573,554	1,626,250	3,545,193	7,136,661
Conditional and unconditional retail exposures	5,390,196	696,673	1,442,756	1,622,923	8,335,141
Conditional and unconditional exposures secured by real estate property	723,360	77,080	160,181	252,748	3,376,769
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	6,261	-	-	-	-
Investment in equities	26,637	-	-	15,226	-
<b>Total</b>	<b>17,192,818</b>	<b>2,544,741</b>	<b>3,317,781</b>	<b>5,614,106</b>	<b>19,250,808</b>

Prior Period	Term To Maturity				
	Up to 1 Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Exposure classifications					
Conditional and unconditional exposures to central governments or central banks	136,626	-	-	-	14,228
Conditional and unconditional exposures to regional governments or local authorities	102	119	732	3,035	71,158
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	779,386	81,230	67,995	68,398	151,140
Conditional and unconditional exposures to corporates	5,720,245	1,128,342	1,472,793	3,305,521	6,567,740
Conditional and unconditional retail exposures	5,842,187	1,102,634	835,884	1,528,681	5,094,783
Conditional and unconditional exposures secured by real estate property	724,526	85,415	112,591	236,030	3,690,822
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	76,929	7,501,192
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	86,575	-	-	-	15,654
<b>Total</b>	<b>13,289,647</b>	<b>2,397,740</b>	<b>2,489,995</b>	<b>5,218,594</b>	<b>23,106,717</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Information about the risk exposure categories:**

The credit rating of Fitch Ratings International Rating Agency is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk concentration is used for receivables with a maturity period of more than three months, and the risk concentration used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long-Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA and AA-	0%	20%	50%	100%
2	A+ and A-	20%	20%	50%	100%
3	BBB+ and BBB-	50%	50%	50%	100%
4	BB+ and BB-	100%	100%	100%	100%
5	B+ and B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

**Exposures by risk weights:**

Current Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before												
Credit Risk Mitigation	8,275,965	-	2,464,363	8,693,573	16,658,751	26,051,001	29,484,809	421,426	-	42,562	-	570,567
Exposures after												
Credit Risk Mitigation	8,275,965	-	2,200,837	8,693,573	16,741,738	25,486,069	28,561,501	349,656	-	42,562	-	570,567
Prior Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before												
Credit Risk Mitigation	16,542,863	-	2,888,189	-	11,083,234	21,714,608	28,180,359	1,839,789	2,484,779	83,360	-	557,276
Exposures after												
Credit Risk Mitigation	16,872,377	-	2,851,037	-	11,149,439	21,070,155	26,885,986	1,821,801	2,484,779	83,360	-	557,276

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Information in terms of major sectors and type of counterparties:**

Current Period Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	71,748	157,019	1,900	56,287
Farming and Stockbreeding	70,680	139,606	1,689	55,906
Forestry	737	9,547	116	229
Fishery	331	7,866	95	152
Manufacturing	600,636	336,915	4,077	443,360
Mining and Quarrying	13,723	28,917	350	8,917
Production	584,595	299,052	3,619	433,120
Electricity, Gas and Water	2,318	8,946	108	1,323
Construction	149,285	287,632	3,481	95,736
Services	592,206	1,263,130	15,285	392,416
Wholesale and Retail Trade	293,264	875,205	10,591	194,894
Accommodation and Dining	34,892	106,351	1,287	21,882
Transportation and Telecom.	162,161	186,227	2,253	104,468
Financial Institutions	7,332	7,712	93	3,402
Real Estate and Rental Services	79,620	-	-	58,333
Professional Services	12,500	51,147	619	8,156
Educational Services	1,899	5,504	67	950
Health and Social Services	538	30,984	375	331
Other	357,900	1,051,819	12,727	226,482
<b>Total</b>	<b>1,771,775</b>	<b>3,096,515</b>	<b>37,470</b>	<b>1,214,281</b>

Prior Period Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	63,650	118,218	1,236	37,199
Farming and Stockbreeding	54,831	110,074	1,151	32,392
Forestry	8,370	5,591	58	4,407
Fishery	449	2,553	27	400
Manufacturing	379,610	499,995	5,230	282,956
Mining and Quarrying	16,258	24,158	253	10,652
Production	362,642	475,768	4,976	271,932
Electricity, Gas and Water	710	69	1	372
Construction	118,695	110,997	1,161	78,586
Services	293,091	425,427	4,448	204,827
Wholesale and Retail Trade	118,736	135,909	1,421	83,865
Accommodation and Dining	15,795	43,542	455	8,867
Transportation and Telecom.	100,537	119,396	1,249	73,984
Financial Institutions	965	2,105	22	676
Real Estate and Rental Services	35,085	89,413	935	21,916
Professional Services	15,454	24,801	259	10,753
Educational Services	1,279	2,416	25	885
Health and Social Services	5,240	7,845	82	3,881
Other	377,481	1,149,659	12,026	225,779
<b>Total</b>	<b>1,232,527</b>	<b>2,304,296</b>	<b>24,101</b>	<b>829,347</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Information about Value Adjustment and Change in Provisions**

<b>Current Period</b>	<b>31.12.2015 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments (*)</b>	<b>31.12.2016 Balance</b>
Specific Provisions	829,347	1,107,191	(207,847)	(514,410)	-	1,214,281
General Provisions	698,089	33,978	(48,174)	-	-	683,893

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company.

<b>Previous Period</b>	<b>31.12.2014 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments (*)</b>	<b>31.12.2015 Balance</b>
Specific Provisions	719,530	802,489	(171,439)	(521,233)	-	829,347
General Provisions	609,538	98,373	(9,822)	-	-	698,089

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company.

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation:**

In accordance with BRSA decree dated 24 December 2015 effective from 1 January 2016, the counter-cyclical capital buffer ratio for banks in Turkey will be considered as 0%.

**IV. 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.

The 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 31 December 2016, the Bank’s balance sheet short position is TL10,021,057 (31 December 2015: TL6,279,338 short position), off-balance sheet long position is TL9,466,658 (31 December 2015: TL6,836,398 long position) and as a result foreign currency net short position is TL554,399 (31 December 2015: net TL557,060 long position).

The announced current foreign exchange buying rates of the Bank at 31 December 2016 and the previous five working days in full TL are as follows:

	<b>26.12.2016</b>	<b>27.12.2016</b>	<b>28.12.2016</b>	<b>29.12.2016</b>	<b>30.12.2016</b>	<b>31.12.2016</b>
<b>USD</b>	3.5004	3.5165	3.5400	3.5228	3.5146	3.5146
<b>JPY</b>	0.0299	0.0299	0.0301	0.0302	0.0301	0.0301
<b>EURO</b>	3.6601	3.6740	3.6780	3.6802	3.6952	3.6952

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2016 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	3.4939
<b>JPY</b>	0.0301
<b>EURO</b>	3.6792

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. 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 31 December 2016, the Bank has net USD short position TL3,898 and net EUR long position TL12,007.

<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	3,692,283	5,174,462	841,869	9,708,614
Banks	563,499	256,534	554,764	1,374,797
Financial Assets at Fair Value through Profit and Loss (*****)	15,528	8,963	-	24,491
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	331	39,370	9,262	48,963
Loans (**)	8,007,898	4,980,527	1,614,902	14,603,327
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	201,088	24,181	1,021	226,290
<b>Total Assets</b>	<b>12,480,627</b>	<b>10,484,037</b>	<b>3,021,818</b>	<b>25,986,482</b>
<b>Liabilities</b>				
Bank Deposits	394	1,098	1,617	3,109
Foreign Currency Deposits (*)	7,679,272	11,533,868	1,416,039	20,629,179
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	7,288,607	5,741,380	1,960,529	14,990,516
Securities Issued	-	-	-	-
Miscellaneous Payables	198,916	140,335	20,373	359,624
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	21,603	2,860	648	25,111
<b>Total Liabilities</b>	<b>15,188,792</b>	<b>17,419,541</b>	<b>3,399,206</b>	<b>36,007,539</b>
<b>Net Balance Sheet Position</b>				
<b>Net Off-Balance Sheet Position</b>	<b>(2,708,165)</b>	<b>(6,935,504)</b>	<b>(377,388)</b>	<b>(10,021,057)</b>
Financial Derivative Assets (****)	<b>1,728,876</b>	<b>7,101,057</b>	<b>636,725</b>	<b>9,466,658</b>
Financial Derivative Liabilities (****)	12,376,683	24,314,508	1,283,778	37,974,969
Non-Cash Loans (*****)	10,647,807	17,213,451	647,053	28,508,311
	5,139,058	4,748,746	191,566	10,079,370
<b>Prior Period</b>				
Total Assets	8,815,794	10,849,008	2,615,129	22,279,931
Total Liabilities	10,686,642	14,884,918	2,987,709	28,559,269
Net Balance Sheet Position	(1,870,848)	(4,035,910)	(372,580)	(6,279,338)
Net Off-Balance Sheet Position	2,394,962	4,012,959	428,477	6,836,398
Financial Derivative Assets (****)	7,653,037	17,223,728	844,456	25,721,221
Financial Derivative Liabilities (****)	5,258,075	13,210,769	415,979	18,884,823
Non-Cash Loans (*****)	3,345,601	4,663,116	214,521	8,223,238

(\*) Precious metal accounts amounting to TL582,761 (31 December 2015: TL445,509) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL2,973,738 (31 December 2015: TL2,769,548) are included in the loan portfolio.

(\*\*\*) TL147,086 (31 December 2015: TL45,264) expense accruals from derivative financial instruments are deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL592,146 (31 December 2015: TL654,815) are added to derivative financial assets and TL527,182 (31 December 2015: TL564,464) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL212,807 (31 December 2015: TL78,194) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value through Profit and Loss.

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**V. 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 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	9,171,740	-	-	-	-	2,495,674	11,667,414
Banks	948,004	-	-	-	-	620,674	1,568,678
Financial Assets at Fair Value Through Profit and Loss	1,660	97,751	138,953	119,510	12,756	902,344	1,272,974
Money Market Placements	2,000,930	-	-	-	-	-	2,000,930
Financial Assets Available for Sale	615,310	1,213,367	1,358,138	803,200	71,487	41,864	4,103,366
Loans (*)	15,422,022	2,858,586	10,261,731	19,997,815	7,266,145	557,530	56,363,829
Held-To-Maturity Investments	36,415	100,709	224,384	-	-	-	361,508
Other Assets	42,430	-	87,754	65,136	-	2,193,371	2,388,691
<b>Total Assets</b>	<b>28,238,511</b>	<b>4,270,413</b>	<b>12,070,960</b>	<b>20,985,661</b>	<b>7,350,388</b>	<b>6,811,457</b>	<b>79,727,390</b>
<b>Liabilities</b>							
Bank Deposits	176,275	-	-	-	-	4,710	180,985
Other Deposits	34,385,723	6,696,036	937,420	8,588	17	7,623,889	49,651,673
Money Market Borrowings	1,457,750	-	-	-	-	-	1,457,750
Miscellaneous Payables	-	-	-	-	-	1,414,467	1,414,467
Securities Issued	136,778	-	602,524	-	-	-	739,302
Funds Provided From Other Financial Institutions	2,496,952	5,077,060	7,420,551	41,193	103,185	-	15,138,941
Other Liabilities	35,209	66,909	35,625	243,776	3,012	10,759,741	11,144,272
<b>Total Liabilities</b>	<b>38,688,687</b>	<b>11,840,005</b>	<b>8,996,120</b>	<b>293,557</b>	<b>106,214</b>	<b>19,802,807</b>	<b>79,727,390</b>
Balance Sheet Long Position	-	-	3,074,840	20,692,104	7,244,174	-	31,011,118
Balance Sheet Short Position	(10,450,176)	(7,569,592)	-	-	-	(12,991,350)	(31,011,118)
Off-Balance Sheet Long Position	7,000,825	-	-	-	-	-	7,000,825
Off-Balance Sheet Short Position	-	(654,642)	(954,460)	(5,127,552)	-	-	(6,736,654)
<b>Total Position</b>	<b>(3,449,351)</b>	<b>(8,224,234)</b>	<b>2,120,380</b>	<b>15,564,552</b>	<b>7,244,174</b>	<b>(12,991,350)</b>	<b>264,171</b>

(\*) Revolving loans amounting to TL7,824,588 are included in “Up to 1 Month” column.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL242,037, intangible assets amounting to TL502,712, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL91,254 while other liabilities line includes the shareholders’ equity of TL7,799,401.



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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**V. 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>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,254,065	-	-	-	-	1,661,862	9,915,927
Banks	944,526	-	-	-	-	376,863	1,321,389
Financial Assets at Fair Value Through Profit and Loss	1,883	19,679	91,395	150,949	23,029	413,062	699,997
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available for Sale	413,640	780,034	1,789,707	977,744	70,892	96,534	4,128,551
Loans (*)	15,758,127	3,051,500	8,798,330	18,635,638	6,555,149	414,089	53,212,833
Held-To-Maturity Investments	33,980	93,973	211,464	-	-	-	339,417
Other Assets	-	-	39,748	18,560	-	2,283,920	2,342,228
<b>Total Assets</b>	<b>25,406,221</b>	<b>3,945,186</b>	<b>10,930,644</b>	<b>19,782,891</b>	<b>6,649,070</b>	<b>5,246,330</b>	<b>71,960,342</b>
Liabilities							
Bank Deposits	107,735	5,744	-	-	-	1,078	114,557
Other Deposits	27,972,208	8,752,578	565,888	10,215	14	6,980,400	44,281,303
Money Market Borrowings	2,384,787	-	-	-	-	-	2,384,787
Miscellaneous Payables	-	-	-	-	-	1,286,557	1,286,557
Securities Issued	193,517	77,146	-	-	-	-	270,663
Funds Provided From Other Financial Institutions	2,550,498	2,888,895	7,614,066	47,717	433,597	-	13,534,773
Other Liabilities	6,917	46,392	43,537	69,180	3,029	9,918,647	10,087,702
<b>Total Liabilities</b>	<b>33,215,662</b>	<b>11,770,755</b>	<b>8,223,491</b>	<b>127,112</b>	<b>436,640</b>	<b>18,186,682</b>	<b>71,960,342</b>
Balance Sheet Long Position	-	-	2,707,153	19,655,779	6,212,430	-	28,575,362
Balance Sheet Short Position	(7,809,441)	(7,825,569)	-	-	-	(12,940,352)	(28,575,362)
Off-Balance Sheet Long Position	6,910,210	-	-	-	-	-	6,910,210
Off-Balance Sheet Short Position	-	(137,238)	(4,204,032)	(2,464,456)	-	-	(6,805,726)
<b>Total Position</b>	<b>(899,231)</b>	<b>(7,962,807)</b>	<b>(1,496,879)</b>	<b>17,191,323</b>	<b>6,212,430</b>	<b>(12,940,352)</b>	<b>104,484</b>

(\*) Revolving loans amounting to TL8,779,628 are included in “Up to 1 Month” while mark to market differences from terminated hedged loans amounting to TL282, TL846 and TL785 are included in “Up to 1 Month”, “1-3 Months” and “3-12 Months” respectively.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL283,005, intangible assets amounting to TL471,406, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL71,874 while other liabilities line includes the shareholders’ equity of TL6,961,824.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	EURO	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	-	0.75	-	3.31
Banks	(0.21)	0.64	-	8.42
Financial Assets at Fair Value Through Profit and Loss	1.98	5.58	-	9.70
Money Market Placements	-	-	-	8.49
Financial Assets Available for Sale	2.59	5.78	-	9.77
Loans	3.15	3.82	3.20	14.15
Held-To-Maturity Investments	-	-	-	10.78
Liabilities				
Bank Deposits	-	-	-	3.64
Other Deposits	1.44	2.91	1.16	10.45
Money Market Borrowings	-	-	-	8.01
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	10.20
Funds Provided From Other Financial Institutions	1.06	2.43	1.00	6.66
	EURO	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	-	0.49	-	3.81
Banks	-	0.13	-	10.86
Financial Assets at Fair Value Through Profit and Loss	1.84	4.69	-	10.56
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	2.44	4.97	-	10.60
Loans	3.26	3.66	2.57	14.08
Held-To-Maturity Investments	-	-	-	11.22
Liabilities				
Bank Deposits	0.10	-	-	4.32
Other Deposits	1.28	1.86	1.30	11.73
Money Market Borrowings	-	-	-	7.62
Miscellaneous Payables	-	-	-	-
Securities Issued	-	1.50	-	10.68
Funds Provided From Other Financial Institutions	1.28	1.90	1.00	10.90

**Interest rate risk on banking accounts:**

- a) Nature of interest rate risk caused by the banking accounts, significant assumptions on the deposit movement excepting early repayment of the loans and time deposits and measurement frequency of the interest rate risk:

Interest rate risk resulting from the banking accounts whose imposed interest risk that is traced by the bank, as well as been assessing by the related committee in different angle. There is a limit to risk amount defined by the Board of Directors. According to view of market expectation of the bank in terms of currency, is taken care in order to supply balancing between assets and liabilities.

Early repayment rate of loans is determined upon auditing to feedback of previous mortgage rate movements. Repricing days of demand deposit at bank account is settled on basing of demand deposit movements in view of branches and accounts. Accepted assumptions in parallel of result are reflected to issue products in calculation of interest rate sensitivity.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

**Interest rate risk on banking accounts: (continued)**

- b) Economic value differences resulted from interest rate instabilities calculated according to “Regulation on measurement and evaluation of interest rate risk resulting from the banking accounts as per standard shock method”:

<b>Type of Currency</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity- (Losses)/Equity</b>
TL	(400)	1,159,731	12.00%
TL	500	(1,236,043)	(12.78)%
EURO	(200)	309,368	3.20%
EURO	200	(266,012)	(2.75)%
USD	(200)	10,417	0.11%
USD	200	(7,650)	(0.08)%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>1,479,516</b>	<b>15.31%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(1,509,705)</b>	<b>(15.61)%</b>

**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.

**VI. 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

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.

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 analyse 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Liquidity Coverage Ratio**

Current Period - 31 December 2016		Rate of “Percentage” to Be Taken into Account” not Implemented Total Value(*)		Rate of “Percentage” to Be Taken into Account” Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			13,193,185	8,320,157
<b>Cash Outflows</b>					
2	Real Person and Retail Deposits	31,283,439	11,726,387	2,721,360	1,172,639
3	Stable Deposits	8,139,665	-	406,983	-
4	Less Stable Deposits	23,143,774	11,726,387	2,314,377	1,172,639
5	Unsecured Debts Other than Real Person and Retail Deposits	17,005,171	7,620,844	8,063,410	3,916,092
6	Operational Deposits	2,907,745	1,503,101	726,936	375,775
7	Non-Operational Deposits	13,383,383	6,073,551	6,622,431	3,496,125
8	Other Unsecured Funding	714,043	44,192	714,043	44,192
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	16,253,730	8,227,354	16,253,730	8,227,354
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	16,253,730	8,227,354	16,253,730	8,227,354
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	27,815,414	9,491,086	2,104,563	842,805
<b>16</b>	<b>Total Cash Outflows</b>			<b>29,143,063</b>	<b>14,158,890</b>
<b>Cash Inflows</b>					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	6,371,149	2,939,803	4,197,615	2,253,314
19	Other cash Inflows	15,808,844	11,770,145	15,808,844	11,770,145
<b>20</b>	<b>Total Cash Inflows</b>	<b>22,179,993</b>	<b>14,709,948</b>	<b>20,006,459</b>	<b>14,023,459</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>13,193,185</b>	<b>8,320,157</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>9,136,604</b>	<b>3,539,722</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>144.40</b>	<b>235.05</b>

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Liquidity Coverage Ratio (continued)**

Prior Period - 31 December 2015		Rate of “Percentage” to Be Taken into Account” not Implemented Total Value(*)		Rate of “Percentage” to Be Taken into Account” Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			10,033,321	6,624,151
<b>Cash Outflows</b>					
2	Small Business Customers and Retail Deposits	27,197,790	11,105,350	2,235,163	1,010,002
3	Stable Deposits	9,692,320	2,010,660	484,616	100,533
4	Less Stable Deposits	17,505,470	9,094,690	1,750,547	909,469
5	Unsecured Debts Other than Real Person and Retail Deposits	21,173,521	7,879,881	10,149,146	4,243,584
6	Operational Deposits	2,903,336	1,699,544	725,834	424,886
7	Non-Operational Deposits	16,813,883	6,157,689	7,967,010	3,796,050
8	Other Unsecured Funding	1,456,302	22,648	1,456,302	22,648
9	Secured Funding			-	-
10	Other Cash Outflows	12,163,669	7,005,313	12,163,669	7,005,313
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	12,163,669	7,005,313	12,163,669	7,005,313
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	26,219,063	8,230,920	1,933,007	713,029
<b>16</b>	<b>Total Cash Outflows</b>			<b>26,480,985</b>	<b>12,971,928</b>
<b>Cash Inflows</b>					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	5,636,365	2,568,989	3,576,362	1,948,929
19	Other Cash Inflows	11,686,474	9,269,157	11,686,474	9,269,157
<b>20</b>	<b>Total Cash Inflows</b>	<b>17,322,839</b>	<b>11,838,146</b>	<b>15,262,836</b>	<b>11,218,086</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>10,033,321</b>	<b>6,624,151</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>11,218,149</b>	<b>3,242,982</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>89.44</b>	<b>204.26</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VI. 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	121.51%	164.92%	85.69%	184.35%
	07.10.2016	30.12.2016	06.11.2015	23.10.2015
Highest Week	172.86%	305.20%	92.32%	220.05%
	02.12.2016	07.10.2016	09.10.2015	27.11.2015

**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	2,495,674	9,171,740	-	-	-	-	-	11,667,414
Banks	620,674	948,004	-	-	-	-	-	1,568,678
Financial Assets at Fair Value Through Profit and Loss	-	138,281	270,794	555,272	289,448	19,179	-	1,272,974
Money Market Placements	-	2,000,930	-	-	-	-	-	2,000,930
Financial Assets Available for Assets	41,864	277,399	490,080	585,524	2,225,787	482,712	-	4,103,366
Loans (**)	-	15,414,681	2,799,133	10,200,815	20,125,561	7,266,145	557,494	56,363,829
Held-To-Maturity Investments	-	-	-	-	260,799	100,709	-	361,508
Other Assets	-	42,430	-	87,754	65,136	-	2,193,371	2,388,691
<b>Total Assets</b>	<b>3,158,212</b>	<b>27,993,465</b>	<b>3,560,007</b>	<b>11,429,365</b>	<b>22,966,731</b>	<b>7,868,745</b>	<b>2,750,865</b>	<b>79,727,390</b>
<b>Liabilities</b>								
Bank Deposits	4,710	176,275	-	-	-	-	-	180,985
Other Deposits	7,623,889	34,385,723	6,696,036	937,420	8,588	17	-	49,651,673
Funds Provided From Other Financial Institutions	-	2,087,796	2,496,481	8,259,502	242,273	2,052,889	-	15,138,941
Money Market Borrowings	-	1,457,750	-	-	-	-	-	1,457,750
Securities Issued	-	136,778	-	602,524	-	-	-	739,302
Miscellaneous Payables	-	1,414,467	-	-	-	-	-	1,414,467
Other Liabilities	-	1,166,836	217,802	459,584	363,765	3,677	8,932,608	11,144,272
<b>Total Liabilities</b>	<b>7,628,599</b>	<b>40,825,625</b>	<b>9,410,319</b>	<b>10,259,030</b>	<b>614,626</b>	<b>2,056,583</b>	<b>8,932,608</b>	<b>79,727,390</b>
<b>Liquidity Gap</b>	<b>(4,470,387)</b>	<b>(12,832,160)</b>	<b>(5,850,312)</b>	<b>1,170,335</b>	<b>22,352,105</b>	<b>5,812,162</b>	<b>(6,181,743)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(12,120)</b>	<b>109,506</b>	<b>189,124</b>	<b>93,010</b>	<b>(11,742)</b>	<b>-</b>	<b>367,778</b>
Financial Derivative Assets	-	20,875,177	11,321,706	13,474,627	9,876,546	231,423	-	55,779,479
Financial Derivative Liabilities	-	20,887,297	11,212,200	13,285,503	9,783,536	243,165	-	55,411,701
Non-Cash Loans	5,086,011	820,336	2,183,231	4,866,008	4,564,539	-	-	17,520,125
<b>Prior Period</b>								
Total Assets	2,135,259	25,096,988	3,183,361	10,316,231	21,271,138	7,270,265	2,687,100	71,960,342
Total Liabilities	6,981,478	35,612,177	11,681,037	7,096,866	715,188	1,759,961	8,113,635	71,960,342
<b>Liquidity Gap</b>	<b>(4,846,219)</b>	<b>(10,515,189)</b>	<b>(8,497,676)</b>	<b>3,219,365</b>	<b>20,555,950</b>	<b>5,510,304</b>	<b>(5,426,535)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(64,126)</b>	<b>(65,648)</b>	<b>76,034</b>	<b>57,294</b>	<b>3,941</b>	<b>-</b>	<b>7,495</b>
Financial Derivative Assets	-	10,299,756	8,555,646	13,722,793	6,845,046	603,145	-	40,026,386
Financial Derivative Liabilities	-	10,363,882	8,621,294	13,646,759	6,787,752	599,204	-	40,018,891
Non-Cash Loans	4,663,871	769,946	1,278,432	4,287,456	3,499,116	-	-	14,498,821

(\*) 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 TL7,824,588 (31 December 2015: TL8,779,628) are included in “Up to 1 Month” while income accrual from mark to market differences of terminated hedged loans amounting to TL282, TL846 and TL785 are included in “Up to 1 Month”, “1-3 Months” and “3-12 Months” respectively as of 31 December 2015 (31 December 2016: None).

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Analysis of financial liabilities by remaining contractual maturities:**

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Adjustments	Total
<b>31 December 2016</b>								
Money Market Borrowings	-	1,458,678	-	-	-	-	(928)	1,457,750
Deposit	7,623,889	34,463,625	6,755,791	982,448	8,894	19	(182,993)	49,651,673
Bank Deposit	4,710	176,310	-	-	-	-	(35)	180,985
Funds Borrowed From Other Financial Institutions	-	2,173,856	2,535,120	8,665,913	399,048	2,490,672	(1,125,668)	15,138,941
<b>Total</b>	<b>7,628,599</b>	<b>38,272,469</b>	<b>9,290,911</b>	<b>9,648,361</b>	<b>407,942</b>	<b>2,490,691</b>	<b>(1,309,624)</b>	<b>66,429,349</b>
<b>31 December 2015</b>								
Money Market Borrowings	-	2,387,614	-	-	-	-	(2,827)	2,384,787
Deposit	6,980,400	28,052,930	8,866,609	581,856	10,721	16	(211,229)	44,281,303
Bank Deposit	1,078	107,788	5,765	-	-	-	(74)	114,557
Funds Borrowed From Other Financial Institutions	-	2,298,624	2,673,080	6,632,198	895,314	2,018,428	(982,871)	13,534,773
<b>Total</b>	<b>6,981,478</b>	<b>32,846,956</b>	<b>11,545,454</b>	<b>7,214,054</b>	<b>906,035</b>	<b>2,018,444</b>	<b>(1,197,001)</b>	<b>60,315,420</b>

**Analysis of contractual expiry by maturity of the Bank’s derivative financial instruments:**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>31 December 2016</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	-	-	-	-	-
Cash flow hedge	465,939	214,238	1,069,889	1,201,048	-	2,951,114
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	1,321,435	1,221,184	1,957,968	916,474	58,510	5,475,571
Currency swaps-sell	16,832,735	5,799,351	6,567,742	3,011,771	11,427	32,223,026
Interest rate swaps-sell	1,747	14,119	6,665	6,444	855	29,830
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	1,755,446	3,455,772	4,704,209	396,602	-	10,312,029
<b>Total</b>	<b>20,377,302</b>	<b>10,704,664</b>	<b>14,306,473</b>	<b>5,532,339</b>	<b>70,792</b>	<b>50,991,570</b>
<b>31 December 2015</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	-	-	-	-	-
Cash flow hedge	87,433	2,329,741	972,135	1,419,073	-	4,808,382
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	996,674	1,314,266	1,735,437	867,762	22,292	4,936,431
Currency swaps-sell	7,590,856	4,399,819	4,486,456	2,322,577	369,507	19,169,215
Interest rate swaps-sell	3,266	6,583	22,581	12,910	1,801	47,141
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	1,693,752	1,832,303	2,975,503	66,555	-	6,568,113
<b>Total</b>	<b>10,371,981</b>	<b>9,882,712</b>	<b>10,192,112</b>	<b>4,688,877</b>	<b>393,600</b>	<b>35,529,282</b>

Cash disposal of derivative financial instruments is shown in the table above.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VII. Explanations Related to Leverage Ratio**

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

There is an increase in cash and non-cash loan portfolio and fair value of derivative transactions, resulting in a decrease in the leverage ratio.

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)	78,877,363	72,484,891
2 (Assets Deducted from Core Capital)	(545,659)	(532,649)
3 Total Risk Amount for Assets on the Balance Sheet	78,331,704	71,952,242
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	1,012,719	610,392
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	553,161	486,252
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	1,565,880	1,096,644
<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	32,832,812	28,608,064
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	32,832,812	28,608,064
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	7,372,497	6,351,525
14 Total Risk Amount	112,730,396	101,656,950
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.54%	6.25%

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value**

The table below shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>64,398,311</b>	<b>59,002,190</b>	<b>64,010,331</b>	<b>59,141,805</b>
Money Market Placements	2,000,930	-	2,000,930	-
Banks	1,568,678	1,321,389	1,568,678	1,321,389
Financial Assets Available for Sale	4,103,366	4,128,551	4,103,366	4,128,551
Held-To-Maturity Investments	361,508	339,417	364,740	344,096
Loans	56,363,829	53,212,833	55,972,617	53,347,769
<b>Financial Liabilities</b>	<b>68,583,118</b>	<b>61,872,640</b>	<b>68,763,357</b>	<b>62,094,407</b>
Bank Deposit	180,985	114,557	180,998	114,557
Other Deposit	49,651,673	44,281,303	49,831,899	44,503,070
Funds Borrowed From Other Financial Institutions (*)	16,596,691	15,919,560	16,596,691	15,919,560
Marketable Securities Issued	739,302	270,663	739,302	270,663
Sundry Creditors	1,414,467	1,286,557	1,414,467	1,286,557

(\*) Funds provided under repo transactions and interbank money market takings are included in funds borrowed from other financial institutions.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available for sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Level 1, that are observable either directly or indirectly in the market.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value**  
**(continued)**

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>4,253,333</b>	<b>1,306,471</b>	-	<b>5,559,804</b>
Financial assets at fair value through profit and loss	203,194	1,069,780	-	1,272,974
<i>Public sector debt securities</i>	203,194	-	-	203,194
<i>Derivative financial assets held for trading</i>	-	1,069,780	-	1,069,780
Derivative financial assets for hedging purposes	-	195,320	-	195,320
Financial assets available for sale	4,050,139	41,371	-	4,091,510
<i>Public sector debt securities</i>	4,049,570	11,932	-	4,061,502
<i>Other financial assets available for sale (*)</i>	569	29,439	-	30,008
<b>Financial Liabilities</b>				
Derivative financial liabilities held for trading	-	1,227,084	-	1,227,084
Derivative financial liabilities for hedging purposes	-	942,592	-	942,592
	-	284,492	-	284,492
<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>4,228,207</b>	<b>571,342</b>	<b>75,043</b>	<b>4,874,592</b>
Financial assets at fair value through profit and loss	205,828	494,169	-	699,997
<i>Public sector debt securities</i>	205,828	-	-	205,828
<i>Derivative financial assets held for trading</i>	-	494,169	-	494,169
Derivative financial assets for hedging purposes	-	58,309	-	58,309
Financial assets available for sale	4,022,379	18,864	75,043	4,116,286
<i>Public sector debt securities</i>	4,022,379	9,638	-	4,032,017
<i>Other financial assets available for sale (*)</i>	-	9,226	75,043	84,269
<b>Financial Liabilities</b>	-	<b>678,663</b>	-	<b>678,663</b>
Derivative financial liabilities held for trading	-	519,447	-	519,447
Derivative financial liabilities for hedging purposes	-	159,216	-	159,216

(\*) All unquoted share certificates of TL11,856 which are recorded at cost since its fair value cannot be reliably estimated are not included.  
(31 December 2015: TL12,265).

There is no transition between the levels in the current year.

**IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets**

The Bank performs buying transactions on behalf of customers, and gives custody, administration and advisory services.

The Bank does not deal with fiduciary transactions.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**X. 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.

**1. Risk management approach and Risk Weighted Amounts**

**1.1. Bank’s risk management approach**

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Bank and all of its subsidiaries have been gathered under the Group Risk Management. Group Risk Management reports to the Boards of Directors of TEB Group through the Audit Committee within the TEB A.Ş. and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

With Risk Policies, the Bank aims to,

- i) Identify the main risks to which bank is exposed and be cautious of the risks taken;
- ii) Define roles and responsibilities to identify, analyse, measure, monitor, and control the main risks bank faces and other risks which may arise as a consequence of changes in activity structure and economic conditions,
- iii) Identify the volume of transactions which may cause non-controllable risks by considering equity strength or decrease the activities affected by such risks.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the “Senior Management” consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers of the Bank to provide compliance with risk policies containing the criteria required for each unit and to provide that TEB Risk Academy is founded and supported.

Risk Management Operations consist of;

- i) risk measurement,
- ii) monitoring of risks,
- iii) control of risk and reporting operations

Risk management operations are conducted by Group Risk Management and personnel.

Group Risk Management applies second order controls for quantifiable risks as part of continuous control system.

Head of Group Risk Management reports to the Board of Directors via Audit Committee.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**1. Disclosures on risk management approach and overview of Risk Weighted Amounts (continued)**

**1.2. Overview of Risk Weighted Amounts**

	Risk Weighted Amounts		Minimum capital
	Current Period	Prior Period	Requirement
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	59,101,534	56,632,851	4,728,123
2 Of which Standardized Approach (SA)	59,101,534	56,632,851	4,728,123
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	1,933,426	588,560	154,674
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,933,426	588,560	154,674
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	317,576	340,241	25,406
17 Of which Standardized approach (SA)	317,576	340,241	25,406
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	5,908,529	5,144,466	472,682
20 Of which Basic Indicator Approach	5,908,529	5,144,466	472,682
21 Of which Standart 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 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>67,261,065</b>	<b>62,706,118</b>	<b>5,380,885</b>

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

TÜRK EKONOMİ BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

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

X. Explanations Related to Risk Management (continued)

2. Linkages Between Financial Statements and Regulatory Exposures

2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	Carrying values under scope of regulatory consolidation	Carrying values of items in accordance with TAS			
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and balances at central bank	11,667,414	11,667,414	-	-	-
Financial assets held for trading	1,272,974	-	1,069,780	203,194	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Banks	1,568,678	1,568,678	-	-	-
Receivables from money markets	2,000,930	-	2,000,930	-	-
Financial assets available for sale (net)	4,103,366	4,103,366	-	-	-
Loans and receivables	56,363,829	56,363,829	-	-	-
Factoring receivables	-	-	-	-	-
Held to maturity investments (net)	361,508	361,508	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	115,986	115,986	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Leasing receivables	-	-	-	-	-
Derivative financial assets held for hedges	195,320	-	195,320	-	-
Tangible assets (net)	242,037	177,275	-	-	64,762
Intangible assets (net)	502,712	-	-	-	502,712
Investment properties (net)	-	-	-	-	-
Tax assets	98,947	98,947	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	91,254	91,254	-	-	-
Other assets	1,142,430	1,142,430	-	-	-
<b>Total Assets</b>	<b>79,727,390</b>	<b>75,690,692</b>	<b>3,266,030</b>	<b>203,194</b>	<b>567,474</b>
<b>Liabilities</b>					
Deposits	49,832,658	-	-	-	-
Derivative financial liabilities held for trading	942,592	-	-	-	-
Loans	12,839,056	-	-	-	-
Debt to money markets	1,457,750	-	1,457,750	-	-
Debt securities in issue	739,302	-	-	-	-
Funds	-	-	-	-	-
Various Debts	1,414,467	-	-	-	-
Other Debts	846,800	-	-	-	-
Factoring debts	-	-	-	-	-
Debts from leasing transactions	-	-	-	-	-
Derivative financial liabilities held for hedge	284,492	-	-	-	-
Provisions	1,133,207	-	-	-	-
Tax liability	137,780	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,299,885	-	-	-	-
Equity	7,799,401	-	-	-	-
<b>Total Liabilities</b>	<b>79,727,390</b>	<b>-</b>	<b>1,457,750</b>	<b>-</b>	<b>-</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**2. Linkages Between Financial Statements and Regulatory Exposures (continued)**

**2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>1</b> Asset carrying value amount under scope of regulatory consolidation	<b>79,727,390</b>	<b>75,690,692</b>	<b>3,266,030</b>	<b>203,194</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	1,457,750	-	1,457,750	-
<b>3</b> Total net amount under regulatory scope of consolidation	<b>78,269,640</b>	<b>75,690,692</b>	<b>1,808,280</b>	<b>203,194</b>
4 Off-balance sheet amounts	81,572,003	13,097,432	621,423	-
5 Differences in valuations	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-
8 Differences due to prudential filters	-	-	-	-
<b>9</b> Exposure amounts considered for regulatory purposes		<b>88,788,124</b>	<b>3,887,453</b>	<b>203,194</b>

**2.3. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS**

The market value approach is used to make valuation of the positions in the Bank portfolios. The market data sources used for valuations are identified, defined in the Market Risk Policy, and reviewed annually. The relevant action is taken immediately when it is determined that the data does not reflect the market condition other than annual data source evaluation. Product valuations are checked by using sources such as Reuters and Bloomberg.

**3. Credit Risk Disclosure**

**3.1. General information about credit risk**

**3.1.1. General qualitative information about credit risk**

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Credit Risk Management reports aim to supply risk level trends and present risk expectations. Details and content vary depending on the requirements of meetings and are presented in graphs and figures for ease of explanation and taking decisions.

The main report presented to Senior Management is the Credit Risk General Overview report, which is prepared monthly and discussed by the Risk Policies Committee. This report is also presented to the Board of Directors and to the Audit Committee. Additionally, Group Risk Management prepares reports with special titles less frequently. Most of these reports are presented to the Risk Policies Committee. These reports may also be used in irregular meetings where emergent subjects are discussed or in meetings where the attendance of Senior Management is not required.

Credit risk policies are prepared in line with the Banking Law, external regulations, and general banking practices, and are approved by the Risk Policies Committee, Audit Committee, and Board of Directors. The Bank’s credit activities are managed according to the General Credit Policy that is approved by the Risk Policies Committee and the Board of Directors.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosure (continued)**

**3.1. General information about credit risk (continued)**

**3.1.1. General qualitative information about credit risk (continued)**

The risk appetite declaration is approved and reviewed once a year by the Board of Directors. The Bank combines existing risk management tools, processes, principles, and policies, using a consistent approach with risk appetite declaration, and ensures that risks taken are within the agreed upon limits. In this way, the consistency of risk practices is improved across the Bank.

The Bank controls the credit risk by monitoring loan receivables, limiting certain transactions with counter parties, evaluating the loan valuation of the counter party regularly, diversifying loan types and products separately based on customer groups and industry to prevent the concentration of deferred payments and receiving guarantees when appropriate.

**3.1.2. Credit quality of assets**

Current Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	1,771,775	55,806,335	1,214,281	56,363,829
2 Debt Securities	-	4,423,010	-	4,423,010
3 Off-balance sheet exposures	-	31,572,213	48,515	31,523,698
<b>4 Total</b>	<b>1,771,775</b>	<b>91,801,558</b>	<b>1,262,796</b>	<b>92,310,537</b>

**3.1.3. Changes in stock of defaulted loans and debt securities**

<b>1 Defaulted loans and debt securities at end of the 31 December 2015</b>	<b>1,232,527</b>
2 Loans and debt securities that have defaulted since the last reporting period	1,725,218
3 Returned to non-defaulted status	20,851
4 Amounts written off	520,452
5 Other changes (*)	644,667
<b>6 Defaulted loans and debt securities at end of 31 December 2016 (1+2-3-4-5)</b>	<b>1,771,775</b>

(\*) Includes collections during the period.

**3.1.4 Additional disclosure related to the credit quality**

- a) The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting purposes.

According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, non-required delay time loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as “Non-Performing Loan” in the Accounting Practice.

All receivables past due more than 90 days are considered as “impaired receivables”, and they are classified as group III, IV, and V in accordance with Communiqué. A specific reserve is allocated for such receivables.

- b) The extent of past due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

A specific provision is allocated for all receivables for which collection is deferred more than 90 days in accordance with the Communiqué.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosure (continued)**

**3.1. General information about credit risk (continued)**

**3.1.4 Additional disclosure related to the credit quality (continued)**

c) Description of methods used for determining impairments.

Provision amount is determined 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”.

d) The definition of the restructured exposure.

If the borrower fails to make payment to the Bank due to a temporary lack of liquidity, loans and other receivables including deferred interest payments may be restructured to provide the borrower with additional liquidity to enable the Bank to collect its receivables, or a new repayment schedule may be arranged.

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	1,503,577	3.40	82,486	0.71
Farming and Stockbreeding	1,439,775	3.25	82,293	0.71
Forestry	17,086	0.04	193	-
Fishery	46,716	0.11	-	-
Manufacturing	6,490,698	14.69	4,222,489	36.31
Mining and Quarrying	596,581	1.35	150,892	1.30
Production	5,798,172	13.12	3,899,791	33.53
Electricity, Gas and Water	95,945	0.22	171,806	1.48
Construction	2,866,408	6.49	828,115	7.12
Services	17,811,987	40.32	6,448,766	55.45
Wholesale and Retail Trade	10,701,496	24.22	1,916,170	16.47
Accommodation and Dining	964,116	2.18	962,360	8.28
Transportation and Telecom.	2,575,923	5.83	570,461	4.91
Financial Institutions	904,649	2.05	1,186,638	10.20
Real Estate and Rental Services	1,209,742	2.74	1,614,367	13.88
Self-Employment Services	920,429	2.08	193,291	1.66
Educational Services	64,943	0.15	44	-
Health and Social Services	470,689	1.07	5,435	0.05
Other	15,504,076	35.10	47,733	0.41
<b>Total</b>	<b>44,176,746</b>	<b>100.00</b>	<b>11,629,589</b>	<b>100.00</b>

Breakdown of loans and receivables according to remaining maturities is provided in the note VI. of section 4 under the “Presentation of assets and liabilities according to their remaining maturities”.

f) Amounts of impaired exposures on geographical areas and industry basis (according to the definition used by the Bank for accounting purposes) and write-offs with related allowances.

All of the Bank’s loans under follow-up is in Turkey. Amounts of provision allocated receivables based on sector are presented in the note II of section 4 under “Information in terms of major sectors and type of counterparties”.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosure (continued)**

**3.1. General information about credit risk (continued)**

**3.1.4. Additional disclosure related to the credit quality of assets (continued)**

g) Ageing analysis of accounting past-due exposures

<b>31 December 2016</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	1,253,420	504,294	492,076	2,249,790
Consumer Loans	204,320	317,271	153,492	675,083
Credit Cards	99,278	49,843	22,521	171,642
<b>Total</b>	<b>1,557,018</b>	<b>871,408</b>	<b>668,089</b>	<b>3,096,515</b>

<b>31 December 2015</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	938,291	374,515	238,051	1,550,857
Consumer Loans	206,593	272,130	127,027	605,750
Credit Cards	86,142	42,471	19,076	147,689
<b>Total</b>	<b>1,231,026</b>	<b>689,116</b>	<b>384,154</b>	<b>2,304,296</b>

h) Breakdown of restructured exposures between impaired and not impaired exposures

Not-impaired loans	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	1,386,772	-	1,386,772
Consumer Loans	128,366	-	128,366
Credit Cards	69,144	-	69,144
<b>Total</b>	<b>1,584,282</b>	<b>-</b>	<b>1,584,282</b>

Impaired loans	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	12,014	5,870	6,144
Consumer Loans	20,818	7,664	13,154
Credit Cards	5,887	1,902	3,985
<b>Total</b>	<b>38,719</b>	<b>15,436</b>	<b>23,283</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosure (continued)**

**3.2 Credit Risk Mitigation**

**3.2.1. Qualitative disclosure requirements related to credit risk mitigation techniques**

- a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on and off-balance sheet netting

The bank does not perform on and off balance sheet offsetting to decrease credit risk, and credit derivatives are not used.

- b) Core features of policies and processes for collateral evaluation and management.

Financial collaterals are measured at fair value as of reporting date and are included in the risk mitigation process. When allocating the collateral amount to loans provided, the Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The legal validity of the mortgage is ensured by duly registering the mortgage in a timely manner, and significant changes in market conditions are monitored.

In terms of credit risk mitigation, the Bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

- c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where Bank credit customers obtained guarantee from other entities.

Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk mitigation risk.

**3.2.2. Credit risk mitigation techniques – Overview**

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which:secured amount	Exposures secured by credit derivatives	Exposures secured by of which: secured amount
1 Loans	38,817,673	15,021,668	11,812,866	2,524,488	1,219,334	-	-
2 Debt securities	4,423,010	-	-	-	-	-	-
<b>3 Total</b>	<b>43,240,683</b>	<b>15,021,668</b>	<b>11,812,866</b>	<b>2,524,488</b>	<b>1,219,334</b>	-	-
4 Of which defaulted	1,616,972	80,831	71,983	73,972	739	-	-

**3.3. Credit risk under standardized approach**

**3.3.1. Disclosures on banks’ use of credit ratings under the standard approach for credit risk**

For portfolios that are risk-weighted under the standardized approach for credit risk, banks must disclose the following information:

- a) Names of the External Credit Assessment Institutions (ECAIs) and Export Credit Agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period;

The Bank uses Fitch Ratings International Rating Agency’s external ratings.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (continued)**

**3.3. Credit risk under standardized approach (continued)**

**3.3.1. Disclosures on banks’ use of credit ratings under the standard approach for credit risk (continued)**

b) The risk classes for which each ECAI or ECA is used;

The credit rating of Fitch International Rating is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk concentration is used for receivables with a maturity period of more than three months, and the risk concentration used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book

A 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and a 50% risk concentration is used for receivables with a maturity period of more than three months. According to the regulation on capital adequacy, corporates where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

d) The alignment of the alphanumeric scale of each agency used with risk buckets (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply).

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA and AA-	0%	20%	50%	100%
2	A+ and A-	20%	20%	50%	100%
3	BBB+ and BBB-	50%	50%	50%	100%
4	BB+ and BB-	100%	100%	100%	100%
5	B+ and B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (continued)**

**3.3. Credit risk under standardized approach (continued)**

**3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects**

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts Density	
	On-balance sheet Amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amounts	Risk Weighted Amounts Density
1 Exposures to central governments or central banks	15,447,001	-	15,447,001	-	4,919,461	32%
2 Exposures to regional governments or local authorities	419,823	9,450	419,384	4,426	211,910	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development Banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	2,773,350	1,209,211	2,437,081	785,781	1,128,274	35%
7 Exposures to corporates	19,917,960	15,869,906	19,171,883	9,205,944	27,673,216	98%
8 Retail exposures	23,256,901	11,270,527	22,783,157	2,656,825	19,075,186	75%
9 Exposures secured by residential Property	8,537,608	395,400	8,537,608	155,965	3,042,751	35%
10 Exposures secured by commercial real Estate	3,205,726	173,777	3,205,726	95,305	1,650,516	50%
11 Past-due loans	557,494	81,332	556,755	27,319	707,402	121%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Exposures in the form of covered Bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	1,540,280	2,515,302	1,540,241	1,638	650,954	42%
17 Investments in equities	41,864	-	41,864	-	41,864	100%
<b>18 Total</b>	<b>75,698,007</b>	<b>31,524,905</b>	<b>74,140,700</b>	<b>12,933,203</b>	<b>59,101,534</b>	<b>68%</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosures (continued)**

**3.3. Credit risk under standardized approach (continued)**

**3.3.3. Standardized approach – exposures by asset classes and risk weights**

Asset Classes / Risk Weights	0%	10%	20%	35%	50% (secured by real estate) (*)	75%	100%	150%	200%	Other risk weights(**)	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to regional governments or local authorities	6,001,187	-	-	-	9,180,392	-	222,860	-	-	42,562	15,447,001
2 Exposures to regional governments or local authorities	-	-	-	-	423,799	-	11	-	-	-	423,810
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	1,636,043	-	1,573,906	-	10,512	2,401	-	-	3,222,862
7 Exposures to corporates	-	-	321,093	-	895,476	-	27,161,258	-	-	-	28,377,827
8 Retail exposures	-	-	3,440	-	11,637	25,424,905	-	-	-	-	25,439,982
9 Exposures secured by residential property	-	-	-	8,693,573	-	-	-	-	-	-	8,693,573
10 Exposures secured by commercial real estate	-	-	-	-	3,301,031	-	-	-	-	-	3,301,031
11 Past-due loans	-	-	-	-	100,166	-	137,084	346,824	-	-	584,074
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	41,864	-	-	-	41,864
17 Other assets	866,045	-	31,099	-	-	-	644,735	-	-	-	1,541,879
<b>18 Total</b>	<b>6,867,232</b>	<b>-</b>	<b>1,991,675</b>	<b>8,693,573</b>	<b>15,486,407</b>	<b>25,424,905</b>	<b>28,218,324</b>	<b>349,225</b>	<b>-</b>	<b>42,562</b>	<b>87,073,903</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**X. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk**

**4.1. Qualitative disclosure related to counterparty credit risk**

Limit requests of clients demanding derivative transaction are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount traced to risk weighted limits is multiplied by ratios based on each factor’s historical movement and that change according to transaction’s nominal amount, transaction’s maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market fluctuations, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client’s all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and the Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA and GMRA agreements are requested from counterparties in principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data, and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.2. Analysis of counterparty credit risk (CCR) exposure by approach**

	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post CRM	Risk Weighted Amounts
Standardized Approach - CCR (For Derivatives)	1,265,100	621,423		1.4	1,867,512	1,058,112
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,410,486	1,082
<b>Total</b>						<b>1,059,194</b>

(\*) Effective Expected Positive Exposure

**4.3. Credit valuation adjustment (CVA) capital charge**

	EAD post-CRM	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)		-
(ii) Stressed VaR component (including the 3×multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,867,512	874,232
<b>Total subject to the CVA capital charge</b>	<b>1,867,512</b>	<b>874,232</b>



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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.4. Standardized approach – CCR exposures by regulatory portfolio and risk weights**

<b>Risk Weight/ Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure*</b>
Claims from central governments and central banks	1,408,733	-	-	-	-	-	-	-	-	1,408,733
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	208,012	-	1,236,621	-	-	431	-	1,445,064
Corporates	-	-	1,150	-	18,710	-	343,177	-	-	363,037
Retail portfolios	-	-	-	-	-	61,164	-	-	-	61,164
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,408,733</b>	<b>-</b>	<b>209,162</b>	<b>-</b>	<b>1,255,331</b>	<b>61,164</b>	<b>343,177</b>	<b>431</b>	<b>-</b>	<b>3,277,998</b>

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

(\*\*) Other assets: the amount excludes exposures to CCPs, which are reported in CCR8.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.5. Composition of collateral for CCR exposure**

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	3,569	-	-	-	-
Cash – other currencies	-	11,381	-	-	-	-
Domestic sovereign debt	-	4,061	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>19,011</b>	-	-	-	-

**4.5. Credit derivatives exposures**

None.

**4.6. Exposures to central counterparties**

None.

**5. Securitization Disclosures**

Since the Bank does not hold securitization position, the notes to be presented according to the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” have not been presented.

**6. Market Risk Disclosures**

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 – Counterparty credit risk.

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. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Bank.

**6.1. Qualitative disclosure requirements related to market risk**

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**6. Market Risk Disclosures (continued)**

**6.1. Qualitative disclosure requirements related to market risk (continued)**

According to economic cost approach, changes in market interest rates may affect the Bank’s assets, liabilities and off balance sheet items values. The Bank’s economic value’s sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

Economic value of the Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents Bank’s value’s sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity’s influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; motive behind which is to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VAR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All limit and risk positions are represented to Audit Committee and to The Board of Directors.

**6.2. Standardized Approach**

	<b>Risk Weighted Amounts</b>
Outright products	
1 Interest rate risk (general and specific)	262,613
2 Equity risk (general and specific)	-
3 Foreign exchange risk	39,225
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	15,738
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>317,576</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**7. Explanations Related to Operational Risk**

- a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.
- b) In case of Basic Indicator Approach the following:

	31.12.2013	31.12.2014	31.12.2015	Total/Number of positive gross income years	Beta (%)	Total
Gross Income	2,700,938	3,157,045	3,595,664	3,151,216	15	472,682
Operational Risk Capital Requirement (Total* 12.5)						5,908,529

	31.12.2012	31.12.2013	31.12.2014	Total/Number of positive gross income years	Beta (%)	Total
Gross Income	2,373,162	2,700,938	3,157,045	2,743,715	15	411,557
Operational Risk Capital Requirement (Total* 12.5)						5,144,466

- c) The Bank does not use the standard method.
- d) The Bank does not use any alternative approach in standard method
- e) The Group does not use Advanced Measurement Approach.

**8. Explanations Related to Remuneration Policy in Banks**

TEB pays net salaries on the last working day of each month, after the required legal deductions are made. In addition to receiving a monthly salary, all TEB employees are assessed based on meeting their qualitative and quantitative targets, and the Bank may pay performance-based success and sales premiums or annual performance bonuses to reward employees' collective and individual success.

An annual performance bonus is determined based on the Bank's profitability, the results of Bank activities, and the realization of targets in line with market practices (local and/or professional). A performance bonus is only paid when the target realized in a particular year is at least 80%. Employees included in the success and sales premium scheme are paid success and sales premiums based to the targets realized during the year.

The remuneration policy of the Bank was prepared in line with the BRSA's *Communiqué on Corporate Management of Banks and Guidance on Good Remuneration Practices in Banks*, and within the scope of the principle of proportionality, the content, structure, and strategies of the Bank's activities, long-term targets, the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to the risk management.

The remuneration policy supports the Bank in managing risks in line with the principles and parameters determined and approved by the Board of Directors. The remuneration policy aims to attract and retain expert employees who will contribute to the Bank reaching its strategic targets in both business line and support functions.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations. SECOM manages the principles of the remuneration policy, taking opinions from the human resources, financial affairs, risk, compliance, and internal control groups. The remuneration policy is reviewed and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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 Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	352,567	461,736	371,907	399,615
Balances with the Central Bank of Turkey	1,606,233	9,163,190	830,399	8,254,065
Other	-	83,688	-	59,941
<b>Total</b>	<b>1,958,800</b>	<b>9,708,614</b>	<b>1,202,306</b>	<b>8,713,621</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	1,597,683	-	830,399	-
Unrestricted Time Deposit	-	1,335,857	-	935,820
Restricted Time Deposit	8,550	7,827,333	-	7,318,245
<b>Total</b>	<b>1,606,233</b>	<b>9,163,190</b>	<b>830,399</b>	<b>8,254,065</b>

Foreign currency unrestricted deposit amounting to TL1,335,857 (31 December 2015: TL935,820), foreign currency restricted deposit amounting to TL7,827,333 (31 December 2015: TL7,318,245), unrestricted deposit balance amounting to TL1,597,683 (31 December 2015: TL830,399) and restricted deposit amounting to TL8,550 (31 December 2015: None) comprises of reserve deposits. As of 31 December 2016, the Turkish lira required reserve ratios are determined to be within the range of 4% - 10.50% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2015: 5%-11.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4.50%-24.50% (31 December 2015: 5%-25%).

**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 2015: 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 TL203,194 (31 December 2015: TL205,828).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	185,015	33,484	107,066	13,265
Swap Transactions	580,406	110,296	238,210	63,008
Futures Transactions	-	-	-	-
Options	80,871	79,708	59,215	13,405
Other	-	-	-	-
<b>Total</b>	<b>846,292</b>	<b>223,488</b>	<b>404,491</b>	<b>89,678</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**4. Information on banks:**

a) Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	110,207	193,124	582,335	281,633
Foreign Banks	83,674	1,181,673	34,295	423,126
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>193,881</b>	<b>1,374,797</b>	<b>616,630</b>	<b>704,759</b>

b) Information on Foreign Banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	767,059	282,719	-	-
USA and Canada	267,961	23,878	-	-
OECD Countries(*)	58,521	8,638	-	-
Off-Shore Banking Regions	158,188	127,136	-	-
Other	13,618	15,050	-	-
<b>Total</b>	<b>1,265,347</b>	<b>457,421</b>	-	-

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

**5. Information on financial assets available for sale:**

a.1) Information on financial assets available for sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar				
Investment Securities	130,140	-	403,320	-
Other	-	-	-	-
<b>Total</b>	<b>130,140</b>	-	<b>403,320</b>	-

a.2) Financial assets available for sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1,456,769	-	2,395,729	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed				
Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,456,769</b>	-	<b>2,395,729</b>	-

Net book value of unrestricted financial assets available for sale is TL2,516,457 (31 December 2015: TL1,329,502).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**5. Information on financial assets available for sale: (continued)**

b) Information on financial assets available for sale portfolio:

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	4,061,502	4,032,017
Quoted on a Stock Exchange	4,061,502	4,032,017
Not Quoted	-	-
Equity Securities	41,864	96,534
Quoted on a Stock Exchange	569	-
Not Quoted	41,295	96,534
Impairment Provision (-)	-	-
<b>Total</b>	<b>4,103,366</b>	<b>4,128,551</b>

All unquoted available for sale equities are recorded at fair value except for the Bank’s investment of TL11,586 is recorded at cost since its fair value cannot be reliably estimated (31 December 2015: TL12,265).

**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>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	-	188,104	1,255	300,290
Corporate Shareholders	-	188,104	1,255	300,290
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	94,263	-	65,773	-
<b>Total</b>	<b>94,263</b>	<b>188,104</b>	<b>67,028</b>	<b>300,290</b>

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

	<b>Standard Loans and Other Receivables</b>			<b>Loans and Other Receivables Under Close Monitoring (*)</b>		
	<b>Loans and Other Receivables (Total)</b>	<b>Loans and Other Receivables with Revised Contract Terms</b>		<b>Loans and Other Receivables (Total)</b>	<b>Loans and Other Receivables with Revised Contract Terms</b>	
		<b>Restructured or Rescheduled</b>	<b>Other</b>		<b>Restructured or Rescheduled</b>	<b>Other</b>
<b>Cash Loans</b>						
<b>Non-Specialized Loans</b>	<b>52,709,820</b>	<b>561,546</b>	-	<b>3,096,515</b>	<b>1,022,736</b>	-
Working Capital Loans	-	-	-	-	-	-
Export Loans	4,845,406	20,968	-	22,606	5,080	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	884,151	-	-	6,585	-	-
Consumer Loans	12,811,765	96,156	-	675,083	32,210	-
Credit Cards	2,857,776	52,655	-	171,642	16,489	-
Other	31,310,722	391,767	-	2,220,599	968,957	-
<b>Specialized Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>52,709,820</b>	<b>561,546</b>	<b>-</b>	<b>3,096,515</b>	<b>1,022,736</b>	<b>-</b>

(\*) The total principle amount of the loans under close monitoring in accordance with the requirements of the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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:  
(continued)

<b>Number of Extensions</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables Under Follow-up (*)</b>
1 or 2 Times	546,448	1,018,767
3,4 or 5 Times	12,092	3,383
Over 5 Times	3,006	586
<b>Total</b>	<b>561,546</b>	<b>1,022,736</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables Under Follow-up (*)</b>
0-6 Months	476,551	916,016
6-12 Months	15,279	8,962
1-2 Years	40,435	41,221
2-5 Years	27,493	52,230
5 Years and Over	1,788	4,307
<b>Total</b>	<b>561,546</b>	<b>1,022,736</b>

- (\*) Amounts indicated in tables above was calculated based on criteria stated in "Specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Loans under Follow-up and Other Receivables" published on the Official Gazette no. 26333 dated 1 November 2006 5th paragraph of the provisional Article 4a.

- c) Loans and other receivables according to their maturity structure:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>
<b>Cash Loans</b>				
<b>Short-term loans and other receivables</b>	<b>21,724,629</b>	<b>236,192</b>	<b>936,956</b>	<b>219,057</b>
Non-specialized loans	21,724,629	236,192	936,956	219,057
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>30,985,191</b>	<b>325,354</b>	<b>2,159,559</b>	<b>803,679</b>
Non-specialized loans	30,985,191	325,354	2,159,559	803,679
Non-specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>52,709,820</b>	<b>561,546</b>	<b>3,096,515</b>	<b>1,022,736</b>



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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	<b>173,292</b>	<b>12,859,072</b>	<b>13,032,364</b>
Housing Loans	5,243	8,517,093	8,522,336
Vehicle Loans	7,329	480,063	487,392
General Purpose Loans	160,720	3,861,916	4,022,636
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>18,038</b>	<b>18,038</b>
Housing Loans	-	17,489	17,489
Vehicle Loans	-	-	-
General Purpose Loans	-	549	549
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>32</b>	<b>30,189</b>	<b>30,221</b>
Housing Loans	-	7,641	7,641
Vehicle Loans	-	6,581	6,581
General Purpose Loans	32	15,967	15,999
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>1,961,323</b>	<b>-</b>	<b>1,961,323</b>
With Installments	668,391	-	668,391
Without Installments	1,292,932	-	1,292,932
<b>Individual Credit Cards-FC</b>	<b>6,912</b>	<b>-</b>	<b>6,912</b>
With Installments	1	-	1
Without Installments	6,911	-	6,911
<b>Personnel Loans-TL</b>	<b>6,414</b>	<b>58,133</b>	<b>64,547</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,414	58,133	64,547
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>24,510</b>	<b>-</b>	<b>24,510</b>
With Installments	8,854	-	8,854
Without Installments	15,656	-	15,656
<b>Personnel Credit Cards-FC</b>	<b>199</b>	<b>-</b>	<b>199</b>
With Installments	1	-	1
Without Installments	198	-	198
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>341,006</b>	<b>-</b>	<b>341,006</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>672</b>	<b>-</b>	<b>672</b>
<b>Total</b>	<b>2,514,360</b>	<b>12,965,432</b>	<b>15,479,792</b>

(\*) Overdraft Accounts include personnel loans amounting to TL5,007

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment – TL</b>	<b>890,350</b>	<b>9,863,109</b>	<b>10,753,459</b>
Business Loans	3,711	378,669	382,380
Vehicle Loans	24,011	927,540	951,551
General Purpose Loans	862,628	8,556,900	9,419,528
Other	-	-	-
<b>Commercial loans with installment - Indexed to FC</b>	<b>27,724</b>	<b>623,778</b>	<b>651,502</b>
Business Loans	-	24,585	24,585
Vehicle Loans	395	156,916	157,311
General Purpose Loans	27,329	442,277	469,606
Other	-	-	-
<b>Commercial loans with installment – FC</b>	<b>1,402</b>	<b>-</b>	<b>1,402</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1,402	-	1,402
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,034,484</b>	<b>-</b>	<b>1,034,484</b>
With Installments	287,176	-	287,176
Without Installments	747,308	-	747,308
<b>Corporate Credit Cards-FC</b>	<b>1,990</b>	<b>-</b>	<b>1,990</b>
With Installments	-	-	-
Without Installments	1,990	-	1,990
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,253,520</b>	<b>-</b>	<b>1,253,520</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,209,470</b>	<b>10,486,887</b>	<b>13,696,357</b>

f) Allocation of loans by customers:

	<b>Current Period</b>	<b>Prior Period</b>
Public sector	723,206	492,540
Private sector	55,083,129	52,317,113
<b>Total</b>	<b>55,806,335</b>	<b>52,809,653</b>

g) Domestic and foreign loans:

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	55,196,515	52,199,611
Foreign Loans	609,820	610,042
<b>Total</b>	<b>55,806,335</b>	<b>52,809,653</b>

h) Loans granted to subsidiaries and associates:

	<b>Current Period</b>	<b>Prior Period</b>
Direct Loans Granted to Subsidiaries and Associates	79,163	-
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>79,163</b>	<b>-</b>

i) Specific provisions provided against loans:

	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	23,334	24,038
Loans and Receivables with Doubtful Collectability	88,266	88,327
Uncollectible Loans and Receivables	1,102,681	716,982
<b>Total</b>	<b>1,214,281</b>	<b>829,347</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

j.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</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>Receivables with</b>	<b>Receivables with</b>	<b>Loans and</b>
	<b>Limited</b>	<b>Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>Current Period</b>			
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	15,885	11,760	11,074
<b>Prior Period</b>			
(Gross amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	17,210	11,015	9,271

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>Receivables</b>	<b>Receivables with</b>	<b>Loans and</b>
	<b>with Limited</b>	<b>Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>Prior period end balance</b>	<b>138,909</b>	<b>192,510</b>	<b>901,108</b>
Additions (+)	1,403,583	7,074	314,561
Transfers from other Categories of Loans under Follow-up (+)	-	1,158,038	1,016,001
Transfers to other Categories of Loans under Follow-up (-)(**)	1,177,321	1,017,569	-
Collections (-)	216,099	136,988	291,580
Write-Offs (-) (*)	156	371	519,925
Corporate and Commercial Loans	15	298	303,388
Retail Loans	136	15	120,469
Credit Cards	5	58	96,068
Other	-	-	-
<b>Current period end balance</b>	<b>148,916</b>	<b>202,694</b>	<b>1,420,165</b>
Specific Provision (-)	23,334	88,266	1,102,681
<b>Net Balances on Balance Sheet</b>	<b>125,582</b>	<b>114,428</b>	<b>317,484</b>

(\*) Impaired loans portfolio amounting to TL198,653 for which TL198,126 provision had been allocated is sold to Güven Varlık Yönetim A.Ş. for TL20,499 and after all the sales procedures were completed at 29 June 2016, such impaired loans have been written off from the accounts. Impaired loans portfolio amounting to TL212,589 for which TL211,806 provision had been allocated is sold to Destek Varlık Yönetim A.Ş. for TL23,000 and after all the sales procedures were completed at 31 October 2016, such impaired loans have been written off from the accounts. Also, impaired loans portfolio amounting to TL107,006 for which TL104,478 provision had been allocated is sold to Efes Varlık Yönetim A.Ş. for TL4,250 and after all the sales procedures were completed at 28 December 2016, such impaired loans have been written off from the accounts.

(\*\*) In compliance with the related communique, retail loans amounting to TL20,851 are classified from loans under follow-up to performing loans.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

j.3) Information on foreign currency loans under follow-up and other receivables:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>Receivables</b>	<b>Receivables</b>	<b>Loans and</b>
	<b>with Limited</b>	<b>with Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>31 December 2016</b>			
Period End Balance	1,341	605	230,033
Specific Provision (-)	134	89	206,400
<b>Net Balance</b>	<b>1,207</b>	<b>516</b>	<b>23,633</b>
<b>31 December 2015</b>			
Prior Period End Balance	245	572	25,012
Specific Provision (-)	29	85	18,297
<b>Net Balance</b>	<b>216</b>	<b>487</b>	<b>6,715</b>

The foreign currency loans in the table above are stated in TL in the financial statements of the bank.

j.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</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>Receivables</b>	<b>Receivables</b>	<b>Loans and</b>
	<b>with Limited</b>	<b>with Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	148,916	202,694	1,420,165
Specific Provision (-)	23,334	88,266	1,102,681
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>125,582</b>	<b>114,428</b>	<b>317,484</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>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	138,909	192,510	901,108
Specific Provision (-)	24,038	88,327	716,982
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>114,871</b>	<b>104,183</b>	<b>184,126</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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

k) Main principles of liquidating loans under follow-up and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated 1 November 2006 with the amendments No.29918 and dated 14 December 2016; loans and other receivables for which the collection is believed to be impossible are classified as loans under follow-up by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable loans under follow-up can be written off with the decision of the Board of Directors.

m) Other explanations and disclosures:

Current Period	Commercial	Consumer	Credit Cards	Total
Neither past due nor impaired	37,040,279	12,811,765	2,857,776	52,709,820
Past due but not impaired	2,249,790	675,083	171,642	3,096,515
Individually impaired	639,285	971,008	161,482	1,771,775
<b>Total</b>	<b>39,929,354</b>	<b>14,457,856</b>	<b>3,190,900</b>	<b>57,578,110</b>
Specific Provision	488,206	619,163	106,912	1,214,281
<b>Total</b>	<b>488,206</b>	<b>619,163</b>	<b>106,912</b>	<b>1,214,281</b>
<b>Net credit balance on balance sheet</b>	<b>39,441,148</b>	<b>13,838,693</b>	<b>3,083,988</b>	<b>56,363,829</b>

Prior Period	Commercial	Consumer	Credit Cards	Total
Neither past due nor impaired	35,303,922	12,516,249	2,685,186	50,505,357
Past due but not impaired	1,550,857	605,750	147,689	2,304,296
Individually impaired	364,590	721,976	145,961	1,232,527
<b>Total</b>	<b>37,219,369</b>	<b>13,843,975</b>	<b>2,978,836</b>	<b>54,042,180</b>
Specific Provision	276,594	458,264	94,489	829,347
<b>Total</b>	<b>276,594</b>	<b>458,264</b>	<b>94,489</b>	<b>829,347</b>
<b>Net credit balance on balance sheet</b>	<b>36,942,775</b>	<b>13,385,711</b>	<b>2,884,347</b>	<b>53,212,833</b>

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	Commercial	Consumer	Credit Cards	Total
1 January 2016	276,594	458,264	94,489	829,347
Change for the period	615,693	353,787	137,711	1,107,191
Recoveries	(104,194)	(73,805)	(29,848)	(207,847)
Amounts written-off (*)	(299,887)	(119,083)	(95,440)	(514,410)
<b>31 December 2016 Balance</b>	<b>488,206</b>	<b>619,163</b>	<b>106,912</b>	<b>1,214,281</b>

	Commercial	Consumer	Credit Cards	Total
1 January 2015	428,455	162,052	129,023	719,530
Change for the period	163,508	512,115	126,866	802,489
Recoveries	(75,725)	(64,987)	(30,727)	(171,439)
Amounts written-off (**)	(239,644)	(150,916)	(130,673)	(521,233)
<b>31 December 2015 Balance</b>	<b>276,594</b>	<b>458,264</b>	<b>94,489</b>	<b>829,347</b>

(\*) Impaired loans portfolio amounting to TL198,653 for which TL198,126 provision had been allocated is sold to Güven Varlık Yönetim A.Ş. for TL20,499 and after all the sales procedures were completed at 29 June 2016, such impaired loans have been written off from the accounts. Impaired loans portfolio amounting to TL212,589 for which TL211,806 provision had been allocated is sold to Destek Varlık Yönetim A.Ş. for TL23,000 and after all the sales procedures were completed at 31 October 2016, such impaired loans have been written off from the accounts. Also, impaired loans portfolio amounting to TL107,006 for which TL104,478 provision had been allocated is sold to Efes Varlık Yönetim A.Ş. for TL4,250 and after all the sales procedures were completed at 28 December 2016, such impaired loans have been written off from the accounts.

(\*\*) Impaired loans portfolio amounting to TL250,007 for which TL249,854 provision and TL14,225 for which TL14,225 provision had been allocated is sold to TURKASSET Varlık Yönetim A.Ş. respectively for TL29,800 at 26 March 2015 and TL2,850 at 23 June 2015. Also, impaired loans portfolio amounting to TL215,335 for which TL215,331 provision and TL41,823 for which TL41,823 provision had been allocated is sold to Final Varlık Yönetim A.Ş. respectively for TL27,310 at 27 October 2015 and TL7,511 at 29 December 2015. After completion of the necessary procedures and collection of the sale price, such impaired loans have been written off from the accounts.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2016 is TL569,340 (31 December 2015: TL318,767).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	428,577	225,357
Vehicle	112,400	78,774
Cash	495	312
Other	27,868	14,324
<b>Total</b>	<b>569,340</b>	<b>318,767</b>

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined not to be impaired at 31 December 2016 is TL2,172,320 (31 December 2015: TL1,380,151).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	1,954,862	1,205,035
Vehicle	165,517	130,533
Cash	21,347	24,657
Other	30,594	19,926
<b>Total</b>	<b>2,172,320</b>	<b>1,380,151</b>

As of 31 December 2016 and 31 December 2015, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

<b>31 December 2016</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	86,446	4,769	91,215
Other	39	-	39
<b>Total</b>	<b>86,485</b>	<b>4,769</b>	<b>91,254</b>
<b>31 December 2015</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	66,588	5,247	71,835
Other	39	-	39
<b>Total</b>	<b>66,627</b>	<b>5,247</b>	<b>71,874</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**7. Information on held-to-maturity investments:**

a) a.1) Information on financial assets subject to repurchase agreements and those given as collateral / blocked: (None) (31 December 2015: None)

a.2) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	198,285	-	312,654	-
Other	-	-	-	-
<b>Total</b>	<b>198,285</b>	<b>-</b>	<b>312,654</b>	<b>-</b>

Unrestricted financial assets held-to maturity amounting to TL163,223 (31 December 2015:TL26,763).

a.3) Information on held to maturity debt securities:

	Current Period	Prior Period
Government bonds	361,508	339,417
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>361,508</b>	<b>339,417</b>

a.4) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities	361,508	339,417
Quoted on a stock exchange	361,508	339,417
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>361,508</b>	<b>339,417</b>

b) Movement of investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	339,417	317,360
Foreign currency differences on monetary assets	-	-
Purchases during the year (*)	22,091	22,057
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>361,508</b>	<b>339,417</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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 2015: None).
- a.2) Information on the unconsolidated associates: None (31 December 2015: None).
- a.3) Explanations of consolidated associates: None (31 December 2015: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2015: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2015: None).

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

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

	<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	24,158	41,783	5,964
Net income for the period and prior period income	22,545	19,977	4,560
Income/ Loss recognized under equity in accordance with TAS	-	1,123	(159)
Leasehold Improvements on Operational Leases	77	27	-
Goodwill and intangible asset and the related deferred tax liability (-)	1,444	1,051	616
<b>Total Common Equity Tier 1 Capital</b>	<b>75,182</b>	<b>90,599</b>	<b>16,609</b>
General Provision	1,005	-	-
<b>Total Equity</b>	<b>76,187</b>	<b>90,599</b>	<b>16,609</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 2015: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2015: None).
- d) Information on consolidated subsidiaries:
- d.1) Information on the consolidated subsidiaries:

	<b>Address (City/ Country)</b>	<b>Group’s share percentage-If different voting percentage (%)</b>	<b>Other shareholders’ share percentage (%)</b>
1	TEB Faktoring A.Ş.	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	25.60	29.14

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

	<b>Total Assets</b>	<b>Shareholders’ Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Marketable Securities Portfolio</b>	<b>Current Period Profit / Loss</b>	<b>Prior Period Profit / Loss (*)</b>	<b>Fair Value</b>
1	1,704,802	76,703	1,682	106,668	-	11,507	8,301	-
2	162,740	91,677	3,729	16,311	-	10,212	14,644	-
3	20,339	17,225	698	1,869	156	2,631	2,122	-

- (\*) These figures are shown per BRSA financial statements as of 31 December 2015.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

d.2) Information on consolidated subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the beginning of the period	115,986	177,240
Movements during the period	-	(61,254)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales(*)	-	(61,254)
Revaluation increase	-	-
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>115,986</b>	<b>115,986</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(\*) The Bank has sold the entire 100% of its shares in The Economy Bank N.V. to BNP Paribas Fortis SA/NV amounting to EUR107,769 thousand. The sales revenue has been collected after completion procedures on 11 December 2015.

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,416	43,416
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,512	70,512
TEB Portföy Yönetimi A.Ş.	2,058	2,058
<b>Total</b>	<b>115,986</b>	<b>115,986</b>

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2015: None).

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

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

<b>Entities under common control (joint ventures)</b>	<b>Share of the Bank (%)</b>	<b>Share of the Group (%)</b>	<b>Current Asset</b>	<b>Non-current Asset</b>	<b>Long-term Receivable</b>	<b>Profit</b>	<b>Loss</b>
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	22,003	26,970	5,466	100,511	(94,209)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated 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 2015: None).

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**12. Information on derivative financial assets for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	195,320	-	58,309	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>195,320</b>	<b>-</b>	<b>58,309</b>	<b>-</b>

According to cash flow hedges terminated by the Bank; as of 31 December 2016, accumulated valuation differences negatively amounted TL1,063 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**13. Information on tangible assets:**

	31 December 2015	Additions	Disposals	Other	31 December 2016
Cost:					
Land and buildings	105,132	-	-	-	105,132
Leased tangible assets	35,354	-	(896)	-	34,458
Other	834,337	54,288	(193,609)	-	695,016
<b>Total Cost</b>	<b>974,823</b>	<b>54,288</b>	<b>(194,505)</b>	<b>-</b>	<b>834,606</b>
Accumulated Depreciation:					
Land and buildings	40,866	2,955	-	-	43,821
Leased tangible assets	35,342	4	(896)	-	34,450
Other	615,610	91,666	(192,978)	-	514,298
<b>Total Accumulated Depreciation</b>	<b>691,818</b>	<b>94,625</b>	<b>(193,874)</b>	<b>-</b>	<b>592,569</b>
<b>Net Book Value</b>	<b>283,005</b>				<b>242,037</b>

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

**14. Information on intangible assets:**

	31 December 2015	Additions	Disposals	Other	31 December 2016
Cost:					
Other intangible assets	219,656	72,685	(53,165)	-	239,176
<b>Total Cost</b>	<b>219,656</b>	<b>72,685</b>	<b>(53,165)</b>	<b>-</b>	<b>239,176</b>
Accumulated Depreciation:					
Other intangible assets	169,374	41,379	(53,165)	-	157,588
<b>Total Accumulated Depreciation</b>	<b>169,374</b>	<b>41,379</b>	<b>(53,165)</b>	<b>-</b>	<b>157,588</b>
<b>Net Book Value</b>	<b>50,282</b>				<b>81,588</b>

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**14. Information on intangible assets: (continued)**

- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements.
- i) Information on goodwill:

Following announcement of the BRSA approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Registered shares to be issued were distributed to the shareholders of Fortis Bank A.Ş., which was dissolved due to the merger, in exchange of their current shares. Fortis Bank A.Ş. shareholders received 1.0518 registered Türk Ekonomi Bankası A.Ş. shares for each Fortis Bank A.Ş. share having a nominal value of TL1. The related transaction has been accounted for in accordance with the requirements of TFRS 3 “Business Combination”, since the merging banks were not under common control of the same parties before and after the merger. In this merger transaction, Fortis Bank A.Ş. was determined as the acquiree, and with the merger, the fair value of the equity shares exchanged as of 14 February 2011 was considered as the fair value of consideration transferred, and the difference between this value and the fair value of identifiable net asset value of Fortis Bank A.Ş. is accounted as goodwill.

- j) Beginning and ending balance of the goodwill and movements on goodwill in the current period:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	421,124	421,124
Foreign Exchange differences	-	-
Acquired	-	-
<b>Ending balance</b>	<b>421,124</b>	<b>421,124</b>

**15. Information on investment properties: None (31 December 2015: None)**

**16. Explanations on deferred tax assets :**

- a) As of 31 December 2016, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL42,562 (31 December 2015: TL79,784). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	<b>Current Period</b>	<b>Prior Period</b>
<b>At January 1</b>	<b>79,784</b>	<b>96,746</b>
Deferred Tax Benefit / (Charge)	(63,403)	27,074
Deferred Tax Accounted for Under Equity	26,181	(44,036)
Other	-	-
<b>Deferred Tax Asset</b>	<b>42,562</b>	<b>79,784</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of Period Cost	74,768	83,187
Beginning of Period Accumulated Depreciation (-)	2,894	3,721
<b>Net Book Value</b>	<b>71,874</b>	<b>79,466</b>
Opening Balance	71,874	79,466
Acquired	85,942	58,547
Disposed(-)	64,639	64,096
Impairment (-)	110	189
Depreciation Value (-)	1,813	1,854
Period End Cost	93,224	74,768
Period End Accumulated Depreciation (-)	1,970	2,894
<b>Closing Net Book Value</b>	<b>91,254</b>	<b>71,874</b>

**18. Information on other asset**

Other Assets item of the balance sheet amounting to TL1,142,430 (31 December 2015: TL1,260,429) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	1,390,344	-	4,133,777	10,625,756	424,145	23,622	22,007	-	16,619,651
Foreign Currency Deposits	3,045,273	-	3,757,484	12,958,068	143,483	89,102	53,008	-	20,046,418
Residents in Turkey	2,821,928	-	3,079,794	12,472,737	132,939	63,668	51,021	-	18,622,087
Residents Abroad	223,345	-	677,690	485,331	10,544	25,434	1,987	-	1,424,331
Public Sector Deposits	118,002	-	1,299	66,522	1,649	67	-	-	187,539
Commercial Deposits	2,767,044	-	1,520,221	4,366,100	153,511	47,684	119	-	8,854,679
Other Institutions Deposits	75,601	-	38,135	1,426,282	797,032	1,023,490	85	-	3,360,625
Precious Metals Deposits	227,625	-	29,771	196,623	17,768	110,974	-	-	582,761
Bank Deposits	4,710	-	176,275	-	-	-	-	-	180,985
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4	-	-	-	-	-	-	-	4
Foreign Banks	4,706	-	176,275	-	-	-	-	-	180,981
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,628,599</b>	<b>-</b>	<b>9,656,962</b>	<b>29,639,351</b>	<b>1,537,588</b>	<b>1,294,939</b>	<b>75,219</b>	<b>-</b>	<b>49,832,658</b>

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	1,205,384	-	3,944,382	9,670,953	674,131	21,286	23,176	-	15,539,312
Foreign Currency Deposits	3,158,188	-	3,271,698	8,374,541	310,398	83,735	117,274	-	15,315,834
Residents in Turkey	3,010,834	-	2,648,848	8,028,524	294,698	39,921	113,090	-	14,135,915
Residents Abroad	147,354	-	622,850	346,017	15,700	43,814	4,184	-	1,179,919
Public Sector Deposits	212,261	-	44,947	57,421	-	26,416	-	-	341,045
Commercial Deposits	2,193,850	-	1,180,220	3,863,724	823,014	1,676	2,558	-	8,065,042
Other Institutions Deposits	53,655	-	67,438	1,514,855	1,861,861	1,076,581	171	-	4,574,561
Precious Metals Deposits	157,062	-	42,899	188,852	10,688	46,008	-	-	445,509
Bank Deposits	1,078	-	105,838	7,641	-	-	-	-	114,557
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	51	-	-	-	-	-	-	-	51
Foreign Banks	1,027	-	105,838	7,641	-	-	-	-	114,506
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,981,478</b>	<b>-</b>	<b>8,657,422</b>	<b>23,677,987</b>	<b>3,680,092</b>	<b>1,255,702</b>	<b>143,179</b>	<b>-</b>	<b>44,395,860</b>

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:

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8,539,755	7,556,838	7,813,976	7,463,940
Foreign Currency Saving Deposits	1,778,326	1,767,595	9,064,676	6,487,853
Other Deposits in the Form of Saving Deposits	127,293	95,688	432,321	313,477
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>10,445,374</b>	<b>9,420,121</b>	<b>17,310,973</b>	<b>14,265,270</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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:

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	355,546	305,763
Deposits of Controlling Shareholders and Their Close Families	1,725,471	1,055,183
Deposits of Chairman and Members of the Board of Directors and Their Close Families	36,908	34,583
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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	72,915	49,697	56,535	12,817
Swap Transactions	635,490	39,885	355,875	23,597
Futures Transactions	-	-	-	-
Options	79,405	65,200	53,751	16,872
Other	-	-	-	-
<b>Total</b>	<b>787,810</b>	<b>154,782</b>	<b>466,161</b>	<b>53,286</b>

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	148,425	223,203	171,262	157,925
From Foreign Banks, Institutions and Funds	-	12,467,428	1,071,804	10,193,746
<b>Total</b>	<b>148,425</b>	<b>12,690,631</b>	<b>1,243,066</b>	<b>10,351,671</b>

As of 31 December 2016, the Bank has borrowings from its related parties amounting to TL6,733,737 (31 December 2015: TL5,391,148).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	148,425	9,412,527	1,180,832	7,677,800
Medium and long-term	-	3,278,104	62,234	2,673,871
<b>Total</b>	<b>148,425</b>	<b>12,690,631</b>	<b>1,243,066</b>	<b>10,351,671</b>

c) Additional explanation related to the concentrations of the Bank’s major liabilities:

The Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2016 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 31 August 2016, and 7 September 2017 maturity amounting to EUR352,000,000 and USD205,000,000.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

- c) Additional explanation related to the concentrations of the Bank’s major liabilities: (continued)

Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

- d) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	739,302	-	184,110	86,553
Treasury Bills	-	-	-	-
<b>Total</b>	<b>739,302</b>	<b>-</b>	<b>184,110</b>	<b>86,553</b>

**4. Funds provided through repurchase transactions:**

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>1,457,750</b>	<b>-</b>	<b>2,384,787</b>	<b>-</b>
Financial Institutions and Organizations	1,457,750	-	2,384,787	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	<b>1,457,750</b>	<b>-</b>	<b>2,384,787</b>	<b>-</b>

**5. 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 TL846,800 (31 December 2015: TL1,064,458) do not exceed 10% of the total balance sheet.

**6. 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 group:

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 2015: None).

- d) Explanations regarding operational leases:

For the period ended 31 December 2016, operational lease expenses amounting to TL213,218 (31 December 2015: TL201,508) 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**7. Negative differences table of derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	284,492	-	158,539	677
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>284,492</b>	<b>-</b>	<b>158,539</b>	<b>677</b>

According to cash flow hedges terminated by the Bank, accumulated valuation differences negatively amounted TL1,063 as of 31 December 2016 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**8. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
Provisions for First Group Loans and Receivables	571,617	562,743
Additional Provision for Loans and Receivables with Extended Maturities	17,116	8,005
Provisions for Second Group Loans and Receivables	77,241	85,364
Additional Provision for Loans and Receivables with Extended Maturities	20,354	16,096
Provisions for Non-Cash Loans	28,099	41,807
Other	6,936	8,175
<b>Total</b>	<b>683,893</b>	<b>698,089</b>

b) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TL745 (31 December 2015: TL18,682) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non-cash loans amount to TL48,515 (31 December 2015: TL37,680).

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

As of 31 December 2016, TL15,373 (31 December 2015: TL17,761) unused vacation provision, TL123,536 (31 December 2015: TL97,727) employee termination benefit provision, TL106,396 (31 December 2015: TL89,251) bonus provision are presented under “Reserve for Employee Benefit” in financial statements.

i) Termination Benefits:

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually.

	31 December 2016	31 December 2015
Discount Rate (%)	10.00	10.30
Expected Inflation Rate (%)	5.00	5.00
Salary Increase Rate above Inflation Rate (%)	1.00	1.00



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**8. Information on provisions: (continued)**

d.1) Movement of employee termination benefits:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	97,727	97,662
Service cost	11,769	13,060
Interest cost	9,915	8,306
Settlement cost	5,803	3,287
Actuarial loss	11,498	(14,332)
Benefits paid	(13,176)	(10,256)
<b>Total</b>	<b>123,536</b>	<b>97,727</b>

(ii) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XVI “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Bank 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 2016 and 31 December 2015. 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.

Based on the determined assumptions;

<b>Transferrable Retirement and Health Liabilities:</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Net Present Value of Transferrable Retirement Liabilities	(1,255,328)	(1,146,530)
Net Present Value of Transferrable Retirement and Health Contributions	524,026	505,725
General Administration Expenses	(12,553)	(11,465)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(743,855)	(652,270)
Fair Value of Plan Assets (2)	1,707,479	1,537,369
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	963,624	885,099
Non-Transferable Benefits (4)	(257,435)	(240,435)
Asset Surplus over Total Benefits ((3)-(4))	706,189	644,664

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**8. Information on provisions: (continued)**

(ii) Retirement Benefits: (continued)

Distribution of total assets of the Retirement Fund as of 31 December 2016 and 31 December 2015 is presented below:

	<b>31 December 2016</b>	<b>31 December 2015</b>
Bank placements	1,608,655	1,424,127
Tangible assets	85,453	79,720
Other	13,371	33,522
<b>Total</b>	<b>1,707,479</b>	<b>1,537,369</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

	<b>31 December 2016</b>	<b>31 December 2015</b>
Discount Rate	10.15%	10.30%
Expected Inflation Rate	5.00%	5.00%

As of 31 December 2016, medical inflation is expected more than 20% (31 December 2015: 20%). General wage increases and Social Security Institution (the “SSI”) increase of ceiling rate is expected in parallel to inflation rate. In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2015: CSO 2001) Female/Male mortality table is use.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2015: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for potential loan risk	-	112,421
Provision for legal cases	52,687	41,339
Provision for unindemnified non-cash loans	48,515	37,680
Provision for promotions of credit cards and banking services	11,508	11,284
Other	91,299	46,259
<b>Total</b>	<b>204,009</b>	<b>248,983</b>

(\*) As a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 38,465 is notified to the Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for, has been paid in advance on 19 January 2017, by taking advantage of 25% discount in accordance with article 17/6 of the law on Misdemeanors no. 5326 reserving legal objection rights.

**9. Explanations on taxes payable:**

a) Information on tax provision:

As of 31 December 2015, the Bank’s corporate tax provision is TL108,653. (31 December 2016: None)

As of 31 December 2016, the Bank’s total tax and premium liability is TL137,780. (31 December 2015: TL230,946)

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**9. Explanations on taxes payable: (continued)**

b) Information on current tax liability:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	-	108,653
Taxation on Securities	38,963	42,538
Property Tax	2,304	2,208
Banking Insurance Transaction Tax (BITT)	44,153	43,930
Foreign Exchange Transaction Tax	34	35
Value Added Tax Payable	5,077	3,733
Other (*)	17,762	16,304
<b>Total</b>	<b>108,293</b>	<b>217,401</b>

(\*) Others include income taxes deducted from wages amounting to TL15,026 (31 December 2016: TL13,885) and stamp taxes payable amounting to TL1,337 (31 December 2015: TL1,388).

c) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	12,590	5,705
Social Security Premiums-Employer	14,019	6,538
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	1,100	500
Unemployment Insurance-Employer	1,778	802
Other	-	-
<b>Total</b>	<b>29,487</b>	<b>13,545</b>

d) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 31 December 2016 (31 December 2015: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations:** None (31 December 2015: None).

**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR + 3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. In case of notes which are issued as perpetual are not redeemed until 1 August 2017, IFC has two options as follows: i) converting the notes to common share at an agreed price. ii) revising the interest rate of the perpetual notes as LIBOR + 5.25%.

The Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR75 million as of 4 November 2011 and a bond amounting to EUR100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR100 million is added up with the first issue of EUR75 million and together will be followed as EUR175 million. Since the coupon rate of the issue amounting to EUR100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR100 million issue has been determined as 96.026% (the price determined as the 12 month interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR852,527.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR96,878,527.78 is transferred to the bank accounts. Debt instruments issued by BNP Paribas, have been amended in 2015 to comply with article 8/2 which includes clauses such as write-down or conversion to common shares. After the approval of the BRSA, debt instruments have complied with the regulation without changing their issue dates.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)**

The Bank, during its Board of Directors’ meeting dated 8 May 2012 has resolved to issue a debt instrument as Secondary Subordinated debt instrument with a value of USD65 million on 14 May 2012. The semi annually interest rate of the issuance is determined as USD Libor + 5.75%. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA).

The Bank has resolved to issue a Secondary Subordinated Debt in the amount of EUR100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annually EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA. After the approval of the BRSA, debt instruments have been complied with article 8/2(ğ) of “Regulation on Equity of Banks” without changing their issue dates.

The Bank has resolved to issue a Secondary Subordinated Debt in the amount of EUR125 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annually EURIBOR + 2.1%. There is no option to repay within the first five years. The debt instrument can be amortized on 27 June 2018 with the resolution of the BoD and upon the approval of the BRSA. After the approval of the BRSA, debt instruments have been complied with article 8/2(ğ) of “Regulation on Equity of Banks” without changing their issue dates.

The Bank has resolved to issue a Secondary Subordinated Debt in the amount of USD65 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annually EURIBOR + 3.40%. There is no option to repay within the first five years. The debt instrument can be amortized on 28 June 2018 with the resolution of the BoD and upon the approval of the BRSA. Since the product has lost the ability to become a subordinated instrument in line with the regulation issued by the BRSA effective from 31 March 2016, the Bank has possessed the right to amortize this instrument before its maturity, but the Bank has decided not to use its right as of today.

The above mentioned six subordinated loans are utilized in-line with the “loan capital” definition of BRSA) and will positively effect the capital adequacy ratio of the Bank as well as utilizing long term fundings.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)**

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,482,374	-	1,266,082
From Other Foreign Institutions	-	817,511	-	673,954
<b>Total</b>	-	<b>2,299,885</b>	-	<b>1,940,036</b>

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

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
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.

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(51,156)	(819)	(60,958)	59,523
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(51,156)</b>	<b>(819)</b>	<b>(60,958)</b>	<b>59,523</b>

**13. Information on minority shares: None (31 December 2015: None)**

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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>	<b>Prior Period</b>
Commitments for Credit Card Expenditure Limits	4,648,912	4,580,727
Loan Granting Commitments	4,234,093	4,306,849
Asset Purchase and Sale Commitments	2,309,458	2,260,921
Payment Commitments for Cheques	1,610,400	1,567,255
Deposit Purchase and Sale Commitments	896,710	-
Tax and Fund Liabilities from Export Commitments	15,615	26,185
Commitments for Promotions Related with Credit Cards and Banking Activities	3,962	4,538
Other Irrevocable Commitments	332,938	483,781
<b>Total</b>	<b>14,052,088</b>	<b>13,230,256</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>	<b>Prior Period</b>
Letters of Credit	1,720,120	1,406,746
Bank Acceptances	40,100	48,830
Other Commitments	3,618,744	2,642,207
Other Contingencies	515,750	533,908
<b>Total</b>	<b>5,894,714</b>	<b>4,631,691</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	7,651,713	6,356,356
Temporary Guarantee Letters	1,101,983	767,473
Advance Guarantee Letters	1,057,523	1,135,218
Guarantee Letters Given for Customs	402,896	338,178
Other Guarantee Letters	1,411,296	1,269,905
<b>Total</b>	<b>11,625,411</b>	<b>9,867,130</b>

c) Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	680,742	495,181
With Maturity of One Year or Less Than One Year	137,571	56,260
With Maturity of More Than One Year	543,171	438,921
Other Non-Cash Loans	16,839,383	14,003,640
<b>Total</b>	<b>17,520,125</b>	<b>14,498,821</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**1. Information on off-balance sheet liabilities: (continued)**

c.2) Information on sectoral risk breakdown of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	36,787	0.49	62,504	0.62	43,419	0.69	26,421	0.32
Farming and raising livestock	27,651	0.37	62,504	0.62	31,754	0.51	25,506	0.31
Forestry, Wood and Paper	-	-	-	-	4,657	0.07	915	0.01
Fishery	9,136	0.12	-	-	7,008	0.11	-	-
Manufacturing	1,623,520	21.82	4,330,264	42.96	2,169,528	34.57	4,255,439	51.75
Mining and Quarry	216,439	2.91	183,290	1.82	168,332	2.68	374,984	4.56
Production	1,284,651	17.26	3,996,142	39.64	1,934,948	30.83	3,775,204	45.91
Electricity, Gas and Water	122,430	1.65	150,832	1.50	66,248	1.06	105,251	1.28
Construction	1,828,011	24.57	1,357,438	13.47	1,378,245	21.96	1,208,602	14.70
Services	3,909,244	52.54	4,262,030	42.28	2,684,391	42.78	1,969,185	23.94
Wholesale and Retail Trade	2,260,910	30.39	2,205,466	21.88	1,163,448	18.54	382,521	4.65
Hotel, Tourism, Food and Beverage Services	98,282	1.32	46,231	0.46	57,600	0.92	43,515	0.53
Transportation and Communication	644,758	8.67	521,400	5.17	572,586	9.12	361,783	4.40
Financial Institutions	433,876	5.83	272,245	2.70	247,836	3.95	213,289	2.59
Real Estate and Renting	325,155	4.37	979,870	9.72	281,633	4.49	680,199	8.27
Self-employment Services	83,410	1.12	229,031	2.27	170,097	2.71	168,566	2.05
Education Services	3,295	0.04	1,605	0.02	7,367	0.12	30	-
Health and Social Services	59,558	0.80	6,182	0.06	183,824	2.93	119,282	1.45
Other	43,193	0.58	67,134	0.67	-	-	763,591	9.29
<b>Total</b>	<b>7,440,755</b>	<b>100.00</b>	<b>10,079,370</b>	<b>100.00</b>	<b>6,275,583</b>	<b>100.00</b>	<b>8,223,238</b>	<b>100.00</b>

c.3) Information on Ist and IInd Group non-cash loans:

Non-cash loans	I st Group		II nd Group	
	TL	FC	TL	FC
Letters of guarantee	5,883,759	5,616,174	97,230	28,248
Bank acceptances	-	40,100	-	-
Letters of credit	-	1,720,120	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,458,398	2,674,728	1,368	-
<b>Total</b>	<b>7,342,157</b>	<b>10,051,122</b>	<b>98,598</b>	<b>28,248</b>

The Bank provided a reserve of TL86,870 (31 December 2015: TL63,229) for non-cash loans not indemnified net amounting to TL48,515 (31 December 2015: TL37,680).

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**2. Information related to derivative financial instruments:**

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	93,139,508	61,043,860	-	-
Forward transactions	10,860,451	9,743,982	-	-
Swap transactions	61,561,424	38,106,856	-	-
Futures transactions	-	-	-	-
Option transactions	20,717,633	13,193,022	-	-
Interest related derivative transactions (II):	3,626,826	4,740,964	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	3,626,826	4,740,964	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	11,560	1,815	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>96,777,894</b>	<b>65,786,639</b>	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	14,413,286	14,258,638
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>14,413,286</b>	<b>14,258,638</b>
<b>Total Derivative Transactions (A+B)</b>	<b>96,777,894</b>	<b>65,786,639</b>	<b>14,413,286</b>	<b>14,258,638</b>

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value.

i) Derivative instruments for fair value hedging purposes:

In 2015, the Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2015, net fair value of derivative instruments used for hedging purposes is TL1,913 (31 December 2016: None). The Bank accounts TL50,301 expense (31 December 2016: None) for derivative instruments used for hedging purposes and TL4,164 expense (31 December 2016: None) from hedged item loans in the financial statements.

ii) Derivative instruments for cash flow hedge purposes:

The Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL14,413,286 and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL38,136 (31 December 2015: TL101,180 credit) debit accounted for under equity is presented after deducting its deferred tax effect of TL7,627 (31 December 2015: TL20,236) credit in the financial statements. In 2015, the ineffective portion of TL4,528 expense (31 December 2015: TL877 expense) is accounted for under income statement.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	1,752,615	180,415	53,156	1,560,678	19,354	2,082
Interest Rate Swaps	12,660,671	14,905	231,336	12,697,960	38,955	157,134
	<b>14,413,286</b>	<b>195,320</b>	<b>284,492</b>	<b>14,258,638</b>	<b>58,309</b>	<b>159,216</b>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**3. Credit derivatives and risk exposures on credit derivatives:** None.

**4. Explanations on contingent liabilities and assets:**

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2016, there are no contingent assets that need to be explained (31 December 2015: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006. On the other hand, the Tax Office has not taken into consideration the deduction amount of TL144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL15,510 and levied a fine of TL16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above. The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant's claim on the Management's double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office's resolution is overruled by the Council of State. Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State's overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 “Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements”. In the decision concluded within the scope of file number 2010/9089 of the 4th Chamber of the Council of State, K.2013/5291, communicated on 31 July 2013, accepted the appeal request with justifications and stated, “it has concluded that the balance sheet loss will be deducted as an expense from the revenue when determining the corporate profit but will not be carried forward for more than five years, thus there is nothing contrary to law in the Tax Court's decision; the TL48,557,000.00 commercial balance sheet loss was reached by deducting TL203,049,000,000.00 in BRSA adjustments in the same year from the TL154,492,000.00 commercial profit; and since BRSA adjustments are also considered in the same sheet in total profits and additions, taking a commercial balance sheet loss for the same year into consideration in the total of other rebates and exemptions does not result in any duplication”. It has also been decided that the İstanbul 1st Tax Court's judgement number E.2010/661, K.2010/2377 will be reversed and the loss will not be subject to a duplicate rebate. The defendant authority's request for a revision of the decision was rejected. Upon the 4th Chamber of the Council of State's decision to reject the request for a revision of the decision, the examination of file number 2015/1202 E. continues on site at the İstanbul 1<sup>st</sup> Tax Court.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**4. Explanations on contingent liabilities and assets: (continued)**

b) Accounting and presentation of contingent assets and liabilities in the financial statements: (continued)

The investigation conducted by the Turkish Competition Authority to determine whether Article 4 of Law on the Protection of Competition No. 4054 was violated by 12 banks operating in Turkey by agreeing to act together in the fields of deposit, loans, and credit card services was completed on 08 March 2013. As a result of the investigation an administrative fine amounting TRY 10,669 was imposed on the bank as a result of a majority vote, along with the right to file an annulment action in the Ankara Administrative Court. Three fourths of the administrative fine, TRY 8,002, was paid on 16 August 2013 as per Article 17 of Misdemeanor Law No. 5326 after the reasoned judgement was announced on 22 July 2013. On 19 September 2013, an annulment action was filed in the Ankara Administrative Court against the Turkish Competition Authority’s ruling imposing an administrative fine on the bank, and the case was dismissed based on file No. 2014/7E of the Ankara 2nd Administrative Court authorized upon the relevant decision. The dismissal decision was appealed in due time, and the Supreme Court approved the decision. An action was filed to revise the decision.

As a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 38,465 is notified to the Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for, has been paid in advance on 19 January 2017 by taking advantage of 25% discount in accordance with article 17/6 of the law on Misdemeanors no. 5326 reserving legal objection rights.

**5. Custodian and intermediary services:**

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

**6. The information on the Bank’s rating by the international rating introductions (\*):**

The results of the ratings performed by Moody’s Investor Services and Fitch Ratings are shown below:

**Moody’s Investor Services: September 2016**

<b>View</b>	Stable
<b>Revised Loan Valuation</b>	ba1
<b>Foreign Currency Deposits</b>	Ba2

**Fitch Ratings: February 2017**

<b>Foreign Currency Commitments</b>	
Long term	BBB-
Short term	F3
View	Stable
<b>Turkish Lira Commitments</b>	
Long term	BBB-
Short term	F3
View	Stable
National	AAA (tur)
View	Stable
<b>Individual Rating</b>	bb+
<b>Support Points</b>	2

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**1. Explanations on Interest Income**

a) Information on interest income on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest income on loans (*)</b>				
Short term loans	2,917,166	158,457	2,850,325	141,075
Medium and long term loans	3,273,967	240,479	2,493,823	196,017
Interest on loans under follow-up	41,019	-	37,436	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>6,232,152</b>	<b>398,936</b>	<b>5,381,584</b>	<b>337,092</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL135,997 (31 December 2015: TL131,385).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	2,044	-	-
Domestic banks	18,243	665	30,756	202
Foreign banks	3,643	4,070	3,766	1,755
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>21,886</b>	<b>6,779</b>	<b>34,522</b>	<b>1,957</b>

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets held for Trading	45,050	1,262	21,492	608
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	392,443	750	339,496	520
Held-to-Maturity Investments	28,855	-	27,748	-
<b>Total</b>	<b>466,348</b>	<b>2,012</b>	<b>388,736</b>	<b>1,128</b>

d) Interest Income on Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	223	136

**2. Explanations on Interest Expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	10,158	3,057	10,983	3,563
Foreign banks	30,098	219,055	68,807	182,574
Branches and head office abroad	-	-	-	-
Other financial institutions	-	14,781	-	14,896
<b>Total</b>	<b>40,256</b>	<b>236,893</b>	<b>79,790</b>	<b>201,033</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL10,207 (31 December 2015: TL7,599).

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**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	Prior Period
Interest expenses to associates and subsidiaries	1,560	1,326

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	37,705	54	41,321	1,751
<b>Total</b>	<b>37,705</b>	<b>54</b>	<b>41,321</b>	<b>1,751</b>

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

Account Name	Current Period							Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Time Deposits		
<b>TL</b>									
Bank Deposits	-	13,852	29	-	-	-	-	-	13,881
Saving Deposits	-	390,747	1,268,051	62,373	2,408	1,753	-	-	1,725,332
Public Sector Deposits	-	1,320	12,933	38	1,478	-	-	-	15,769
Commercial Deposits	-	125,777	599,388	64,575	3,511	55	-	-	793,306
Other Deposits	-	3,249	199,472	107,539	83,759	12	-	-	394,031
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>534,945</b>	<b>2,079,873</b>	<b>234,525</b>	<b>91,156</b>	<b>1,820</b>	-	-	<b>2,942,319</b>
<b>FC</b>									
Foreign Currency Deposits	72	47,220	218,900	2,599	2,747	2,191	-	-	273,729
Bank Deposits	-	16	30	-	-	-	-	-	46
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	383	3,366	573	2,002	-	-	-	6,324
<b>Total</b>	<b>72</b>	<b>47,619</b>	<b>222,296</b>	<b>3,172</b>	<b>4,749</b>	<b>2,191</b>	-	-	<b>280,099</b>
<b>Grand Total</b>	<b>72</b>	<b>582,564</b>	<b>2,302,169</b>	<b>237,697</b>	<b>95,905</b>	<b>4,011</b>	-	-	<b>3,222,418</b>

Account Name	Prior Period							Accumulated Deposits	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Time Deposits		
<b>TL</b>									
Bank Deposits	-	9,147	23	-	69	82	-	-	9,321
Saving Deposits	-	412,578	838,755	38,833	1,928	2,661	-	-	1,294,755
Public Sector Deposits	-	3,986	8,048	648	349	-	-	-	13,031
Commercial Deposits	-	111,447	482,506	52,654	182	311	-	-	647,100
Other Deposits	-	2,708	241,595	94,069	91,668	8	-	-	430,048
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>539,866</b>	<b>1,570,927</b>	<b>186,204</b>	<b>94,196</b>	<b>3,062</b>	-	-	<b>2,394,255</b>
<b>FC</b>									
Foreign Currency Deposits	-	37,168	184,210	4,690	1,688	3,884	-	-	231,640
Bank Deposits	-	414	1,576	-	-	-	-	-	1,990
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	658	3,302	441	455	-	-	-	4,856
<b>Total</b>	-	<b>38,240</b>	<b>189,088</b>	<b>5,131</b>	<b>2,143</b>	<b>3,884</b>	-	-	<b>238,486</b>
<b>Grand Total</b>	-	<b>578,106</b>	<b>1,760,015</b>	<b>191,335</b>	<b>96,339</b>	<b>6,946</b>	-	-	<b>2,632,741</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**3. Information on dividend income**

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	798	1,112
Other	19,944	19,559
<b>Total</b>	<b>20,742</b>	<b>20,671</b>

**4. Information on trading income / (loss) (Net):**

	Current Period	Prior Period
<b>Income</b>	<b>15,992,802</b>	<b>18,979,333</b>
Gains on capital market operations	60,301	51,277
Gains on derivative financial instruments (*)	6,155,946	6,310,203
Foreign exchange gains (**)	9,776,555	12,617,853
<b>Losses (-)</b>	<b>16,373,789</b>	<b>19,532,836</b>
Losses on capital market operations	57,196	49,164
Losses on derivative financial instruments (*)	5,747,973	5,539,150
Foreign exchange losses (**)	10,568,620	13,944,522

(\*) Foreign exchange net gain on hedging transactions is TL174,058 (31 December 2015: TL76,196 profit).

(\*\*) Foreign exchange net gain on derivative financial transactions are TL488,303 (31 December 2015: TL199,345).

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

Other operating income of the bank consists of reversals of specific provisions which are booked in earlier periods amount to TL208,749 (31 December 2015: TL146,653) and amount to TL47,064 (31 December 2015: TL67,383) from selling impaired loans portfolio and all the transaction cost collected from the clients and disposal of assets. Additionally, Visa EU has been transferred to VISA Inc. that operates in the same business, the income generated from this transaction consisting of TL61,198 cash consideration, TL20,213 share consideration for 6,790 Series C Visa Inc. preferred shares and TL5,969 deferred cash consideration that will be paid in three years, is recognized under the other operating income.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	1,072,530	762,491
III. Group Loans and Receivables	225,574	157,548
IV. Group Loans and Receivables	261,361	226,374
V. Group Loans and Receivables	585,595	378,569
General provision expenses	33,978	98,371
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	338	73,195
<b>Total</b>	<b>1,106,846</b>	<b>934,057</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses	966,737	895,874
Reserve for employee termination benefits	14,311	14,397
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	94,625	93,077
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	41,379	32,019
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	110	189
Depreciation expenses of assets to be disposed	1,813	1,854
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	818,394	770,003
Operating lease expenses	213,128	201,508
Maintenance expenses	20,665	22,055
Advertisement expenses	91,035	78,696
Other expenses	493,566	467,744
Loss on sales of assets	3,828	1,646
Other (*)	397,517	326,422
<b>Total</b>	<b>2,338,714</b>	<b>2,135,481</b>

(\*) Included in other TL64,790 (31 December 2015: TL58,352) is premiums paid to the Saving Deposit Insurance Fund, TL91,729 (31 December 2015: TL 92,178) is other taxes and duties paid.

**8. Information of the profit/loss on continued and discontinued operations:**

a) Profit before tax consists of net interest income amounting to TL3,437,284 (31 December 2015: TL3,074,161) and net fee and commission income amounting to TL977,715 (31 December 2015: TL1,016,655) while operational expenses are TL2,338,714 (31 December 2015: 2,135,481 TL).

b) Information of the profit/(loss) on discontinued operations:

The Bank has sold the entire 100% of its shares in The Economy Bank N.V. to BNP Paribas Fortis S.A./N.V. amounting to EUR107,769 thousand that the sales revenue has collected after procedures are completed on 11 December 2015. These transactions amounting to TL285,514 is shown under "Income from discontinued operations" in financial statements.

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

a) As of 31 December 2016, the current tax charge is TL176,761 (31 December 2015: TL206,921). Deferred tax charge is TL63,403 (31 December 2015: TL27,074 deferred tax benefit) and there is no current and deferred tax benefit/charge from discontinued operations. (31 December 2015: TL14,276 current tax charge)

b) Deferred tax charge on temporary differences resulted from continued operations is TL63,403 (31 December 2015: TL27,074 deferred tax benefit).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit before tax</b>	<b>1,181,963</b>	<b>1,076,576</b>
<b>Additions</b>	<b>46,849</b>	<b>133,640</b>
Nonallowable expenses	61,495	45,848
General loan loss provision	(14,646)	87,792
<b>Deductions</b>	<b>(27,339)</b>	<b>(217,367)</b>
Dividend income	(20,531)	(20,584)
Other (*)	(6,808)	(196,783)
<b>Taxable Profit/ (Loss)</b>	<b>1,201,473</b>	<b>992,849</b>
Corporate tax rate	20%	20%
<b>Tax calculated</b>	<b>240,295</b>	<b>198,570</b>
<b>Effect of the correction of prior period’s corporate tax</b>	<b>(131)</b>	<b>(4,447)</b>
<b>Tax charge</b>	<b>240,164</b>	<b>194,123</b>

(\*) It consists of tax exception amounting to TL214,136 arising from sale of a subsidiary.

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

As of 31 December 2016, the Bank’s net profit from continued operations is TL941,799 (31 December 2015: TL611,215)  
As of 31 December 2015, net profit from discontinued operations is TL271,238 (31 December 2016: None).

**11. 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 (31 December 2015: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2015: None).
- Profit/ loss attributable to minority interest: None (31 December 2015: None).

**12. 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	Prior Period
<b><u>Other fees and commissions received</u></b>		
Card Fee and Commissions	571,229	623,544
Insurance Commissions	117,832	131,070
Intelligence Fee and Commissions	68,422	86,816
Settlement Expense Provision, Eft, Swift, Agency Commissions	29,830	33,423
Fund Management Fees	19,421	19,815
Transfer Commissions	13,778	28,831
Commissions and Fees Earned from Correspondent Banks	2,929	3,146
Other	351,235	343,037
<b>Total</b>	<b>1,174,676</b>	<b>1,269,682</b>
<b><u>Other fees and commissions paid</u></b>		
Credit Cards Commissions and Fees	235,912	279,059
Settlement Expense Provision, Eft, Swift, Agency Commissions	15,520	23,905
Commissions and Fees Paid to Correspondent Banks	13,175	11,428
Other	81,439	64,362
<b>Total</b>	<b>346,046</b>	<b>378,754</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity**

- a) Shareholders' equity increased TL63,282 after resulting from revaluation of financial assets available for sale (31 December 2015: TL21,720 decreased) and change effect to deferred tax is TL12,742 (31 December 2015: TL4,344).

Gain or loss arising from measurement of financial assets available for sale included in shareholders' equity in the current period, excluding those related to hedging amounting TL32,143 income (31 December 2015: TL44,362).

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available for sale (excluding the assets related to hedging): TL95,425 income (31 December 2015: TL22,640 expense).

- b) Increase in cash flow risk hedging items:

The Bank uses interest rate and cross currency swaps for reducing cash flow risk arising from short term deposit and borrowing. In this context, the effective portion is accounted for under equity in “Hedging Funds” account. The related amount in 2016 decreased by TL63,044 (31 December 2015: TL176,327 increased) and the effect of this change to deferred tax is TL12,610 (31 December 2014: TL35,265).

- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Dividends per share proposed subsequent to the balance sheet date:

Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this:

The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue

- g) Amounts transferred to legal reserves:

Amount transferred to legal reserves is TL44,123 in 2016 (31 December 2015: TL31,128).

- h) Information on shares issued:

The Bank has not recorded any shares issued in “Share Premium” account in the current period.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VI. Explanations and Disclosures Related to Statement of Cash Flows**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:**

“Other items” amounting to TL3,438,729 (31 December 2015: TL3,577,531) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TL856,817 (31 December 2015: TL311,632) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL279,009 (31 December 2015: TL749,386) consists of changes in sundry debtors, blocked reserved deposits and other assets.

“Other items” amounting to TL72,685 (31 December 2015: TL27,953) in “Net cash provided from investing activities” consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the foreign exchange rates at the beginning and at the end of the period, and it is TL601,388 for the year 2016. (31 December 2015: TL288,054).

**2. Cash and cash equivalents at beginning and end of periods:**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>2,597,682</b>	<b>1,994,317</b>
Cash in TL/Foreign Currency	771,522	766,643
Central Bank – Unrestricted amount	1,766,219	1,193,759
Other	59,941	33,915
<b>Cash equivalents</b>	<b>1,282,447</b>	<b>1,315,849</b>
Banks	1,282,447	765,849
Money market placements	-	550,000
<b>Total cash and cash equivalents</b>	<b>3,880,129</b>	<b>3,310,166</b>
<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,831,531</b>	<b>2,597,682</b>
Cash in TL/Foreign Currency	814,303	771,522
Central Bank – Unrestricted amount	2,933,540	1,766,219
Other	83,688	59,941
<b>Cash equivalents</b>	<b>3,568,598</b>	<b>1,282,447</b>
Banks	1,568,598	1,282,447
Money market placements	2,000,000	-
<b>Total cash and cash equivalents</b>	<b>7,400,129</b>	<b>3,880,129</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VII. 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 and income/expense items of previous periods are presented as of 31 December 2015.

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	-	1,113	20,568	300,347	31,734	62,332
Balance at End of Period	79,163	942	240,153	188,104	104,280	124,716
Interest and Commission Income	223	87	2,365	12	1,408	217

Direct and indirect shareholders of the Bank balance above includes TL240,153 and other entities included in the risk group balance above includes TL102,164 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	10,603	8,029	73,403	175,997	14,491	97,560
Balance at end of Period	-	1,113	20,568	300,347	31,734	62,332
Interest and Commission Income	136	162	5,275	232	1,401	155

Direct and indirect shareholders of the Bank balance above includes TL19,313 and other entities included in the risk group balance above includes TL22,510 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	18,228	21,928	1,274,893	964,366	284,029	1,170,598
Balance at End of Period	21,472	18,228	1,355,438	1,274,893	1,095,132	284,029
Interest on Deposits	1,560	1,326	54,734	33,855	40,609	18,082

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	75,663	-	10,144,450	9,765,298	408,011	255,599
End of Period	78,862	75,663	25,275,220	10,144,450	247,304	408,011
Total Profit/loss	3,116	1,799	153,947	90,754	382	(20,406)
Hedging Transactions purposes						
Beginning of Period	-	-	1,022,920	642,633	-	-
End of Period	-	-	3,032,500	1,022,920	-	-
Total Profit/Loss	-	-	5,151	(6,615)	-	-

d) As of 31 December 2016, the total amount of remuneration and benefits provided for the senior management of the Bank is TL27,929 (31 December 2015: TL26,717).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VIII. Explanations on the Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches**

**1. Explanations on the Bank’s domestic branches, agencies and branches abroad and off-shore branches:**

	Numbers	Employees			
Domestic branches	511	9,578			
Rep-offices abroad	-	-	Country		
Branches abroad	4	62	Cyprus	Total Assets	Capital
Off-shore branches	-	-		757,360	20,000

**2. Explanations on Branch and Agency Openings or Closings of the Bank:**

In the year 2016, the Bank opened 8 branches, closed 25 branches.

**IX. Explanations and Disclosures Related to Subsequent Events**

None.

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Explanations on Other Activities of Bank**

None.

**SECTION SEVEN**

**INDEPENDENT AUDITOR’S REPORT**

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

The unconsolidated financial statements of the Bank were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 7 February 2016 is presented preceding the financial statements.

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

None.

.....

**SECTION 4 CONSOLIDATED FINANCIAL INFORMATION**

**INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS  
AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2016**

**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
AUDIT REPORT  
ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**To the Board of Directors of Türk Ekonomi Bankası A.Ş.;**

**Report on Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheet of Türk Ekonomi Bankası A.Ş. ("the Bank") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2016 and the related consolidated statement of income, consolidated income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Consolidated Financial Statements*

Bank management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and 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, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. and its subsidiaries as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

### **Report on Other Responsibilities Arising From Regulatory Requirements**

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

### **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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

Engin Çubukçu, SMMM  
Partner

Istanbul, 7 February 2017



# TEB

## BNP PARIBAS JOINT VENTURE

TÜRK EKONOMİ BANKASI  
Head Office  
TEB Kampüs C ve D Blok, Saray Mah.,  
Sokullu Caddesi, No: 7A-7B Ümraniye 34768 İSTANBUL  
Tel : (0216) 635 35 35  
Fax : (0216) 636 36 36  
Trade Registration No: 189356  
Central Registration System Number: 0876004342000105  
www.teb.com.tr

### CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

### CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2016

Address : Saray Mahallesi Sokullu Caddesi No:7/A – 7/B  
Ümraniye 34768 - İstanbul  
Telephone : (0 216) 635 35 35  
Fax : (0 216) 636 36 36  
Website : [www.teb.com.tr](http://www.teb.com.tr)  
E-mail : [yatirimciiliskileri@teb.com.tr](mailto:yatirimciiliskileri@teb.com.tr)


The consolidated financial report for the year-end, 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 Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information Related to Financial Position and Risk Management of the Consolidated Group
- Disclosures and Footnotes on Consolidated Financial Statements
- Other Explanation
- Independent Auditor’s Report


The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:


	Subsidiaries	Associates	Jointly Controlled Entities
1	TEB Yatırım Menkul Değerler A.Ş.	-	-
2	TEB Faktoring A.Ş.	-	-
3	TEB Portföy Yönetimi A.Ş.	-	-


The accompanying consolidated financial statements, related disclosures and footnotes which are audited 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 the Parent Bank, and unless stated otherwise, presented in thousands of Turkish Lira (TL).


  
Yavuz Canevi  
Chairman of the  
Board of  
Directors

  
Jacques Roger  
Jean Marie Rinino  
Chairman  
of the Audit  
Committee

  
Dr. Akın Akbayrak  
Vice Chairman  
of the Audit  
Committee

  
Ali Lülebiçi  
General  
Manager

  
M. Aşkın Dolandır  
Assistant General  
Manager Responsible of  
Financial Reporting

  
Gökhan Kazcılar  
Director  
Responsible of  
Financial Reporting

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

Name-Surname/Title: Aslihan Kaya / External Reporting Senior Manager  
Tel No : (0216) 635 24 51  
Fax No : (0216) 636 36 36



**INDEX****Page Number****SECTION ONE**  
General Information

I.	History of the Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any	1
II.	Explanation on the Parent Bank's Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank's Belongs to	1
III.	Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Parent Bank They Possess	2
IV.	Information on the Parent Bank's Qualified Shareholders	3
V.	Summary on the Parent Bank's Functions and Lines of Activity	3
VI.	Differences Between the Communiqué on Preparation of Consolidated 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.	3
VII.	Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between Parent Bank and its Subsidiaries	3

**SECTION TWO**

## Consolidated Financial Statements

I.	Consolidated Balance Sheet	5
II.	Consolidated Statement of Off-Balance Sheet Items	7
III.	Consolidated Statement of Income	8
IV.	Consolidated Income and Expense Items under Shareholders' Equity	9
V.	Consolidated Statement of Changes in Shareholders' Equity	10
VI.	Consolidated Statement of Cash Flows	12
VII.	Consolidated Statement of Profit Distribution	13

**SECTION THREE**

## Accounting Principles

I.	Basis of Presentation	14
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	14
III.	Information about the Parent Bank and its Consolidated Subsidiaries	15
IV.	Explanations on Forward and Option Contracts and Derivative Instruments	16
V.	Explanations on Interest Income and Expenses	17
VI.	Explanations on Fees and Commission Income and Expenses	17
VII.	Explanations on Financial Assets	17
VIII.	Explanations on Impairment of Financial Assets	19
IX.	Explanations on Offsetting of Financial Assets and Liabilities	20
X.	Explanations on Sales and Repurchase Agreements and Lending of Securities	20
XI.	Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets	20
XII.	Explanations on Goodwill and Other Intangible Assets	21
XIII.	Explanations on Tangible Fixed Assets	22
XIV.	Explanations on Leasing Transactions	22
XV.	Explanations on Provisions and Contingent Liabilities	23
XVI.	Explanations on Contingent Assets	23
XVII.	Explanations on Liabilities Regarding Employee Benefits	23
XVIII.	Explanations on Taxation	24
XIX.	Additional Explanations on Borrowings	25
XX.	Explanations on Issued Equity Securities	25
XXI.	Explanations on Bill Guarantees and Acceptances	25
XXII.	Explanations on Government Incentives	26
XXIII.	Explanations on Reporting According to Segmentation	26
XXIV.	Explanations on Other Matters	27
XXV.	Reclassifications	27

**SECTION FOUR**

## Information on Consolidated Financial Structure of the Group

I.	Explanations Related to Components of Consolidated Shareholders' Equity	28
II.	Explanations Related to the Consolidated Credit Risk	35
III.	Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation	45
IV.	Explanations Related to the Consolidated Currency Risk	45
V.	Explanations Related to the Consolidated Interest Rate Risk	47
VI.	Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio	50
VII.	Explanations Related to Consolidated Leverage Ratio	57
VIII.	Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	58
IX.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	59
X.	Explanations Related to Consolidated Risk Management	60

**SECTION FIVE**

## Explanations and Disclosures on Consolidated Financial Statements

I.	Explanations and Disclosures Related to the Consolidated Assets	78
II.	Explanations and Disclosures Related to the Consolidated Liabilities	95
III.	Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items	104
IV.	Explanations and Disclosures Related to the Consolidated Statement of Income	111
V.	Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity	116
VI.	Explanations and Disclosures Related to Statement of Consolidated Cash Flows	117
VII.	Explanations and Disclosures Related to Risk Group of the Parent Bank	119
VIII.	Explanations on the Parent Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	120
IX.	Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date	120

**SECTION SIX**

## Other Explanations

I.	Explanations on Other Activities of the Parent Bank	120
----	---	-----

**SECTION SEVEN**

## Independent Auditor's Report

I.	Explanations on the Independent Auditor's Report	120
II.	Other Footnotes and Explanations Prepared by the Independent Auditors	120

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

**TÜRK EKONOMİ BANKASI A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION ONE**

**GENERAL INFORMATION**

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

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The Parent Bank”), which has 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 Parent Bank’s Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank’s Belongs to**

As of 31 December 2016 and 31 December 2015 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Name of shareholders</b>	<b>31 December 2016</b>		<b>31 December 2015</b>	
	<b>Paid in capital</b>	<b>%</b>	<b>Paid in capital</b>	<b>%</b>
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 31 December 2016, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1.00 (full TL) nominal each.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

(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 Parent Bank They Possess**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Education</u></b>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr. Akin Akbaygil	Deputy Chairman of the Board of Directors and Vice Chairman of the Audit Committee	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Ayşe Aşardağ	Member of the Board of Directors	University
Ümit Leblebici	General Manager and the Executive Director	Master
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Alain Georges Auguste Fonteneau	Member of the Board of Directors	Master
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee	University
Musa Erden	Member of the Board of Directors	University
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
Pascal Jean Fischer	Member of the Board of Directors	University
<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
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
<b>Group Heads (*);</b>		
Pascal Alfred J. Gilliard	Chief Risk Officer	University
Biröl 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

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

<b>Name / Commercial Name</b>	<b>Share Amount</b>	<b>Share Ratio</b>	<b>Paid up Shares</b>	<b>Unpaid Shares</b>
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, while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNP Yatırımlar Holding are controlled by BNP Paribas SA.

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

The Parent Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2016, the Parent Bank has 511 local branches and 4 foreign branches (31 December 2015: 528 local branches, 4 foreign branches). As of 31 December 2016, the number of employees of the Group is 9,958 (31 December 2015: 10,238).

**VI. Differences between the Communiqué on Preparation of Consolidated 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 between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting for the Bank.

The Parent 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 Parent Bank and its Subsidiaries**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Balance Sheet
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Income
- IV. Consolidated Income and Expense Items Under Shareholders' Equity
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows
- VII. Consolidated Statement of Profit Distribution

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016**

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

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

		Audited Current Period 31.12.2016			Audited Prior Period 31.12.2015			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-1)</b>	<b>1,958,801</b>	<b>9,708,614</b>	<b>11,667,415</b>	<b>1,202,307</b>	<b>8,713,621</b>	<b>9,915,928</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>(I-2)</b>	<b>1,035,624</b>	<b>237,198</b>	<b>1,272,822</b>	<b>599,312</b>	<b>100,633</b>	<b>699,945</b>
2.1	Financial Assets Held for Trading		1,035,624	237,198	1,272,822	599,312	100,633	699,945
2.1.1	Government Debt Securities		189,384	13,810	203,194	194,821	11,007	205,828
2.1.2	Equity Securities		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(I-3)	846,240	223,388	1,069,628	404,491	89,626	494,117
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		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	<b>(I-4)</b>	<b>195,236</b>	<b>1,397,094</b>	<b>1,592,330</b>	<b>621,048</b>	<b>716,404</b>	<b>1,337,452</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>2,001,067</b>	<b>-</b>	<b>2,001,067</b>	<b>206</b>	<b>-</b>	<b>206</b>
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		2,001,067	-	2,001,067	206	-	206
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(I-5)</b>	<b>4,057,427</b>	<b>48,963</b>	<b>4,106,390</b>	<b>4,031,751</b>	<b>98,873</b>	<b>4,130,624</b>
5.1	Equity Securities		22,298	20,908	43,206	21,544	75,150	96,694
5.2	Government Debt Securities		4,035,129	28,055	4,063,184	4,010,207	23,723	4,033,930
5.3	Other Marketable Securities		-	-	-	-	-	-
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	<b>(I-6)</b>	<b>44,763,612</b>	<b>11,629,589</b>	<b>56,393,201</b>	<b>43,599,455</b>	<b>9,699,647</b>	<b>53,299,102</b>
6.1	Loans and Receivables		44,206,118	11,629,589	55,835,707	43,196,275	9,699,647	52,895,922
6.1.1	Loans to Risk Group of the Bank		2,116	-	2,116	10,477	2	10,479
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		44,204,002	11,629,589	55,833,591	43,185,798	9,699,645	52,885,443
6.2	Loans under Follow-up		1,771,775	-	1,771,775	1,232,527	-	1,232,527
6.3	Specific Provisions (-)		1,214,281	-	1,214,281	829,347	-	829,347
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	<b>(I-18)</b>	<b>652,469</b>	<b>1,027,567</b>	<b>1,680,036</b>	<b>555,685</b>	<b>652,638</b>	<b>1,208,323</b>
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-7)</b>	<b>361,508</b>	<b>-</b>	<b>361,508</b>	<b>339,417</b>	<b>-</b>	<b>339,417</b>
8.1	Government Debt Securities		361,508	-	361,508	339,417	-	339,417
8.2	Other Marketable Securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		-	-	-	-	-	-
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		-	-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(I-9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
<b>XI.</b>	<b>JOINT VENTURES (Net)</b>	<b>(I-10)</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
11.1	Accounted with Equity Method		-	-	-	-	-	-
11.2	Unconsolidated Joint Ventures		5	-	5	5	-	5
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		5	-	5	5	-	5
<b>XII.</b>	<b>FINANCIAL LEASE RECEIVABLES</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(I-12)</b>	<b>195,320</b>	<b>-</b>	<b>195,320</b>	<b>58,309</b>	<b>-</b>	<b>58,309</b>
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		195,320	-	195,320	58,309	-	58,309
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>245,035</b>	<b>-</b>	<b>245,035</b>	<b>285,508</b>	<b>-</b>	<b>285,508</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>505,823</b>	<b>-</b>	<b>505,823</b>	<b>473,474</b>	<b>-</b>	<b>473,474</b>
15.1	Goodwill		421,124	-	421,124	421,124	-	421,124
15.2	Other		84,699	-	84,699	52,350	-	52,350
<b>XVI.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>TAX ASSET</b>		<b>109,340</b>	<b>-</b>	<b>109,340</b>	<b>90,465</b>	<b>-</b>	<b>90,465</b>
17.1	Current Tax Asset		56,385	-	56,385	1,742	-	1,742
17.2	Deferred Tax Asset	(I-16)	52,955	-	52,955	88,723	-	88,723
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(I-17)</b>	<b>91,254</b>	<b>-</b>	<b>91,254</b>	<b>71,874</b>	<b>-</b>	<b>71,874</b>
18.1	Held for Sale Purpose		91,254	-	91,254	71,874	-	71,874
18.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	<b>(I-19)</b>	<b>941,888</b>	<b>227,503</b>	<b>1,169,391</b>	<b>1,029,397</b>	<b>272,459</b>	<b>1,301,856</b>
<b>TOTAL ASSETS</b>			<b>57,114,409</b>	<b>24,276,528</b>	<b>81,390,937</b>	<b>52,958,213</b>	<b>20,254,275</b>	<b>73,212,488</b>

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016**

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

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

		Audited Current Period 31.12.2016			Audited Prior Period 31.12.2015			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>DEPOSITS</b>	(II-1)	29,182,765	20,628,421	49,811,186	28,615,414	15,762,218	44,377,632
1.1	Deposits from Risk Group of the Bank		717,186	1,733,384	2,450,570	555,149	1,003,773	1,558,922
1.2	Other		28,465,579	18,895,037	47,360,616	28,060,265	14,758,445	42,818,710
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(II-2)	787,782	154,832	942,614	466,111	53,286	519,397
<b>III.</b>	<b>FUNDS BORROWED</b>	(II-3)	568,203	13,791,298	14,359,501	1,659,879	11,075,414	12,735,293
<b>IV.</b>	<b>MONEY MARKET BALANCES</b>		1,500,872	-	1,500,872	2,413,098	-	2,413,098
4.1	Interbank Money Market Payables		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Takings		43,122	-	43,122	28,311	-	28,311
4.3	Funds Provided under Repurchase Agreements	(II-4)	1,457,750	-	1,457,750	2,384,787	-	2,384,787
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	(II-3)	739,302	-	739,302	184,110	86,553	270,663
5.1	Bills		739,302	-	739,302	184,110	86,553	270,663
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		1,058,986	379,232	1,438,218	1,003,280	292,703	1,295,983
<b>VIII.</b>	<b>OTHER EXTERNAL FUNDING PAYABLE</b>	(II-5)	843,448	3,352	846,800	1,063,037	1,421	1,064,458
<b>IX.</b>	<b>FACTORING PAYABLES</b>	(II-14)	6,759	10,929	17,688	5,503	9,853	15,356
<b>X.</b>	<b>FINANCIAL LEASE PAYABLES</b>	(II-6)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses ( - )		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(II-7)	284,492	-	284,492	158,539	677	159,216
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		284,492	-	284,492	158,539	677	159,216
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(II-8)	1,130,722	14,063	1,144,785	1,048,748	115,721	1,164,469
12.1	General Loan Loss Provisions		684,898	-	684,898	699,098	-	699,098
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Benefits		245,197	10,003	255,200	209,755	5,209	214,964
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		200,627	4,060	204,687	139,895	110,512	250,407
<b>XIII.</b>	<b>TAX LIABILITY</b>	(II-9)	143,148	-	143,148	235,380	-	235,380
13.1	Current Tax Liability		143,148	-	143,148	235,380	-	235,380
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(II-10)	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(II-11)	-	2,299,885	2,299,885	-	1,940,036	1,940,036
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(II-12)	7,863,265	(819)	7,862,446	6,750,050	271,457	7,021,507
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		991,974	(819)	991,155	821,314	59,479	880,793
16.2.1	Share Premium		2,565	-	2,565	2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		(56,870)	(819)	(57,689)	(67,787)	59,523	(8,264)
16.2.4	Revaluation Differences surplus on Tangible Assets		311,160	-	311,160	97,024	-	97,024
16.2.5	Revaluation Differences surplus on Intangible Assets		-	-	-	-	-	-
16.2.6	Revaluation Differences surplus on Investment Property		-	-	-	-	-	-
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		527	-	527	527	-	527
16.2.8	Hedging Funds (Effective Portion)		30,509	-	30,509	80,987	(44)	80,943
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		704,083	-	704,083	707,998	-	707,998
16.3	Profit Reserves		3,705,542	-	3,705,542	2,981,325	211,978	3,193,303
16.3.1	Legal Reserves		277,392	-	277,392	230,800	-	230,800
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		3,112,112	-	3,112,112	2,461,561	211,978	2,673,539
16.3.4	Other Profit Reserves		316,038	-	316,038	288,964	-	288,964
16.4	Profit or Loss		953,562	-	953,562	735,577	-	735,577
16.4.1	Prior Periods Profit / (Loss)		9,497	-	9,497	9,497	-	9,497
16.4.2	Current Period Profit / (Loss)		944,065	-	944,065	726,080	-	726,080
16.5	Minority Interest	(II-13)	7,797	-	7,797	7,444	-	7,444
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>44,109,744</b>	<b>37,281,193</b>	<b>81,390,937</b>	<b>43,603,149</b>	<b>29,609,339</b>	<b>73,212,488</b>

The accompanying notes are an integral part of these consolidated financial statement.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

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

		Audited Current Period 31.12.2016			Audited Prior Period 31.12.2015			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>65,040,414</b>	<b>77,768,648</b>	<b>142,809,062</b>	<b>54,826,586</b>	<b>53,052,884</b>	<b>107,879,470</b>
<b>I.</b>	<b>GUARANTEES</b>	(III-1)	<b>7,440,755</b>	<b>10,081,225</b>	<b>17,521,980</b>	<b>6,275,583</b>	<b>8,223,238</b>	<b>14,498,821</b>
1.1	Letters of Guarantee		5,980,989	5,644,422	11,625,411	4,805,952	5,061,178	9,867,130
1.1.1	Guarantees Subject to State Tender Law		181,761	65,364	247,125	142,514	115,200	257,714
1.1.2	Guarantees Given for Foreign Trade Operations		340,571	362,876	703,447	302,325	829,643	1,131,968
1.1.3	Other Letters of Guarantee		5,458,657	5,216,182	10,674,839	4,361,113	4,116,335	8,477,448
1.2	Bank Acceptances		-	40,100	40,100	-	48,830	48,830
1.2.1	Import Letter of Acceptance		-	40,100	40,100	-	48,830	48,830
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	1,720,120	1,720,120	1,419	1,405,327	1,406,746
1.3.1	Documentary Letters of Credit		-	598,503	598,503	1,419	147,003	148,422
1.3.2	Other Letters of Credit		-	1,121,617	1,121,617	-	1,258,324	1,258,324
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		1,452,413	2,168,186	3,620,599	1,465,662	1,176,545	2,642,207
1.9	Other Collaterals		7,353	508,397	515,750	2,550	531,358	533,908
<b>II.</b>	<b>COMMITMENTS</b>	(III-1)	<b>11,793,585</b>	<b>2,381,056</b>	<b>14,174,641</b>	<b>11,892,491</b>	<b>1,442,735</b>	<b>13,335,226</b>
2.1	Irrevocable Commitments		11,793,585	2,381,056	14,174,641	11,892,491	1,442,735	13,335,226
2.1.1	Asset Purchase and Sale Commitments		491,072	1,119,328	1,610,400	347,976	1,219,279	1,567,255
2.1.2	Deposit Purchase and Sale Commitments		-	896,710	896,710	-	-	-
2.1.3	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		4,038,561	195,532	4,234,093	4,306,371	478	4,306,849
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		2,309,458	-	2,309,458	2,260,921	-	2,260,921
2.1.8	Tax and Fund Liabilities from Export Commitments		15,615	-	15,615	26,185	-	26,185
2.1.9	Commitments for Credit Card Expenditure Limits		4,648,912	-	4,648,912	4,580,727	-	4,580,727
2.1.10	Commitments for Credit Cards and Banking Services Promotions		3,962	-	3,962	4,538	-	4,538
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		286,005	169,486	455,491	365,773	222,978	588,751
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>	(III-2)	<b>45,806,074</b>	<b>65,306,367</b>	<b>111,112,441</b>	<b>36,658,512</b>	<b>43,386,911</b>	<b>80,045,423</b>
3.1	Derivative Financial Instruments for Hedging Purposes		13,446,771	966,515	14,413,286	12,880,140	1,378,498	14,258,638
3.1.1	Fair Value Hedge		-	-	-	-	-	-
3.1.2	Cash Flow Hedge		13,446,771	966,515	14,413,286	12,880,140	1,378,498	14,258,638
3.1.3	Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Held for Trading Transactions		32,359,303	64,339,852	96,699,155	23,778,372	42,008,413	65,786,785
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3,976,134	6,811,075	10,787,209	3,696,905	6,047,077	9,743,982
3.2.1.1	Forward Foreign Currency Transactions-Buy		1,398,000	3,950,259	5,348,259	1,331,946	3,475,605	4,807,551
3.2.1.2	Forward Foreign Currency Transactions-Sell		2,578,134	2,860,816	5,438,950	2,364,959	2,571,472	4,936,431
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		23,121,205	42,061,548	65,182,753	15,050,915	27,797,051	42,847,966
3.2.2.1	Foreign Currency Swap-Buy		7,407,908	23,458,816	30,866,724	5,241,928	13,832,508	19,074,436
3.2.2.2	Foreign Currency Swap-Sell		15,113,297	15,575,906	30,689,203	9,408,987	9,623,579	19,032,566
3.2.2.3	Interest Rate Swaps-Buy		200,000	1,513,413	1,813,413	200,000	2,170,482	2,370,482
3.2.2.4	Interest Rate Swaps-Sell		300,000	1,513,413	1,813,413	200,000	2,170,482	2,370,482
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,260,914	15,456,719	20,717,633	5,030,552	8,162,470	13,193,022
3.2.3.1	Foreign Currency Options-Buy		2,939,259	7,466,345	10,405,604	2,100,903	4,524,006	6,624,909
3.2.3.2	Foreign Currency Options-Sell		2,321,655	7,990,374	10,312,029	2,929,649	3,638,464	6,568,113
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		1,050	10,510	11,560	-	1,815	1,815
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>172,391,347</b>	<b>28,264,066</b>	<b>200,655,413</b>	<b>161,703,595</b>	<b>24,544,621</b>	<b>186,248,216</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>33,917,527</b>	<b>1,837,732</b>	<b>35,755,259</b>	<b>35,398,554</b>	<b>1,489,887</b>	<b>36,888,441</b>
4.1.	Assets under Management		8,254,360	-	8,254,360	9,864,449	-	9,864,449
4.2.	Investment Securities Held in Custody		13,380,351	674,459	14,054,810	14,217,391	391,059	14,608,450
4.3.	Checks Received for Collection		9,988,948	817,324	10,806,272	10,538,519	845,235	11,383,754
4.4.	Commercial Notes Received for Collection		361,454	100,201	461,655	349,355	119,139	468,494
4.5.	Other Assets Received for Collection		309	245,748	246,057	-	134,454	134,454
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items under Custody		1,932,105	-	1,932,105	428,840	-	428,840
4.8.	Custodians		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>137,797,412</b>	<b>26,383,556</b>	<b>164,180,968</b>	<b>125,888,687</b>	<b>22,995,805</b>	<b>148,884,492</b>
5.1.	Marketable Securities		333,827	42,508	376,335	618,925	50,545	669,470
5.2.	Guarantee Notes		55,334,143	17,782,290	73,116,433	56,060,113	16,661,735	72,721,848
5.3.	Commodity		25,538	792,274	817,812	114,135	206,019	320,154
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		73,950,655	4,503,250	78,453,905	61,766,008	4,088,626	65,854,634
5.6.	Other Pledged Items		8,153,249	3,263,234	11,416,483	7,329,506	1,988,880	9,318,386
5.7.	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>676,408</b>	<b>42,778</b>	<b>719,186</b>	<b>416,354</b>	<b>58,929</b>	<b>475,283</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>237,431,761</b>	<b>106,032,714</b>	<b>343,464,475</b>	<b>216,530,181</b>	<b>77,597,505</b>	<b>294,127,686</b>

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



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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016**  
**AND 2015**

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

**III. CONSOLIDATED STATEMENT OF INCOME**

	Section 5 Note	Audited Current Period 01.01-31.12.2016	Audited Prior Period 01.01-31.12.2015
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>7,331,200</b>	<b>6,343,431</b>
1.1 Interest Income on Loans		6,644,436	5,732,189
1.2 Interest Income on Reserve Deposits		52,008	21,805
1.3 Interest Income on Banks		31,847	38,672
1.4 Interest Income on Money Market Placements		24,223	50,023
1.5 Interest Income on Marketable Securities Portfolio		468,516	389,979
1.5.1 Held-for-trading Financial Assets		46,312	22,100
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Financial Assets Available for Sale		393,349	340,131
1.5.4 Held-to-maturity Investments		28,855	27,748
1.6 Financial Lease Income		-	-
1.7 Other Interest Income	(IV-12)	110,170	110,763
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>3,824,367</b>	<b>3,204,580</b>
2.1 Interest Expense on Deposits		3,220,858	2,631,428
2.2 Interest Expense on Funds Borrowed		328,462	338,930
2.3 Interest Expense on Money Market Borrowings		188,986	155,981
2.4 Interest Expense on Securities Issued		37,759	43,072
2.5 Other Interest Expense		48,302	35,169
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,506,833</b>	<b>3,138,851</b>
<b>IV. NET FEES AND COMMISSIONS INCOME / EXPENSE</b>		<b>1,027,735</b>	<b>1,069,156</b>
4.1 Fees and Commissions Received		1,392,201	1,468,675
4.1.1 Non-cash Loans		151,564	127,875
4.1.2 Other	(IV-12)	1,240,637	1,340,800
4.2 Fees and Commissions Paid		364,466	399,519
4.2.1 Non-cash Loans		2,929	2,502
4.2.2 Other	(IV-12)	361,537	397,017
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>798</b>	<b>1,112</b>
<b>VI. TRADING GAIN / (LOSS) (NET)</b>	<b>(IV-4)</b>	<b>(383,080)</b>	<b>(554,202)</b>
6.1 Securities Trading Gains / (Losses)		3,077	2,124
6.2 Gains / (Losses) on Derivative Financial Instruments		400,285	772,636
6.3 Foreign Exchange Gains / (Losses)		(786,442)	(1,328,962)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>572,241</b>	<b>301,355</b>
<b>VIII. TOTAL OPERATING INCOME / (LOSS) (III+IV+V+VI+VII)</b>		<b>4,724,527</b>	<b>3,956,272</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>1,121,939</b>	<b>947,461</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>2,411,344</b>	<b>2,203,556</b>
<b>XI. NET OPERATING INCOME / (LOSS) (VIII-IX-X)</b>		<b>1,191,244</b>	<b>805,255</b>
<b>XII. AMOUNT IN EXCESS RECORDED 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-8)</b>	<b>1,191,244</b>	<b>805,255</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(245,988)</b>	<b>(185,971)</b>
16.1 Current Tax Provision		(183,999)	(213,116)
16.2 Deferred Tax Provision		(61,989)	27,145
<b>XVII. NET PROFIT / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(IV-10)</b>	<b>945,256</b>	<b>619,284</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	<b>196,202</b>
18.1 Income on Assets Held for Sale		-	-
18.2 Income on Sale of Associates, Subsidiaries and Joint Ventures		-	127,510
18.3 Income on Other Discontinued Operations		-	68,692
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	<b>76,093</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		-	76,093
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>	<b>(IV-8)</b>	-	<b>120,109</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	-	<b>(12,353)</b>
21.1 Current Tax Provision		-	(15,537)
21.2 Deferred Tax Provision		-	3,184
<b>XXII. NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>(IV-10)</b>	-	<b>107,756</b>
<b>XXIII. NET PROFIT / (LOSS) (XVII+XXII)</b>	<b>(IV-11)</b>	<b>945,256</b>	<b>727,040</b>
23.1 Group's Profit / (Loss)		944,065	726,080
23.2 Minority Interest Profit / (Loss)		1,191	960
Earnings per Share		0.4283	0.3294

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**

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

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

	Audited Current Period 01.01-31.12.2016	Audited Prior Period 01.01-31.12.2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	(62,118)	20,236
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	(74,625)
V. PROFIT / (LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE CHANGES)	(63,044)	176,327
VI. PROFIT / (LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR FOREIGN NET INVESTMENT HEDGE OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE CHANGES)	-	-
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME / EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(4,561)	22,516
IX. DEFERRED TAX OF VALUATION DIFFERENCES	26,221	(43,699)
X. NET INCOME / EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(103,502)	100,755
XI. PROFIT / (LOSS)	945,256	727,040
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit / (Loss))	95,425	(24,128)
11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	(5,789)	(3,548)
11.3 Transfer of Foreign Net Investment Hedge Operations to Income Statement	-	-
11.4 Other	855,620	754,716
XII. TOTAL PROFIT / (LOSS) ACCOUNTED FOR THE PERIOD (X±XI)	841,754	827,795

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015**

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

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

Audited	Section 5 Note	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	Revaluation Surplus on Assets Held for Sale and Assets of Disc. Op.	Hedging Funds	Total Equity Except from Minority Shares	Minority Shares	Total Equity
Prior Period - 01.01-31.12.2015																			
I.		2,204,390	200,262	2,565	-	196,866	-	2,132,173	792,049	-	651,043	(24,578)	91,991	527	(60,118)	-	6,187,170	7,390	6,194,560
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		2,204,390	200,262	2,565	-	196,866	-	2,132,173	792,049	-	651,043	(24,578)	91,991	527	(60,118)	-	6,187,170	7,390	6,194,560
Changes in Period																			
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	(V-a)	-	-	-	-	-	-	-	-	-	-	16,314	-	-	-	-	16,314	(60)	16,254
VI.	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,061	141,061	-	141,061
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,061	141,061	-	141,061
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	(74,625)	-	-	-	-	-	-	-	(74,625)	-	(74,625)
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	18,063	-	-	-	-	-	-	-	18,063	2	18,065
XIX.		-	-	-	-	-	-	-	-	726,080	-	-	-	-	-	-	726,080	960	727,040
XX.		-	-	-	-	33,934	-	541,366	61,213	-	(641,546)	-	5,033	-	-	-	-	(848)	(848)
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(848)	(848)
20.2		-	-	-	-	33,934	-	541,366	61,213	-	(641,546)	-	5,033	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance 31.12.2015																			
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)																			
		2,204,390	200,262	2,565	-	230,800	-	2,673,539	796,700	726,080	9,497	(8,264)	97,024	527	80,943	-	7,014,063	7,444	7,021,507

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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

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

Audited	Section 5 Note	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 Disc. Op.	Total Equity Except from Minority Shares	Minority Shares	Total Equity
<b>Current Period- 01.01-31.12.2016</b>																			
I.		2,204,390	200,262	2,565	-	230,800	-	2,673,539	796,700	-	735,577	(8,264)	97,024	527	80,943	-	7,014,063	7,444	7,021,507
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	(V-a)	-	-	-	-	-	-	-	-	-	-	(49,425)	-	-	-	-	(49,425)	(7)	(49,432)
IV.	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	(3,620)	-	-	-	-	-	-	-	(3,620)	(16)	(3,636)
XVII.		-	-	-	-	-	-	-	-	944,065	-	-	-	-	-	-	944,065	1,191	945,256
XVIII.		-	-	-	-	46,592	-	438,573	26,779	-	(726,080)	-	214,136	-	-	-	-	(815)	(815)
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(815)	(815)
18.2		-	-	-	-	46,592	-	438,573	26,779	-	(726,080)	-	214,136	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2016</b>																			
<b>(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)</b>																			
		2,204,390	200,262	2,565	-	277,392	-	3,112,112	819,859	944,065	9,497	(57,689)	311,160	527	30,509	-	7,854,649	7,797	7,862,446

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Section 5 Note	Audited Current Period 01.01-31.12.2016	Audited Prior Period 01.01-31.12.2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,933,978</b>	<b>1,610,100</b>
1.1.1 Interest Received		6,453,780	6,261,058
1.1.2 Interest Paid		(3,331,268)	(3,182,791)
1.1.3 Dividend Received		798	-
1.1.4 Fees and Commissions Received		1,955,779	2,102,487
1.1.5 Other Income		881,481	1,107,097
1.1.6 Collections from Previously Written Off Loans		644,667	495,010
1.1.7 Payments to Personnel and Service Suppliers		(1,011,798)	(935,546)
1.1.8 Taxes Paid		(345,278)	(204,207)
1.1.9 Others	(VI-1)	(3,314,183)	(4,033,008)
<b>1.2 Changes in operating assets and liabilities</b>		<b>608,366</b>	<b>(1,362,858)</b>
1.2.1 Net Decrease / (Increase) in Financial Assets Held for Trading		2,730	(114,769)
1.2.2 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		51,369	49,827
1.2.4 Net Increase in Loans	(VI-1)	(3,901,014)	(7,140,560)
1.2.5 Net Increase in Other Assets		(735,279)	(582,221)
1.2.6 Net Decrease in Bank Deposits		(844,858)	(639,945)
1.2.7 Net Increase in Other Deposits		5,406,251	5,143,285
1.2.8 Net Increase in Funds Borrowed		1,646,555	2,323,425
1.2.9 Net (Decrease) / Increase in Matured Payables		-	-
1.2.10 Net Decrease in Other Liabilities	(VI-1)	(1,017,388)	(401,900)
<b>I. Net cash provided from banking operations</b>		<b>2,542,344</b>	<b>247,242</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash (used in) / provided from investing activities</b>		<b>(64,201)</b>	<b>593,922</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.)		-	346,768
2.3 Fixed Assets Purchases		(55,981)	(63,308)
2.4 Fixed Assets Sales		319	1,352
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(2,247,988)	(2,964,870)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		2,313,981	3,303,411
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Others	(VI-1)	(74,532)	(29,431)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities</b>		<b>459,651</b>	<b>(712,418)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		726,988	266,556
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(266,521)	(978,800)
3.3 Capital Increase		-	-
3.4 Dividends Paid		(816)	-
3.5 Payments for Finance Leases		-	(174)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash Equivalents</b>	(VI-1)	<b>601,388</b>	<b>313,450</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>3,539,182</b>	<b>442,196</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>3,881,418</b>	<b>3,439,222</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>7,420,600</b>	<b>3,881,418</b>

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION  
FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**

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

**VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**

	Current Audited Period 31.12.2016(*)	Prior Audited Period 31.12.2015(*)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	-	-
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(\*) The Bank does not distribute profit on consolidated accounts.

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The consolidated 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 in case where a specific regulation is not made by BRSA, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). Revised format and content of the publicly announced consolidated 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 Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated 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 consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Parent 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 accounting policies and the valuation principles applied in the preparation of the accompanying consolidated financial statements are explained between Notes II to XXV.

The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the Parent Bank’s accounting policies, financial position and performance. The amendments of TAS and TFRS announced but not applicable as of the report date, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Parent Bank. The Group has started works in order to comply with TFRS 9 Financial Instruments Standard, which will be effective from 1 January 2018.

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

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

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

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

The Group 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

As a component of risk management strategy of the Group, risk bearing short term 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 of the Parent Bank 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 of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

At period ends, foreign currency asset and liability balances are valued at the Parent Bank’s period-end counter currency buying rates and recognized as a “Foreign exchange gain/loss”.

The Parent 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 Parent 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 Parent 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 Parent Bank’s balance sheet structure.

**III. Information about the Parent Bank and its Consolidated Subsidiaries**

The Parent Bank, with no difference in practice between TAS and IFRS, and also the subsidiaries are consolidated by using line-by-line consolidation method. Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The accompanying consolidated financial statements are prepared in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006 numbered 26340.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

The Parent Bank has sold the entire 100% of its shares in The Economy Bank N.V. to BNP Paribas Fortis SA /NV amounting to EUR107,769 thousand. The sales revenue is collected after completion of procedures on 11 December 2015. The Economy Bank N.V. is consolidated until 31 December 2015 and the amounts arising from NV’s operations presented under “Discontinued Operations” line in prior period income statement.

**Explanations on Consolidation Method and Scope**

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

<u>Commercial Name</u>	<u>Head Office</u>
TEB Faktoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line-by-line consolidation method is used for all the financial institutions included in the consolidation.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 31 December 2016, and 31 December 2015.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

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.

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 into 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 Parent 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 Parent 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) from 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**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 reversed on the date of classification as loans under follow-up.

Interest accruals on the loans under follow-up are recorded as interest income only when they are collected.

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

Income on banking services incomes 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 Bankassurance services provided by the Parent 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 expense in relevant period according to the cut-off principle.

**VII. Explanations on Financial Assets**

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 Group. 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.

Marketable securities are classified as “Financial assets at fair value through profit or loss”, “Financial assets available for sale” or “Held-to-maturity investments”.

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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

*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”, “Financial assets held-to-maturity”, “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.

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

**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 Parent 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 Group’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 which are allocated in earlier periods are booked in “Other Operating Income”. Income realized through the sale of loans under follow-up is 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 Parent Bank reserves general loan loss provisions for loans and other receivables.

Specific provisions are provided by TEB Faktoring based on the Communiqué on “Uniform Accounting Plan and Registration Statement to be applied by Financial Leasing, Factoring and Financing Companies” published in the Official Gazette No. 29918 on 14 December 2016.

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

At each balance sheet date, the Parent Bank evaluates the carrying amounts of its financial asset or the groups of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the amount of impairment is determined and its provision is made.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event (“loss event”) after the first recognition of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

If there is a legally enforceable right to offset, financial assets and liabilities are indicated by net amounts on the balance sheet in case that;

- (i) The Parent Bank intends to collect/ pay the related financial assets and liabilities on a net basis, or
- (ii) Realization of the relevant financial asset and payment of the liability occur 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 held for trading, available for sale and held-to maturity securities 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 repurchase agreements is accrued over the life of repurchase agreements. As of 31 December 2016, the Parent Bank has reverse repo amounting to TL2,001,067 (31 December 2015: 206).

As of 31 December 2016, the Group does not have any marketable securities lending transaction (31 December 2015: None).

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

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

As of 31 December 2016, assets held for sale and discontinued operations of the Group are TL91,254 (31 December 2015: TL71,874). As per the appraisals performed for the real estate’s held for sale included “Assets Held for Sale” in the financial statements, TL1,590 (31 December 2015: TL1,480) has been reserved as provision for impairment losses.

As of 31 December 2016, the Group does not have any discontinued operations.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**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.

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 Parent 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.

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Parent Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to Istanbul Trade Registry.

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 shareholders' 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 shareholders' equity section.

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 Group 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's used are mainly developed within the Parent 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**XIII. Explanations on Tangible Fixed Assets**

Tangible assets of the Parent 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 annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	10-20
Furniture, fixtures and office equipment and others	2-50

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 5 years.

The Parent 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 leases 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 leases 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 Group does not have any leasing transactions as “Lessor”.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**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 Group’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”.

**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 never be realized. 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**

*Defined Benefit Plans*

In accordance with existing social legislation in Turkey, the Parent 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 Parent 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 No.19 “Turkish Accounting Standard on 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 Parent Bank following the business combination defined in “General Information” of the Parent Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Pension Fund Foundation” (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 reviewed 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 31 December 2016, the Pension Fund has 1,866 employees and 1,037 pensioners (31 December 2015: 2,006 employees and 997 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.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

*Defined Benefit Plans (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 08 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 2016. Since the Parent 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 Parent 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 Parent Bank.

Communiqué on “Turkish Accounting Standard (TAS 19) about Benefits for Employee (No: 9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2016, actuarial loss amounting to TL3,694 (1 January - 31 December 2015: TL17,813 actuarial profit) was classified as “Other Comprehensive Income” and as of 31 December 2016, a total of TL33,673 (31 December 2015: TL37,367) actuarial profit was accounted under “Other Reserves”.

**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%.

The tax legislation requires advance tax of 20% 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 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years, and 75% of sale proceeds of real estate received from bank receivables are exempt from corporate taxation.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

*Corporate tax (continued)*

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.

*Deferred Tax Liability / Asset*

The Group 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.

As of 31 December 2016 and 31 December 2015, in accordance with TAS No.12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Parent Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis in the standalone financial statements of the consolidated subsidiaries.

After net off, the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. Deferred tax expense has been presented on deferred tax provision for continued operations and deferred tax provision for discontinued operations amounting to TL61,989 (31 December 2015: TL30,329 income). Portion of deferred tax accounted for under equity related to valuation differences which is presented in the table below has been netted and presented within relevant accounts in statement of profit and loss accounted for under equity.

	<b>Current Period</b>	<b>Prior Period</b>
Financial Assets Available for Sale	12,686	(3,980)
Cash Flow Hedge	12,610	(35,265)
Actuarial Profit or Loss	925	(4,454)
<b>Total</b>	<b>26,221</b>	<b>(43,699)</b>

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 is no share issued in the year 2016.

**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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Group.

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

The details of the income statement and the balance sheet which the group operates as a business lane according to organizational:

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Net Interest Income	507,621	326,202	1,176,840	1,496,170	-	3,506,833
Net Fees and Commissions Income and Other						
Operating Income	235,137	206,691	632,433	529,397	(3,682)	1,599,976
Trading Profit / Loss	(50)	(2,705)	(3,376)	(376,949)	-	(383,080)
Dividend Income	-	-	-	21,691	(20,893)	798
Impairment Provision for Loans and Other						
Receivables (-)	140,110	98,556	623,336	259,937	-	1,121,939
Other Operating Expenses (-)	447,115	84,654	520,922	1,362,335	(3,682)	2,411,344
<b>Profit from Continued Operations before Tax</b>	<b>155,483</b>	<b>346,978</b>	<b>661,639</b>	<b>48,037</b>	<b>(20,893)</b>	<b>1,191,244</b>
Tax Provision for Continued Operations (-)	-	-	-	245,988	-	245,988
<b>Profit from Discontinued Operations before Tax:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tax Provision for Discontinued Operations (-)	-	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>155,483</b>	<b>346,978</b>	<b>661,639</b>	<b>(197,951)</b>	<b>(20,893)</b>	<b>945,256</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	12,426,037	15,280,718	25,642,231	28,143,362	(101,416)	81,390,932
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	122,923	(122,918)	5
<b>Total Assets</b>	<b>12,426,037</b>	<b>15,280,718</b>	<b>25,642,231</b>	<b>28,266,285</b>	<b>(224,334)</b>	<b>81,390,937</b>
Segment Liabilities	30,514,105	12,202,836	8,644,258	22,269,066	(101,774)	73,528,491
Shareholders' Equity	-	-	-	7,985,006	(122,560)	7,862,446
<b>Total Liabilities</b>	<b>30,514,105</b>	<b>12,202,836</b>	<b>8,644,258</b>	<b>30,254,072</b>	<b>(224,334)</b>	<b>81,390,937</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Net Interest Income	473,816	299,704	1,077,191	1,284,703	3,437	3,138,851
Net Fees and Commissions Income and Other						
Operating Income	288,131	199,258	569,549	317,088	(3,515)	1,370,511
Trading Profit / Loss	1,695	(719)	(75)	(555,103)	-	(554,202)
Dividend Income	-	-	-	21,440	(20,328)	1,112
Impairment Provision for Loans and Other						
Receivables (-)	174,242	137,997	492,639	142,583	-	947,461
Other Operating Expenses (-)	405,636	75,685	517,767	1,207,876	(3,408)	2,203,556
<b>Profit from Continued Operations before Tax</b>	<b>183,764</b>	<b>284,561</b>	<b>636,259</b>	<b>(282,331)</b>	<b>(16,998)</b>	<b>805,255</b>
Tax Provision For Continued Operations (-)	-	-	-	185,971	-	185,971
<b>Profit from Discontinued Operations before Tax</b>	<b>(8,515)</b>	<b>46,838</b>	<b>-</b>	<b>243,119</b>	<b>(161,333)</b>	<b>120,109</b>
Tax Provision For Discontinued Operations (-)	-	-	-	12,353	-	12,353
<b>Net Profit For The Period</b>	<b>175,249</b>	<b>331,399</b>	<b>636,259</b>	<b>(237,536)</b>	<b>(178,331)</b>	<b>727,040</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	12,348,571	13,290,889	24,743,720	22,847,915	(18,612)	73,212,483
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	6,932	-	115,991	(122,918)	5
<b>Total Assets</b>	<b>12,348,571</b>	<b>13,297,821</b>	<b>24,743,720</b>	<b>22,963,906</b>	<b>(141,530)</b>	<b>73,212,488</b>
Segment Liabilities	26,925,671	10,115,656	8,354,559	20,814,062	(18,967)	66,190,981
Shareholders' Equity	-	-	-	7,141,922	(120,415)	7,021,507
<b>Total Liabilities</b>	<b>26,925,671</b>	<b>10,115,656</b>	<b>8,354,559</b>	<b>27,955,984</b>	<b>(139,382)</b>	<b>73,212,488</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**XXIV. Explanations on Other Matters**

It has been resolved in the Ordinary General Assembly dated 28 March 2016 of the Parent Bank, TL882,453 that constitutes the 2015 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, TL44,123 as Legal Reserves, TL0.72 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL0.08 (full TL) as Legal Reserves and TL214,136 as Tangible and Intangible Assets revaluation funds.

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2016, some reclassifications are made in the income statement, the cash flows and the off-balance sheet as of 31 December 2015.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP**

**I. Explanations Related to Components of Consolidated 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”. As of 31 December 2016, Group’s total capital has been calculated as TL9,724,676 and Capital Adequacy Ratio is 14.06%. As of 31 December 2015, Group’s total capital amounted to TL8,796,158, Capital Adequacy Ratio was 13.71% calculated pursuant to former regulations. 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 the counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

**Information related to the components of Consolidated Shareholders' Equity:**

	<b>Current Period 31.12.2016</b>	<b>Amount related to treatment before 01.01.2014(*)</b>
<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	4,505,208	
Gains Recognized in Equity as per TAS	-	
Profit	953,562	
Current Period Profit	944,065	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	3,087	299
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>7,869,601</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	-	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	57,689	
Leasehold Improvements on Operational Leases	64,864	
Goodwill netted off deferred tax liability	345,300	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	49,206	79,936
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>517,059</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>7,352,542</b>	

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	Current Period 31.12.2016	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)	106,554	
Third Parties Share in the Additional Tier 1 Capital	43	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	43	
<b>Additional Tier 1 Capital before deductions</b>	<b>106,597</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 1 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 (-)	106,554	-
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>106,554</b>	
<b>Total Additional Tier 1 Capital</b>	<b>43</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>7,352,585</b>	
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	1,466,546	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	228,449	
Third parties' share in the Tier 2 Capital	56	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	56	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	684,898	
<b>Tier 2 Capital Before Deductions</b>	<b>2,379,949</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>-</b>	
<b>Total Tier 2 Capital</b>	<b>2,379,949</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>9,732,534</b>	

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	Current Period 31.12.2016	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	7,169	
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	677	
Other items to be defined by the BRSA (-)	12	
<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 I Capital, Tier II 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 I and Tier II 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 I Capital and Tier II 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	9,724,676	
Total Risk Weighted Assets	69,173,183	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.63	
Tier 1 Capital Adequacy Ratio (%)	10.63	
Capital Adequacy Ratio (%)	14.06	
<b>BUFFERS</b>		
Total buffer requirement (%)	0.63	
Capital conservation buffer requirement (%)	0.63	
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 (%)	4.16	
<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	30,008	
Amounts arising from the net long positions of investments made in Tier I 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)	52,955	
<b>Limits related to provisions considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	684,898	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	684,898	
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 I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

<b>Common Equity Tier 1 Capital</b>	<b>31 December 2015(*)</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652
Share Premium	2,565
Share Cancellation Profits	-
Reserves	3,683,030
Income recognized under equity in accordance with TAS	97,024
Profit	735,577
Current Period’s Profit	726,080
Prior Period’s Profit	9,497
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527
Minority Interest	4,401
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>6,927,776</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	8,264
Leasehold Improvements on Operational Leases (-)	75,674
Goodwill and intangible asset and the related deferred tax liability (-)	258,558
Net Deferred Tax Asset / Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank’s direct or indirect investments on its own Tier 1 Capital (-)	-
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 (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
<b>Total Deductions from common equity tier 1 Capital</b>	<b>342,496</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>6,585,280</b>



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	31 December 2015(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Premiums that are not included in Common Equity Tier 1 capital	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	210,420
Third parties shares in Additional Tier 1 Capital	37
<b>Additional Tier 1 Capital before deductions</b>	<b>210,457</b>
<b>Deductions from Additional Tier 1 Capital</b>	
Banks a direct or indirect investment in Tier 1 Capital (-)	-
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(-)	-
The amount to be deducted from Additional Tier 1 Capital (-)	-
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>210,457</b>
<b>Deductions From Tier 1 Capital</b>	
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	210,420
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
<b>Tier 1 Capital</b>	<b>6,585,317</b>
<b>TIER 2 CAPITAL</b>	
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014 )	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014 )	1,526,571
Pledged assets of the shareholders to be used for the Bank's capital increases	-
General Provisions	699,098
Third parties share in Tier 2 capital	49
<b>Tier 2 Capital Before Deductions</b>	<b>2,225,718</b>
<b>Deductions From Tier 2 Capital</b>	
Bank's direct or indirect investment in Tier 2 capital (-)	-
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>-</b>
<b>Tier 2 Capital</b>	<b>2,225,718</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	<b>31 December 2015(*)</b>
<b>TOTAL CAPITAL</b>	<b>8,811,035</b>
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	11,651
Net Book Values of Immovable 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 (-)	3,188
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2 ) (-)	-
Other items to be defined by BRSA (-)	38
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>	<b>8,796,158</b>
<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	84,269
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)	88,723

**Summary information related to the consolidated capital adequacy ratio:**

	<b>Consolidated</b>	<b>Parent Bank</b>
	<b>31 December 2015(*)</b>	<b>31 December 2015(*)</b>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	4,635,129	4,539,535
Capital Requirement for Market Risk (CRMR)	65,557	65,397
Capital Requirement for Operational Risk (CROR) (*)	432,477	411,557
Total Capital	8,796,158	8,740,676
Total Capital /(((CRCR+CRMR+CROR)*12.5)*100)	13.71	13.94
Tier 1 Capital/(((CRCR+CRMR+CROR)*12.5)*100)	10.26	10.42
Common Equity Tier 1 Capital/(((CRCR+CRMR+CROR)*12.5)*100)	10.26	10.42

(\*) The calculation of Equity and Capital Adequacy Ratios has been changed in accordance with the “Regulations regarding to changes on Regulation on Equity of Banks” effective from 31 March 2016, the prior period information has been calculated pursuant to former regulation.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

Investor	IFC	BNP Paribas	BNP Paribas	EBRD	BNP Paribas
Issuer	TEB	TEB	TEB	TEB	TEB
Unique identifier (e.g. CUSIP, ISIN)	-	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the instrument	Turkey	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>					
Subject to 10% deduction as of 1/1/2015	Yes	No	No	Yes	No
Eligible at solo/group/group and solo	Available	Available	Available	Available	Available
Instrument type	Credit	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	106.6	635.1	369.5	228.4	461.9
Par value of instrument(TL Currency in mil)	351.5	646.7	369.5	228.4	461.9
Accounting classification	34700001	34701100	34701100	34701100	34701100
Original date of issuance	31.07.2007	04.11.2011	20.07.2012	14.05.2012	27.06.2013
Perpetual or dated	Demand	Time	Time	Time	Time
Original maturity date	Demand	04.11.2023	20.07.2024	14.05.2024	27.06.2023
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	31.07.2017	04.11.2018	20.07.2019	14.05.2019	27.06.2018
Subsequent call dates, if applicable	-	-	-	-	-
<b>Coupons / dividends</b>					
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	LIBOR + 3.5%	Euribor+4.75%	Euribor+4.75%	LIBOR + 5.75%	Euribor + 2.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Available	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>					
If convertible, conversion trigger (s)	Repayment option(*)	-	-	-	-
If convertible, fully or partially	Totally	-	-	-	-
If convertible, conversion rate	(*)	-	-	-	-
If convertible, mandatory or optional conversion	Optional	-	-	-	-
If convertible, specify instrument type convertible into	Share	-	-	-	-
If convertible, specify issuer of instrument it converts into	TEB	-	-	-	-
<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 instrument)	tier 2 debt instruments	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	Not Possess	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed (**)	Article 7/2 (ç), (f), (i), (j)	Article 8/2 (ğ)	Article 8/2 (ğ)	Article 8/2 (ğ)	Article 8/2 (ğ)

(\*) The additional Tier 1 borrowing obtained from IFC on 31 July 2007 was structured in such a manner that entitle IFC to convert the borrowing to common shares in case of not paying back on 31 July 2017, at call option date. Conversion ratio will be calculated through valid market data if right is exercised.

(\*\*) Under article 7/2; in subsection (ç), clauses on step-up and incentive to redeem; in subsection (f) delegating to the bank about cancellation of interest and dividend payment; in subsection i and j conditions of conversion to common shares and write-down are stated. Under article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

<b>Total Capital per Balance Sheet</b>	<b>7,862,446</b>
Hedging Funds (Effective Portion)	(30,509)
Deductions Made under Regulation	(479,395)
<b>Common Equity Tier 1 Capital</b>	<b>7,352,542</b>
Additional Tier 1 Capital – Third Parties Shares in Additional Tier 1 Capital	43
<b>Tier 1 Capital</b>	<b>7,352,585</b>
General Provisions	684,898
Bank’s Borrowing Instruments	1,694,995
Deductions Made under Regulation	(7,858)
Third Parties Shares in Tier 2 Capital	56
<b>Total Equity</b>	<b>9,724,676</b>

**II. Explanations Related to the Consolidated Credit Risk**

Credit risk is the risk that the Parent Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent Bank’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Parent Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

According to the “Communiqué 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 numbered 26333 dated 1 November 2006 which was revised with the communiqué published in the Official Gazette numbered 29918 dated 14 December 2016; Non-required delay time loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as Non-Performing Loan in the Accounting Practice; group III, IV and V loans defined on the mentioned communiqué are considered as impaired receivables without considering refinancing or addition accrued interest and quasi-interest loading to principal.

The Parent Bank provides specific reserves to Group III, IV and V loans in accordance with “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

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

<b>Exposure classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount (*,**)</b>
Conditional and unconditional receivables from central governments or central banks	16,867,453	17,307,907
Conditional and unconditional receivables from regional or local governments	424,412	407,753
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,709,353	4,641,414
Conditional and unconditional corporate receivables	31,362,914	29,074,480
Conditional and unconditional retail receivables	26,302,807	26,024,741
Conditional and unconditional secured mortgage receivables	11,994,604	10,407,406
Past due receivables	591,904	587,042
Receivables in high risk category defined by BRSA	-	853,691
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	1,457,130	1,518,035
Investments in equities	41,864	23,867

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*) Average risk amount is calculated by taking the arithmetic average of balances on quarterly prepared to the end of the month.

For the positions of the Parent Bank in terms of forward transactions and other similar contracts, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements of the Parent Bank, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Parent Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Parent Bank is concerned.

The Group does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2016, the receivables of the Group from its top 100 and top 200 cash loan customers amount to TL7,492,224 and TL10,194,434 and share in total cash loans respectively 13.42% and 18.26%.

As of 31 December 2016, the receivables of the Group from its top 100 and top 200 non-cash loan customers amount to TL7,879,699 and TL10,194,434 with a share of 45.73% and 59.16% respectively in the total non-cash loans.

As of 31 December 2016, the share of cash and non-cash receivables of the Group from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 5.22% and 7.20% respectively.

As of 31 December 2016, the general loan loss provision related with the credit risk taken by the Group is TL684,898 (31 December 2015: TL699,098).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Credit Rating System**

The credit risk is assessed through the system named as TEBCORE and internal rating system related to the Parent Bank’s rating scala, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2016, consumer loans, business loans, and agriculture loans are excluded from the internal rating system of the Parent Bank and those loans are about 35.02% of total loan portfolio. Application and behavioral score card models are used in the credit risk evaluation process of consumer and business segments.

The risks that are subject to rating models can be allocated as follows:

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total % 31.12.2016</b>	<b>Share in the Total % 31.12.2015</b>
1 <sup>st</sup> Category	The borrower has a very strong financial structure	34.56	35.82
2 <sup>nd</sup> Category	The borrower has a good financial structure	29.56	28.23
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	28.97	29.86
4 <sup>th</sup> Category	The financial structure of the borrower has to be closely monitored in the medium term	6.91	6.09
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Profile of significant exposures in major regions:**

	Exposure Categories (***)																	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	
<b>Current Period</b>																		
Domestic	4,821,894	209,912	-	-	-	552,388	19,834,230	17,570,806	4,547,681	718,651	-	-	-	-	-	557,754	41,864	48,855,180
European Union (EU) Countries	-	-	-	-	-	856,692	849,576	13,930	3,874	1,975	-	-	-	-	-	1,331	-	1,727,378
OECD Countries (*)	-	-	-	-	-	80,214	122,754	11,247	1,070	-	-	-	-	-	-	5,345	-	220,630
Off-Shore Banking Regions (****)	122,659	-	-	-	-	8	228,334	70,894	37,377	1,285	-	-	-	-	-	137	-	460,694
USA, Canada	-	-	-	-	-	-	44,290	2	-	-	-	-	-	-	-	-	-	44,292
Other Countries	-	-	-	-	-	8,099	68,385	1,841	1,025	11	-	-	-	-	-	-	-	79,361
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	2,300	-	-	-	279,948	9,432,977	2,053,197	102,241	29,826	-	-	-	-	-	1,638	-	11,902,127
<b>Total</b>	<b>4,944,553</b>	<b>212,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,777,349</b>	<b>30,580,546</b>	<b>19,721,917</b>	<b>4,693,268</b>	<b>751,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,205</b>	<b>41,864</b>	<b>63,289,662</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Profile of significant exposures in major regions: (continued)**

	Exposure Categories (***)															Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings		Others
<b>Prior Period</b>																	
Domestic	235,459	75,147	-	-	-	1,188,586	18,374,264	14,526,996	4,789,438	459,449	7,450,552	-	-	-	-	657,824	47,757,715
European Union (EU)																	
Countries	-	-	-	-	-	210,454	517,061	16,299	3,637	890	6,253	-	-	-	-	339	754,933
OECD Countries (*)	-	-	-	-	-	27,468	75,167	1,617	1,652	3	2,918	-	-	-	-	-	108,825
Off-Shore Banking																	
Regions (****)	136,626	-	-	-	-	7	195,360	21,298	53,993	1,517	117,124	-	-	-	-	13	525,938
USA, Canada	-	-	-	-	-	-	43,306	6	-	-	-	-	-	-	-	-	43,312
Other Countries	-	-	-	-	-	9,252	67,274	760	998	8	1,273	-	-	-	-	-	79,565
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated																	
Assets/Liabilities (**)	-	615	-	-	-	327,926	7,442,957	2,316,147	62,711	-	21,688	-	-	-	-	275,811	10,447,855
<b>Total</b>	<b>372,085</b>	<b>75,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,763,693</b>	<b>26,715,389</b>	<b>16,883,123</b>	<b>4,912,429</b>	<b>461,867</b>	<b>7,599,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>933,987</b>	<b>59,718,143</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Risk profile by Sectors or Counterparties:**

Exposure Categories (**)																					
Current Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Investments in equities	Others	TL (*)	FC	Total	
Agriculture	-	-	-	-	-	-	663,183	550,532	165,463	22,006	-	-	-	-	-	-	5,345	1,272,384	134,145	1,406,529	
Farming and Stockbreeding	-	-	-	-	-	-	622,475	524,062	162,480	20,909	-	-	-	-	-	-	5,345	1,201,271	134,000	1,335,271	
Forestry	-	-	-	-	-	-	15,197	7,599	950	831	-	-	-	-	-	-	-	24,432	145	24,577	
Fishery	-	-	-	-	-	-	25,511	18,871	2,033	266	-	-	-	-	-	-	-	46,681	-	46,681	
Manufacturing	-	-	-	-	-	-	14,156,369	4,740,454	720,529	229,142	-	-	-	-	-	-	54	11,129,075	8,717,473	19,846,548	
Mining and Quarrying	-	-	-	-	-	-	755,381	240,629	31,003	5,171	-	-	-	-	-	-	-	669,217	362,967	1,032,184	
Production	-	-	-	-	-	-	12,881,229	4,477,448	686,510	222,314	-	-	-	-	-	-	54	10,282,496	7,985,059	18,267,555	
Electricity, Gas and Water	-	-	-	-	-	-	519,759	22,377	3,016	1,657	-	-	-	-	-	-	-	177,362	369,447	546,809	
Construction	-	-	-	-	-	-	3,038,408	1,243,218	326,610	84,863	-	-	-	-	-	-	-	3,158,663	1,534,436	4,693,099	
Services	4,944,553	212,212	-	-	-	1,777,349	11,859,921	5,840,805	1,229,542	283,884	-	-	-	-	-	514,242	41,700	18,223,218	8,480,990	26,704,208	
Wholesale and Retail Trade	-	36	-	-	-	-	4,671,778	2,884,609	538,661	137,914	-	-	-	-	-	10	-	5,852,873	2,380,135	8,233,008	
Accommodation and Dining	-	608	-	-	-	-	1,114,066	366,236	207,845	17,757	-	-	-	-	-	-	-	819,728	886,784	1,706,512	
Transportation and Telecom.	-	-	-	-	-	-	2,001,463	1,271,934	170,405	83,687	-	-	-	-	-	-	-	2,483,818	1,043,671	3,527,489	
Financial Institutions	4,944,553	-	-	-	-	1,777,349	1,062,869	49,986	8,309	6,398	-	-	-	-	-	514,232	41,700	6,683,489	1,721,907	8,405,396	
Real Estate and Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Services	-	6	-	-	-	-	2,056,098	921,046	256,327	30,903	-	-	-	-	-	-	-	1,189,627	2,074,753	3,264,380	
Self-Employment Services	-	-	-	-	-	-	867,746	295,500	43,300	5,459	-	-	-	-	-	-	-	845,879	366,126	1,212,005	
Educational Services	-	-	-	-	-	-	15,090	37,844	2,516	1,400	-	-	-	-	-	-	-	56,015	835	56,850	
Health and Social Services	-	211,562	-	-	-	-	70,811	13,650	2,179	366	-	-	-	-	-	-	-	291,789	6,779	298,568	
Other	-	-	-	-	-	-	862,665	7,346,908	2,251,124	131,853	-	-	-	-	-	-	46,564	164	5,205,261	5,434,017	10,639,278
<b>Total</b>	<b>4,944,553</b>	<b>212,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,777,349</b>	<b>30,580,546</b>	<b>19,721,917</b>	<b>4,693,268</b>	<b>751,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,205</b>	<b>41,864</b>	<b>38,988,601</b>	<b>24,301,061</b>	<b>63,289,662</b>	

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Risk profile by Sectors or Counterparties: (continued)**

Exposure Categories (**)																			
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	TL (*)	FC	Total
Agriculture	-	-	-	-	-	-	965,005	1,111,462	296,598	30,488	1,127	-	-	-	-	-	2,240,733	163,947	2,404,680
Farming and Stockbreeding	-	-	-	-	-	-	943,809	1,095,028	292,725	30,373	1,095	-	-	-	-	-	2,199,380	163,650	2,363,030
Forestry	-	-	-	-	-	-	4,551	1,803	-	22	-	-	-	-	-	-	6,376	-	6,376
Fishery	-	-	-	-	-	-	16,645	14,631	3,873	93	32	-	-	-	-	-	34,977	297	35,274
Manufacturing	-	1	-	-	-	-	10,675,961	3,524,531	489,074	88,710	11,740	-	-	-	-	608	8,273,508	6,517,117	14,790,625
Mining and Quarrying	-	-	-	-	-	-	776,760	273,508	37,117	6,860	556	-	-	-	-	-	605,197	489,604	1,094,801
Production	-	1	-	-	-	-	9,618,881	3,232,661	450,531	81,324	11,141	-	-	-	-	608	7,530,044	5,865,103	13,395,147
Electricity, Gas and Water	-	-	-	-	-	-	280,320	18,362	1,426	526	43	-	-	-	-	-	138,267	162,410	300,677
Construction	-	-	-	-	-	-	2,963,999	1,098,875	368,552	45,603	5,176	-	-	-	-	-	2,976,247	1,505,958	4,482,205
Services	372,085	75,761	-	-	-	1,763,693	11,564,365	6,074,906	1,186,141	123,163	18,170	-	-	-	908,581	15,048,612	7,038,253	22,086,865	
Wholesale and Retail Trade	-	10,498	-	-	-	-	6,088,653	3,415,008	519,226	63,301	11,496	-	-	-	-	594	7,753,724	2,355,052	10,108,776
Accommodation and Dining	-	-	-	-	-	-	861,191	311,210	198,029	7,530	991	-	-	-	-	-	667,344	711,607	1,378,951
Transportation and Telecom.	-	-	-	-	-	-	1,750,646	1,168,199	167,562	29,194	2,222	-	-	-	-	5	2,330,357	787,471	3,117,828
Financial Institutions	372,085	-	-	-	-	1,763,693	566,103	40,520	4,102	316	760	-	-	-	-	907,963	2,214,519	1,441,023	3,655,542
Real Estate and Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	1	-	-	-	-	1,583,189	776,926	233,774	15,226	1,626	-	-	-	-	-	1,053,855	1,556,887	2,610,742
Self-Employment Services	-	500	-	-	-	-	587,982	255,328	40,449	6,007	732	-	-	-	-	19	712,643	178,374	891,017
Educational Services	-	1	-	-	-	-	13,721	44,120	9,942	482	118	-	-	-	-	-	64,933	3,451	68,384
Health and Social Services	-	64,761	-	-	-	-	112,880	63,595	13,057	1,107	225	-	-	-	-	-	251,237	4,388	255,625
Other	-	-	-	-	-	-	546,059	5,073,349	2,572,064	173,903	7,563,595	-	-	-	-	24,798	15,456,337	497,431	15,953,768
<b>Total</b>	<b>372,085</b>	<b>75,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,763,693</b>	<b>26,715,389</b>	<b>16,883,123</b>	<b>4,912,429</b>	<b>461,867</b>	<b>7,599,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>933,987</b>	<b>43,995,437</b>	<b>15,722,706</b>	<b>59,718,143</b>

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Analysis of maturity-bearing exposures according to remaining maturities:**

<b>Current Period</b>	<b>Term To Maturity</b>				
	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>Over 1 year</b>
<b>Exposure Categories</b>					
Conditional and unconditional exposures to central governments or central banks	4,748,785	-	-	-	8,158
Conditional and unconditional exposures to regional governments or local authorities	1,285	804	1,554	7,111	199,154
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	574,793	196,630	87,040	170,905	194,925
Conditional and unconditional exposures to corporates	5,894,146	2,821,436	1,686,791	3,590,852	7,149,371
Conditional and unconditional retail exposures	5,470,217	763,998	1,463,324	1,631,398	8,335,141
Conditional and unconditional exposures secured by real estate property	723,360	77,080	160,181	252,748	3,376,769
Past due receivables	-	-	-	-	-
Items in regulatory high-risk category defined by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	11,408	221	405	-	48
Investments in equities	26,637	-	-	15,226	-
<b>Total</b>	<b>17,450,631</b>	<b>3,860,169</b>	<b>3,399,295</b>	<b>5,668,240</b>	<b>19,263,566</b>

<b>Prior Period</b>	<b>Term To Maturity</b>				
	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>Over 1 year</b>
<b>Exposure Categories</b>					
Conditional and unconditional exposures to central governments or central banks	136,626	-	-	-	14,228
Conditional and unconditional exposures to regional governments or local authorities	102	119	732	3,035	71,158
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	782,359	81,237	67,995	68,398	151,140
Conditional and unconditional exposures to corporates	6,226,082	1,578,428	1,546,206	3,348,655	6,568,312
Conditional and unconditional retail exposures	5,914,084	1,151,300	865,295	1,535,714	5,094,783
Conditional and unconditional exposures secured by real estate property	724,526	85,415	112,591	236,030	3,690,822
Past due receivables	-	-	-	-	-
Items in regulatory high-risk category defined by BRSA	-	-	-	76,929	7,501,192
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	90,691	195	863	-	15,680
<b>Total</b>	<b>13,874,470</b>	<b>2,896,694</b>	<b>2,593,682</b>	<b>5,268,761</b>	<b>23,107,315</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Information about the risk exposure categories:**

The credit rating of Fitch Ratings International Rating agency is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk concentration is used for receivables with a maturity period of more than three months, and the risk concentration used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long-Term Credit Rating	Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

**Exposures by risk weights:**

Current Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before												
Credit Risk Mitigation	8,277,647	-	2,395,244	8,693,573	16,672,359	26,286,186	30,953,407	421,426	-	52,599	-	573,782
Exposures after												
Credit Risk Mitigation	8,277,647	-	2,131,718	8,693,573	16,755,346	25,721,254	30,030,095	349,656	-	52,599	-	573,782
Prior Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before												
Credit Risk Mitigation	16,544,776	-	2,904,542	-	11,083,234	21,923,946	29,193,555	1,839,789	2,484,779	91,943	-	559,529
Exposures after												
Credit Risk Mitigation	16,874,290	-	2,867,390	-	11,149,439	21,279,494	27,899,181	1,821,801	2,484,779	91,943	-	559,529

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Information in terms of major sectors and type of counterparties:**

Current Period Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	71,748	157,019	1,900	56,287
Farming and Stockbreeding	70,680	139,606	1,689	55,906
Forestry	737	9,547	116	229
Fishery	331	7,866	95	152
Manufacturing	600,636	336,915	4,077	443,360
Mining and Quarrying	13,723	28,917	350	8,917
Production	584,595	299,052	3,619	433,120
Electricity, Gas and Water	2,318	8,946	108	1,323
Construction	149,285	287,632	3,481	95,736
Services	592,206	1,263,130	15,285	392,416
Wholesale and Retail Trade	293,264	875,205	10,591	194,894
Accommodation and Dining	34,892	106,351	1,287	21,882
Transportation and Telecom.	162,161	186,227	2,253	104,468
Financial Institutions	7,332	7,712	93	3,402
Real Estate and Rental Services	79,620	-	-	58,333
Professional Services	12,500	51,147	619	8,156
Educational Services	1,899	5,504	67	950
Health and Social Services	538	30,984	375	331
Other	357,900	1,051,819	12,727	226,482
<b>Total</b>	<b>1,771,775</b>	<b>3,096,515</b>	<b>37,470</b>	<b>1,214,281</b>

Prior Period Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	63,650	118,218	1,236	37,199
Farming and Stockbreeding	54,831	110,074	1,151	32,392
Forestry	8,370	5,591	58	4,407
Fishery	449	2,553	27	400
Manufacturing	379,610	499,995	5,230	282,956
Mining and Quarrying	16,258	24,158	253	10,652
Production	362,642	475,768	4,976	271,932
Electricity, Gas and Water	710	69	1	372
Construction	118,695	110,997	1,161	78,586
Services	293,091	425,427	4,448	204,827
Wholesale and Retail Trade	118,736	135,909	1,421	83,865
Accommodation and Dining	15,795	43,542	455	8,867
Transportation and Telecom.	100,537	119,396	1,249	73,984
Financial Institutions	965	2,105	22	676
Real Estate and Rental Services	35,085	89,413	935	21,916
Professional Services	15,454	24,801	259	10,753
Educational Services	1,279	2,416	25	885
Health and Social Services	5,240	7,845	82	3,881
Other	377,481	1,149,659	12,026	225,779
<b>Total</b>	<b>1,232,527</b>	<b>2,304,296</b>	<b>24,101</b>	<b>829,347</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Information about Value Adjustment and Change in Provisions**

	<b>31.12.2015 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments(*)</b>	<b>31.12.2016 Balance</b>
Specific Provisions	829,347	1,107,191	(207,847)	(514,410)	-	1,214,281
General Provisions	699,098	34,358	(48,558)	-	-	684,898

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	<b>31.12.2014 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments(*)</b>	<b>31.12.2015 Balance</b>
Specific Provisions	803,008	809,147	(171,439)	(521,233)	(90,136)	829,347
General Provisions	621,294	99,596	(14,165)	-	(7,627)	699,098

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation**

In accordance with BRSA decree dated 24 December 2015 effective from 1 January 2016, the counter-cyclical capital buffer ratio for banks in Turkey will be considered as 0%.

**IV. Explanations Related to the Consolidated Currency Risk**

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

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

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

The Treasury Department of the Parent 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 Parent Bank’s Asset-Liability Committee on a weekly basis

As of 31 December 2016, the Group’s short position is TL10,039,655 (31 December 2015: TL6,303,503 short position) off-balance sheet long position is TL9,487,655 (31 December 2015: TL6,888,848 long position) and as a result net foreign currency short position is TL552,000 (31 December 2015: TL585,345 net long position).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2016 and the previous five working days in full TL are as follows:

	<b>26.12.2016</b>	<b>27.12.2016</b>	<b>28.12.2016</b>	<b>29.12.2016</b>	<b>30.12.2016</b>	<b>31.12.2016</b>
<b>USD</b>	3.5004	3.5165	3.5400	3.5228	3.5146	3.5146
<b>JPY</b>	0.0299	0.0299	0.0301	0.0302	0.0301	0.0301
<b>EURO</b>	3.6601	3.6740	3.6780	3.6802	3.6952	3.6952

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2016 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	3.4939
<b>JPY</b>	0.0301
<b>EURO</b>	3.6792

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**IV. Explanations Related to the Consolidated Currency Risk (continued)**

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

The table below shows the Group’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 Group also monitors the delta-adjusted position of the option transactions. As of 31 December 2016, the Parent Bank has net USD short position TL3,898 and net EUR long position TL12,007.

<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	3,692,283	5,174,462	841,869	9,708,614
Banks	576,789	263,139	557,166	1,397,094
Financial Assets at Fair Value Through Profit and Loss (*****)	15,428	8,963	-	24,391
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	331	39,370	9,262	48,963
Loans (**)	8,007,898	4,980,527	1,614,902	14,603,327
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	1,125,172	154,123	33,669	1,312,964
<b>Total Assets</b>	<b>13,417,901</b>	<b>10,620,584</b>	<b>3,056,868</b>	<b>27,095,353</b>
<b>Liabilities</b>				
Bank Deposits	394	1,098	1,617	3,109
Foreign Currency Deposits (*)	7,678,727	11,530,561	1,416,024	20,625,312
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	8,179,743	5,916,790	1,994,650	16,091,183
Securities Issued	-	-	-	-
Miscellaneous Payables	215,677	143,058	20,497	379,232
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	31,582	3,249	1,341	36,172
<b>Total Liabilities</b>	<b>16,106,123</b>	<b>17,594,756</b>	<b>3,434,129</b>	<b>37,135,008</b>
<b>Net Balance Sheet Position</b>	<b>(2,688,222)</b>	<b>(6,974,172)</b>	<b>(377,261)</b>	<b>(10,039,655)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,710,458</b>	<b>7,140,472</b>	<b>636,725</b>	<b>9,487,655</b>
Financial Derivative Assets (****)	12,358,338	24,314,559	1,283,778	37,956,675
Financial Derivative Liabilities (*****)	10,647,880	17,174,087	647,053	28,469,020
Non-Cash Loans (*****)	5,140,913	4,748,746	191,566	10,081,225
<b>Prior Period</b>				
Total Assets	9,389,717	10,955,148	2,644,564	22,989,429
Total Liabilities	11,247,630	15,028,460	3,016,842	29,292,932
Net Balance Sheet Position	(1,857,913)	(4,073,312)	(372,278)	(6,303,503)
Net Off-Balance Sheet Position	2,371,886	4,088,485	428,477	6,888,848
Financial Derivative Assets	7,641,536	17,261,527	844,456	25,747,519
Financial Derivative Liabilities	5,269,650	13,173,042	415,979	18,858,671
Non-Cash Loans (*****)	3,345,601	4,663,116	214,521	8,223,238

(\*) Precious metal accounts amounting to TL582,761 (31 December 2015: TL445,509) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL2,973,738 (31 December 2015: TL2,769,548) are included in the loan portfolio.

(\*\*\*) As of 31 December 2016, TL57,894 (31 December 2015: TL43,800) foreign currency indexed factoring receivables is included in other assets, while TL147,086 (31 December 2015: TL45,264) expense accruals from derivative financial instruments are deducted from other liabilities. TL82 (31 December 2015: TL314) foreign currency indexed factoring payables is included in the other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL592,146 (31 December 2015: TL654,815) are added to derivative financial assets and TL527,182 (31 December 2015: TL564,464) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL212,807 (31 December 2015: TL78,194) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value through Profit and Loss.

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**V. Explanations Related to Consolidated Interest Rate Risk**

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent 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 avoid the impact of the fluctuations in interest rates. In this context, duration, maturity and sensitivity analysis are calculated by the Risk Management Department and presented to both Liquidity Risk Committee and Asset-Liability Committee.

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

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

Since the Group does not allow maturity mismatches or imposes limits on the 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	9,171,740	-	-	-	-	2,495,675	11,667,415
Banks	948,308	-	-	-	-	644,022	1,592,330
Financial Assets at Fair Value Through Profit and Loss	1,608	97,651	138,953	119,510	12,756	902,344	1,272,822
Money Market Placements	2,001,067	-	-	-	-	-	2,001,067
Financial Assets Available for Sale	615,310	1,213,367	1,358,138	803,859	72,510	43,206	4,106,390
Loans and Receivables (*)	15,451,394	2,858,586	10,261,731	19,997,815	7,266,145	557,530	56,393,201
Factoring Receivables	822,804	688,873	148,719	12,711	-	6,929	1,680,036
Held-To-Maturity Investments	36,415	100,709	224,384	-	-	-	361,508
Other Assets	64,764	-	87,754	65,136	-	2,098,514	2,316,168
<b>Total Assets</b>	<b>29,113,410</b>	<b>4,959,186</b>	<b>12,219,679</b>	<b>20,999,031</b>	<b>7,351,411</b>	<b>6,748,220</b>	<b>81,390,937</b>
<b>Liabilities</b>							
Bank Deposits	176,275	-	-	-	-	4,710	180,985
Other Deposits	34,368,645	6,696,036	937,420	8,588	17	7,619,495	49,630,201
Money Market Borrowings	1,500,872	-	-	-	-	-	1,500,872
Miscellaneous Payables	-	-	-	-	-	1,438,218	1,438,218
Securities Issued	136,778	-	602,524	-	-	-	739,302
Funds Provided From Other Financial Institutions	3,488,351	5,434,987	7,591,670	41,193	103,185	-	16,659,386
Factoring Payables	-	-	-	-	-	17,688	17,688
Other Liabilities	35,181	66,959	35,625	243,776	3,012	10,839,732	11,224,285
<b>Total Liabilities</b>	<b>39,706,102</b>	<b>12,197,982</b>	<b>9,167,239</b>	<b>293,557</b>	<b>106,214</b>	<b>19,919,843</b>	<b>81,390,937</b>
Balance Sheet Long Position	-	-	3,052,440	20,705,474	7,245,197	-	31,003,111
Balance Sheet Short Position	(10,592,692)	(7,238,796)	-	-	-	(13,171,623)	(31,003,111)
Off-Balance Sheet Long Position	6,916,304	-	-	-	-	-	6,916,304
Off-Balance Sheet Short Position	-	(728,002)	(954,460)	(5,127,552)	-	-	(6,810,014)
<b>Total Position</b>	<b>(3,676,388)</b>	<b>(7,966,798)</b>	<b>2,097,980</b>	<b>15,577,922</b>	<b>7,245,197</b>	<b>(13,171,623)</b>	<b>106,290</b>

(\*) Revolving loans amounting to TL7,824,588 are included in “Up to 1 Month”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL245,035, intangible assets amounting to TL505,823, assets held for resale amounting to TL91,254, entities under common control (joint vent.) amounting to TL5 and the other liabilities line includes the shareholders’ equity of TL7,862,446.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**V. Explanations Related to Consolidated 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	8,254,065	-	-	-	-	1,661,863	9,915,928
Banks	948,524	37	-	-	-	388,891	1,337,452
Financial Assets at Fair Value Through Profit and Loss	1,785	19,725	91,395	150,949	23,029	413,062	699,945
Money Market Placements	206	-	-	-	-	-	206
Financial Assets Available for Sale	413,754	781,833	1,789,707	977,744	70,892	96,694	4,130,624
Loans and receivables (*)	15,844,396	3,051,500	8,798,330	18,635,638	6,555,149	414,089	53,299,102
Factoring Receivables	512,887	514,329	168,895	-	-	12,212	1,208,323
Held-To-Maturity Investments	33,980	93,973	211,464	-	-	-	339,417
Other Assets	2,586	-	39,748	18,560	-	2,220,597	2,281,491
<b>Total Assets</b>	<b>26,012,183</b>	<b>4,461,397</b>	<b>11,099,539</b>	<b>19,782,891</b>	<b>6,649,070</b>	<b>5,207,408</b>	<b>73,212,488</b>
<b>Liabilities</b>							
Bank Deposits	107,735	5,744	-	-	-	1,078	114,557
Other Deposits	27,955,055	8,752,579	565,888	10,215	14	6,979,324	44,263,075
Money Market Borrowings	2,413,098	-	-	-	-	-	2,413,098
Miscellaneous Payables	-	-	-	-	-	1,295,983	1,295,983
Securities Issued	193,517	77,146	-	-	-	-	270,663
Funds Provided From Other Financial Institutions	3,090,053	3,319,944	7,740,870	90,865	433,597	-	14,675,329
Factoring Payables	-	-	-	-	-	15,356	15,356
Other Liabilities	6,866	46,392	43,537	69,180	3,029	9,995,423	10,164,427
<b>Total Liabilities</b>	<b>33,766,324</b>	<b>12,201,805</b>	<b>8,350,295</b>	<b>170,260</b>	<b>436,640</b>	<b>18,287,164</b>	<b>73,212,488</b>
Balance Sheet Long Position	-	-	2,749,244	19,612,631	6,212,430	-	28,574,305
Balance Sheet Short Position	(7,754,141)	(7,740,408)	-	-	-	(13,079,756)	(28,574,305)
Off-Balance Sheet Long Position	6,910,210	-	-	-	-	-	6,910,210
Off-Balance Sheet Short Position	-	(137,238)	(4,204,032)	(2,464,456)	-	-	(6,805,726)
<b>Total Position</b>	<b>(843,931)</b>	<b>(7,877,646)</b>	<b>(1,454,788)</b>	<b>17,148,175</b>	<b>6,212,430</b>	<b>(13,079,756)</b>	<b>104,484</b>

(\*) Revolving loans amounting to TL8,779,628 are included in “Up to 1 Month” while mark to market differences from terminated hedged loans amounting to TL282, TL846 and TL785 are included in “Up to 1 Month”, “1-3 Months” and “3-12 Months” respectively.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL285,508, intangible assets amounting to TL473,474, assets held for sale amounting to TL71,874, entities under common control (joint vent.) amounting to TL5 and the other liabilities line includes the shareholders’ equity of TL7,021,507.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**V. Explanations Related to Consolidated Interest Rate Risk (continued)**

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

	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<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	-	0.75	-	3.31
Banks	(0.21)	0.65	-	8.65
Financial Assets at Fair Value Through Profit and Loss	1.98	5.58	-	9.70
Money Market Placements	-	-	-	8.49
Financial Assets Available for Sale	2.59	5.78	-	9.77
Loans	3.15	3.82	3.20	14.15
Factoring Receivables	0.97	2.38	-	14.38
Held-To-Maturity Investments	-	-	-	10.78
<b>Liabilities</b>				
Bank Deposits	-	-	-	3.64
Other Deposits	1.44	2.91	1.16	10.45
Money Market Borrowings	-	-	-	7.78
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	10.20
Funds Provided From Other Financial Institutions	0.99	2.40	1.00	10.26
	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<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	-	0.49	-	3.81
Banks	0.25	0.13	-	10.89
Financial Assets at Fair Value Through Profit and Loss	1.84	4.69	-	10.56
Money Market Placements	-	-	-	9.67
Financial Assets Available for Sale	2.44	4.97	-	10.60
Loans	3.26	3.66	2.57	14.08
Factoring Receivables	1.36	1.97	-	15.06
Held-To-Maturity Investments	-	-	-	11.22
<b>Liabilities</b>				
Bank Deposits	0.10	-	-	4.32
Other Deposits	1.28	1.86	1.30	11.73
Money Market Borrowings	-	-	-	7.53
Miscellaneous Payables	-	-	-	-
Securities Issued	-	1.50	-	10.68
Funds Provided From Other Financial Institutions	1.03	1.86	1.00	11.22

**Interest rate risk on banking accounts:**

- a) Nature of interest rate risk caused by the banking accounts, significant assumptions on the deposit movement excepting early repayment of the loans and time deposits and measurement frequency of the interest rate risk:

Interest rate risk resulting from the banking accounts whose imposed interest risk that is traced by the bank, as well as been assessing by the related committee in different angle. There is a limit to risk amount defined by the Board of Directors. According to view of market expectation of the bank in terms of currency, is taken care in order to supply balancing between assets and liabilities.

Early repayment rate of loans is determined upon reviewing to feedback of previous mortgage rate movements. Repricing days of demand deposit at the Parent Bank’s account is settled on basing of demand deposit movements in view of branches and accounts. Accepted assumptions in parallel of result are reflected to issued products in calculation of interest rate sensitivity.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**V. Explanations Related to Consolidated Interest Rate Risk (continued)**

**Interest rate risk on banking accounts: (continued)**

- b) The Parent Bank only economic value differences resulted from interest rate instabilities calculated according to “Regulation on measurement and evaluation of interest rate risk resulted from the banking accounts as per standard shock method”:

<b>Type of Currency</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity– (Losses)/Equity</b>
TL	(400)	1,159,731	12.00%
TL	500	(1,236,043)	(12.78)%
EURO	(200)	309,368	3.20%
EURO	200	(266,012)	(2.75)%
USD	(200)	10,417	0.11%
USD	200	(7,650)	(0.08)%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>1,479,516</b>	<b>15.31%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(1,509,705)</b>	<b>(15.61)%</b>

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

The Parent Bank’s 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 determinate properly.

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio**

- a) Information on liquidity risk management, such as the Parent Bank's risk capacity, responsibilities and the structure of liquidity risk management, Parent 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 following up the Parent 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 use 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 preparing 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 Parent Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Parent 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

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

While the Parent 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 Parent 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 Parent 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.

- e) Information on liquidity risk mitigation techniques:

The Parent Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Parent 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 Assets-Liabilities Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Parent 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 FX 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) Explanation 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 Parent 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 Parent 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 Asset-Liability 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VI. Explanations Related to Consolidated Liquidity Risk 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(*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 December 2016</b>				
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			13,576,375	8,115,276
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	31,584,060	12,374,567	2,751,566	1,237,457
3 Stable Deposits	8,136,787	-	406,839	-
4 Less Stable Deposits	23,447,273	12,374,567	2,344,727	1,237,457
5 Unsecured Debts Other than Real Person and Retail Deposits	17,547,123	8,147,137	7,797,383	4,031,040
6 Operational Deposits	4,257,496	2,221,649	1,064,374	555,412
7 Non-operational Deposits	12,964,377	5,782,892	6,407,759	3,333,032
8 Other Unsecured Funding	325,250	142,596	325,250	142,596
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	16,370,767	8,332,809	16,370,767	8,332,809
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	16,370,767	8,332,809	16,370,767	8,332,809
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	27,987,485	9,661,053	2,167,184	866,265
<b>16 Total Cash Outflows</b>			<b>29,086,900</b>	<b>14,467,571</b>
<b>Cash Inflows</b>				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	7,316,454	3,621,992	4,835,225	2,698,383
19 Other Cash Inflows	15,908,610	12,525,910	15,908,610	12,525,910
<b>20 Total Cash Inflows</b>	<b>23,225,064</b>	<b>16,147,902</b>	<b>20,743,835</b>	<b>15,224,293</b>
			<b>Values to Which the Upper Limit is Applied</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>13,576,375</b>	<b>8,115,276</b>
<b>22 Total Net Cash Outflows</b>			<b>8,343,065</b>	<b>3,616,893</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>162.73</b>	<b>224.37</b>

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VI. Explanations Related to Consolidated Liquidity Risk 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(*)	
	TL+FC	FC	TL+FC	FC
<b>Prior Period – 31 December 2015</b>				
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			9,930,169	6,669,539
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	27,338,820	11,105,780	2,249,572	1,009,564
3 Stable Deposits	9,686,200	2,020,280	484,310	101,014
4 Less Stable Deposits	17,652,620	9,085,500	1,765,262	908,550
5 Unsecured Debts Other than Real Person and Retail Deposits	22,288,915	7,780,739	10,748,377	3,841,213
6 Operational Deposits	3,777,468	2,167,188	944,367	541,797
7 Non-operational Deposits	16,584,429	5,551,835	7,876,992	3,237,700
8 Other Unsecured Funding	1,927,018	61,716	1,927,018	61,716
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	11,328,317	6,606,182	11,328,317	6,606,182
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	11,328,317	6,606,182	11,328,317	6,606,182
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	26,124,548	8,214,470	1,969,816	722,715
<b>16 Total Cash Outflows</b>			<b>26,296,082</b>	<b>12,179,674</b>
<b>Cash Inflows</b>				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	6,261,350	2,695,541	3,980,247	2,008,209
19 Other Cash Inflows	10,807,103	8,926,090	10,807,103	8,926,090
<b>20 Total Cash Inflows</b>	<b>17,068,453</b>	<b>11,621,631</b>	<b>14,787,350</b>	<b>10,934,299</b>
			<b>Values to Which the Upper Limit is Applied</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>9,930,169</b>	<b>6,669,539</b>
<b>22 Total Net Cash Outflows</b>			<b>11,508,732</b>	<b>3,044,919</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>86.28</b>	<b>219.04</b>

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 to 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio: (continued)**

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.

Liquidity management of consolidated subsidiaries are managed by individual legal entities. Although liquidity coverage ratio is reported on a consolidated 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.

Consolidated Liquidity Coverage Ratio for the last three months are presented below:

	<b>Current Period – 31.12.2016</b>	
	<b>TL+FC</b>	<b>FC</b>
October 2016	132.70%	300.07%
November 2016	181.20%	218.62%
December 2016	158.82%	180.08%
	<b>Prior Period – 31.12.2015</b>	
	<b>TL+FC</b>	<b>FC</b>
October 2015	91.60%	211.19%
November 2015	87.55%	213.50%
December 2015	81.85%	234.11%

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio: (continued)**

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Undistributed(*)</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	2,495,675	9,171,740	-	-	-	-	-	11,667,415
Banks	644,022	948,308	-	-	-	-	-	1,592,330
Financial Assets at Fair Value Through Profit and Loss	-	138,229	270,694	555,272	289,448	19,179	-	1,272,822
Money Market Placements	-	2,001,067	-	-	-	-	-	2,001,067
Financial Assets Available for Sale	43,206	277,399	490,080	585,524	2,226,446	483,735	-	4,106,390
Loans (**)	-	15,444,053	2,799,133	10,200,815	20,125,561	7,266,145	557,494	56,393,201
Factoring Receivables	-	822,804	688,873	148,719	12,711	-	6,929	1,680,036
Held-To-Maturity Investments	-	-	-	-	260,799	100,709	-	361,508
Other Assets	-	48,605	221	88,159	65,184	-	2,113,999	2,316,168
<b>Total Assets</b>	<b>3,182,903</b>	<b>28,852,205</b>	<b>4,249,001</b>	<b>11,578,489</b>	<b>22,980,149</b>	<b>7,869,768</b>	<b>2,678,422</b>	<b>81,390,937</b>
<b>Liabilities</b>								
Bank Deposits	4,710	176,275	-	-	-	-	-	180,985
Other Deposits	7,619,495	34,368,645	6,696,036	937,420	8,588	17	-	49,630,201
Funds Provided From Other Financial Institutions	-	3,079,195	2,854,408	8,430,621	242,273	2,052,889	-	16,659,386
Money Market Borrowings	-	1,500,872	-	-	-	-	-	1,500,872
Securities Issued	-	136,778	-	602,524	-	-	-	739,302
Miscellaneous Payables	19,243	1,415,796	591	-	-	-	2,588	1,438,218
Factoring Payables	-	17,688	-	-	-	-	-	17,688
Other Liabilities	-	1,170,667	219,877	462,399	363,765	3,677	9,003,900	11,224,285
<b>Total Liabilities</b>	<b>7,643,448</b>	<b>41,865,916</b>	<b>9,770,912</b>	<b>10,432,964</b>	<b>614,626</b>	<b>2,056,583</b>	<b>9,006,488</b>	<b>81,390,937</b>
<b>Liquidity Gap</b>	<b>(4,460,545)</b>	<b>(13,013,711)</b>	<b>(5,521,911)</b>	<b>1,145,525</b>	<b>22,365,523</b>	<b>5,813,185</b>	<b>(6,328,066)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(12,159)</b>	<b>109,388</b>	<b>189,124</b>	<b>93,010</b>	<b>(11,742)</b>	<b>-</b>	<b>367,621</b>
Financial Derivative Assets	-	20,854,050	11,303,385	13,474,627	9,876,546	231,423	-	55,740,031
Financial Derivative Liabilities	-	20,866,209	11,193,997	13,285,503	9,783,536	243,165	-	55,372,410
Non-Cash Loans	5,086,011	820,336	2,183,231	4,867,863	4,564,539	-	-	17,521,980
<b>Prior Period</b>								
Total Assets	2,147,448	25,704,479	3,700,079	10,485,989	21,271,164	7,270,265	2,633,064	73,212,488
Total Liabilities	6,983,664	36,183,146	12,112,297	7,229,306	758,336	1,759,961	8,185,778	73,212,488
<b>Liquidity Gap</b>	<b>(4,836,216)</b>	<b>(10,478,667)</b>	<b>(8,412,218)</b>	<b>3,256,683</b>	<b>20,512,828</b>	<b>5,510,304</b>	<b>(5,552,714)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(64,709)</b>	<b>(65,485)</b>	<b>76,034</b>	<b>57,294</b>	<b>3,941</b>	<b>-</b>	<b>7,075</b>
Financial Derivative Assets	-	10,299,489	8,555,776	13,722,793	6,845,046	603,145	-	40,026,249
Financial Derivative Liabilities	-	10,364,198	8,621,261	13,646,759	6,787,752	599,204	-	40,019,174
Non-Cash Loans	4,663,871	769,946	1,278,432	4,287,456	3,499,116	-	-	14,498,821

(\*) 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 TL7,824,588 (31 December 2015: TL8,779,628) are included in “Up to 1 Month” while income accrual from mark to market differences of terminated hedged loans amounting to TL282, TL846 and TL785 are included in “Up to 1 Month”, “1-3 Months” and “3-12 Months” respectively as of 31 December 2015 (31 December 2016: None).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**Analysis of financial liabilities by remaining contractual maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
<b>As of 31 December 2016,</b>								
Money Market Borrowings	-	1,501,800	-	-	-	-	(928)	1,500,872
Deposit	7,619,495	34,446,547	6,755,791	982,448	8,894	19	(182,993)	49,630,201
Bank Deposit	4,710	176,310	-	-	-	-	(35)	180,985
Funds provided from other financial institutions	-	3,165,255	2,893,047	8,837,032	399,048	2,490,672	(1,125,668)	16,659,386
<b>Total</b>	<b>7,624,205</b>	<b>39,289,912</b>	<b>9,648,838</b>	<b>9,819,480</b>	<b>407,942</b>	<b>2,490,691</b>	<b>(1,309,624)</b>	<b>67,971,444</b>
<b>As of 31 December 2015,</b>								
Money Market Borrowings	-	2,415,925	-	-	-	-	(2,827)	2,413,098
Deposit	6,979,324	28,035,778	8,866,609	581,856	10,721	16	(211,229)	44,263,075
Bank Deposit	1,078	107,788	5,765	-	-	-	(74)	114,557
Funds provided from other financial institutions	-	2,838,179	3,104,129	6,759,002	938,462	2,018,428	(982,871)	14,675,329
<b>Total</b>	<b>6,980,402</b>	<b>33,397,670</b>	<b>11,976,503</b>	<b>7,340,858</b>	<b>949,183</b>	<b>2,018,444</b>	<b>(1,197,001)</b>	<b>61,466,059</b>

**Analysis of contractual expiry by maturity of the Parent Bank’s derivative financial instruments:**

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
<b>As of 31 December 2016,</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	465,939	214,238	1,069,889	1,201,048	-	2,951,114
<b>Held for Trading Transactions</b>						
Foreign Exchange Forward Contracts-Sell	1,303,090	1,202,908	1,957,968	916,474	58,510	5,438,950
Currency Swaps-Sell	16,811,648	5,817,769	6,567,742	3,011,771	11,427	32,220,357
Interest Rate Swaps-Sell	1,747	14,119	6,665	6,444	855	29,830
Foreign Currency Futures-Sell	-	-	-	-	-	-
Foreign Currency Options-Sell	1,755,446	3,455,772	4,704,209	396,602	-	10,312,029
<b>Total</b>	<b>20,337,870</b>	<b>10,704,806</b>	<b>14,306,473</b>	<b>5,532,339</b>	<b>70,792</b>	<b>50,952,280</b>
<b>As of 31 December 2015,</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	87,433	2,329,741	972,135	1,419,073	-	4,808,382
<b>Held for Trading Transactions</b>						
Foreign Exchange Forward Contracts-Sell	996,674	1,314,266	1,735,437	867,762	22,292	4,936,431
Currency Swaps-Sell	7,591,172	4,399,786	4,486,456	2,322,577	369,507	19,169,498
Interest Rate Swaps-Sell	3,266	6,583	22,581	12,910	1,801	47,141
Foreign Currency Futures-Sell	-	-	-	-	-	-
Foreign Currency Options-Sell	1,693,752	1,832,303	2,975,503	66,555	-	6,568,113
<b>Total</b>	<b>10,372,297</b>	<b>9,882,679</b>	<b>10,192,112</b>	<b>4,688,877</b>	<b>393,600</b>	<b>35,529,565</b>

Cash disposal of derivative instruments is shown in the table above.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VII. Explanations Related to Consolidated Leverage Ratio**

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

There is an increase in cash and non-cash loan portfolio and fair value of derivative transactions, resulting in a decrease in the leverage ratio.

- b) Summary comparison table of the total risk amount and the total asset amount in the financial statements prepared as per TAS:

	<b>Current Period(**)</b>	<b>Prior Period(**)</b>
1 Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS(*)	80,772,720	74,393,093
2 The Difference between the Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS and the Asset Amount in the Consolidated Financial statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks	604,522	505,032
3 The Difference between the Derivative Financial Instruments and the Loan Derivatives Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	553,161	490,775
4 The Difference between the Financial Transactions with Securities or Goods Warranty Amounts in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	-	-
5 The Difference between the Off-balance Sheet Transactions Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	32,957,050	28,719,146
6 Other Differences between the Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	(548,800)	(535,087)
<b>7 Total risk amount</b>	<b>114,338,653</b>	<b>103,572,959</b>

(\*) Consolidated financial statements prepared as per the sixth paragraph of Article 5 of the Communiqué on the Preparation of the Consolidated Financial Statements of Banks.

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

- c) Leverage Ratio:

	<b>Curr ent 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)	80,364,524	74,287,673
2 (Assets Deducted from Core Capital)	(548,800)	(535,087)
3 Total Risk Amount for Assets on the Balance Sheet	79,815,724	73,752,586
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	1,012,718	610,452
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	553,161	490,775
6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	1,565,879	1,101,227
<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-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	32,957,050	28,719,146
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-balance Sheet Transactions	32,957,050	28,719,146
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	7,424,682	6,583,437
14 Total Risk Amount	114,338,653	103,572,959
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.49%	6.36%

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value**

The table below shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>66,134,532</b>	<b>60,315,124</b>	<b>65,746,552</b>	<b>60,454,739</b>
Money Market Placements	2,001,067	206	2,001,067	206
Banks	1,592,330	1,337,452	1,592,330	1,337,452
Financial Assets Available for Sale	4,106,390	4,130,624	4,106,390	4,130,624
Held-To-Maturity Investments	361,508	339,417	364,740	344,096
Loans(**)	58,073,237	54,507,425	57,682,025	54,642,361
<b>Financial Liabilities</b>	<b>70,148,964</b>	<b>63,032,705</b>	<b>70,329,203</b>	<b>63,254,472</b>
Bank Deposit	180,985	114,557	180,998	114,557
Other Deposit	49,630,201	44,263,075	49,810,427	44,484,842
Funds Borrowed From Other Financial Institutions(*)	18,160,258	17,088,427	18,160,258	17,088,427
Marketable Securities Issued	739,302	270,663	739,302	270,663
Sundry Creditors	1,438,218	1,295,983	1,438,218	1,295,983

(\*) Funds provided under repo transactions and subordinated loans are included in funds borrowed from other financial institutions.

(\*\*) Factoring receivables are included in loans.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available for sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Level 1, that are observable either directly or indirectly in the market.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (continued)**

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>4,255,015</b>	<b>1,307,661</b>	-	<b>5,562,676</b>
Financial assets at fair value through profit and loss	203,194	1,069,628	-	1,272,822
<i>Public sector debt securities</i>	203,194	-	-	203,194
<i>Derivative financial assets held for trading</i>	-	1,069,628	-	1,069,628
Derivative financial assets for hedging purposes	-	195,320	-	195,320
Financial assets available for sale	4,051,821	42,713	-	4,094,534
<i>Public sector debt securities</i>	4,051,252	11,932	-	4,063,184
<i>Other financial assets available for sale (*)</i>	569	30,781	-	31,350
<b>Financial Liabilities</b>	-	<b>1,227,106</b>	-	<b>1,227,106</b>
Derivative financial liabilities held for trading	-	942,614	-	942,614
Derivative financial liabilities for hedging purposes	-	284,492	-	284,492
<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>4,230,120</b>	<b>571,290</b>	<b>75,043</b>	<b>4,876,453</b>
Financial assets at fair value through profit and loss	205,828	494,117	-	699,945
<i>Public sector debt securities</i>	205,828	-	-	205,828
<i>Derivative financial assets held for trading</i>	-	494,117	-	494,117
Derivative financial assets for hedging purposes	-	58,309	-	58,309
Financial assets available for sale	4,024,292	18,864	75,043	4,118,199
<i>Public sector debt securities</i>	4,024,292	9,638	-	4,033,930
<i>Other financial assets available for sale (*)</i>	-	9,226	75,043	84,269
<b>Financial Liabilities</b>	-	<b>678,613</b>	-	<b>678,613</b>
Derivative financial liabilities held for trading	-	519,397	-	519,397
Derivative financial liabilities for hedging purposes	-	159,216	-	159,216

(\*) All unquoted share certificates of TL11,856 which are recorded at cost since its fair value cannot be reliably estimated are not included (31 December 2015: TL12,425).

There is no transition between the levels in the current year.

**IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets**

The Group performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not deal with fiduciary transactions.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**X. Explanations Related to Consolidated 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 Parent Bank.

**1. Risk management approach and Risk Weighted Assets**

**1.1. The Parent Bank’s risk management approach**

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Parent Bank and all of its subsidiaries have been gathered under the Group Risk Management. Group Risk Management reports to the Boards of Directors of TEB Group through the Audit Committee within the TEB A.Ş. and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

With Risk Policies, the Parent Bank aims to,

- i) Identify the main risks to which the Parent Bank is exposed and be cautious of the risks taken;
- ii) Define roles and responsibilities to identify, analyse, measure, monitor, and control the main risks bank faces and other risks which may arise as a consequence of changes in activity structure and economic conditions,
- iii) Identify the volume of transactions which may cause non-controllable risks by considering equity strength or decrease the activities affected by such risks.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the “Senior Management” consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers of the Parent Bank to provide compliance with risk policies containing the criteria required for each unit and to provide that TEB Risk Academy is founded and supported.

Risk Management Operations consist of;

- i) risk measurement,
- ii) monitoring of risks,
- iii) control of risk and reporting operations

Risk management operations are conducted by Group Risk Management and personnel.

Group Risk Management applies second order controls for quantifiable risks as part of continuous control system.

Head of Group Risk Management reports to the Board of Directors via Audit Committee.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**1. Disclosures on risk management approach and overview of Risk Weighted Assets (continued)**

**1.2 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)	60,764,592	57,827,779	4,861,167
2 Of which Standardized Approach (SA)	60,764,592	57,827,779	4,861,167
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	1,933,426	588,560	154,674
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,933,426	588,560	154,674
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investments in funds – Look-through Approach	-	-	-
9 Equity investments in funds – Mandate-based Approach	-	-	-
10 Equity investments in funds – 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in Banking Book	-	-	-
13 Of which IRB Ratings-based Approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16 Market Risk	319,552	342,241	25,564
17 Standardized Approach (SA)	319,552	342,241	25,564
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	6,155,613	5,405,958	492,449
20 Of which Basic Indicator Approach	6,155,613	5,405,958	492,449
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 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>69,173,183</b>	<b>64,164,538</b>	<b>5,533,854</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**2. Linkages Between Financial Statements and Regulatory Exposures**

**2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Carrying values of items in accordance with TAS		
			Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and balances at central bank	11,667,415	11,667,415	-	-	-
Financial assets held for trading	1,272,822	-	1,069,780	203,042	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Banks	1,592,330	1,592,330	-	-	-
Receivables from money markets	2,001,067	-	2,001,067	-	-
Financial assets available for sale (net)	4,106,390	4,106,390	-	-	-
Loans and receivables	56,393,201	56,393,201	-	-	-
Factoring receivables	1,680,036	1,680,036	-	-	-
Held to maturity investments (net)	361,508	361,508	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Leasing receivables	-	-	-	-	-
Derivative financial assets held for hedges	195,320	-	195,320	-	-
Tangible assets (net)	245,035	180,171	-	-	64,864
Intangible assets (net)	505,823	-	-	-	505,823
Investment properties (net)	-	-	-	-	-
Tax assets	109,340	109,340	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	91,254	91,254	-	-	-
Other assets	1,169,391	1,169,391	-	-	-
<b>Total Assets</b>	<b>81,390,937</b>	<b>77,351,041</b>	<b>3,266,167</b>	<b>203,042</b>	<b>570,687</b>
<b>Liabilities</b>					
Deposits	49,811,186	-	-	-	-
Derivative financial liabilities held for trading	942,614	-	-	-	-
Loans	14,359,501	-	-	-	-
Debt to money markets	1,500,872	-	1,500,872	-	-
Debt securities in issue	739,302	-	-	-	-
Funds	-	-	-	-	-
Various Debts	1,438,218	-	-	-	-
Other Debts	846,800	-	-	-	-
Factoring debts	17,688	-	-	-	-
Debts from leasing transactions	-	-	-	-	-
Derivative financial liabilities held for hedge	284,492	-	-	-	-
Provisions	1,144,785	-	-	-	-
Tax liability	143,148	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,299,885	-	-	-	-
Equity	7,862,446	-	-	-	-
<b>Total Liabilities</b>	<b>81,390,937</b>	<b>-</b>	<b>1,500,872</b>	<b>-</b>	<b>-</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**2. Linkages Between Financial Statements and Regulatory Exposures**

**2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>81,390,937</b>	<b>77,351,041</b>	<b>3,266,167</b>	<b>203,042</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	1,500,872	-	1,500,872	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>79,890,065</b>	<b>77,351,041</b>	<b>1,765,295</b>	<b>203,042</b>
4 Off-balance sheet amounts	81,696,410	13,097,432	621,423	-
5 Differences in valuations	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-
8 Differences due to prudential filters	-	-	-	-
<b>9 Exposure amounts considered for regulatory purposes</b>		<b>90,448,473</b>	<b>2,386,718</b>	<b>203,042</b>

**2.3. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS**

The market value approach is used to make valuation of the positions in the Parent Bank portfolios. The market data sources used for valuations are identified, defined in the Market Risk Policy, and reviewed annually. The relevant action is taken immediately when it is determined that the data does not reflect the market condition other than annual data source evaluation. Product valuations are checked by using sources such as Reuters and Bloomberg.

**3. Consolidated Credit Risk Disclosure**

**3.1. General information about credit risk**

**3.1.1. General qualitative information about credit risk**

The objective of the Risk Management system is to provide that the risks that are derived from the Parent Bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Credit Risk Management reports aim to supply risk level trends and present risk expectations. Details and content vary depending on the requirements of meetings and are presented in graphs and figures for ease of explanation and taking decisions.

The main report presented to senior management is the Credit Risk General Overview report, which is prepared monthly and discussed by the Risk Policies Committee. This report is also presented to the Board of Directors and to the Audit Committee. Additionally, Group Risk Management prepares reports with special titles less frequently. Most of these reports is presented to the Risk Policies Committee. These reports may also be used in irregular meetings where emergent subjects are discussed or in meetings where the attendance of Senior Management is not required.

Credit risk policies are prepared in line with the Banking Law, external regulations, and general banking practices, and are approved by the Risk Policies Committee, Audit Committee, and Board of Directors. The Parent Bank’s credit activities are managed according to the General Credit Policy that is approved by the Risk Policies Committee and the Board of Directors.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosure (continued)**

**3.1. General information about credit risk**

**3.1.1. General qualitative information about credit risk**

The risk appetite declaration is approved and reviewed once a year by the Board of Directors. The Parent Bank combines risk appetite with existing risk management tools, processes, principles, and policies, using a consistent approach with risk appetite declaration, and ensures that risks taken are within the agreed upon limits. In this way, the consistency of risk practices is improved across the bank.

The Parent Bank controls the credit risk by monitoring loan receivables, limiting certain transactions with counter parties, evaluating the loan valuation of the counter party regularly, diversifying loan types and products separately based on customer groups and industry to prevent the concentration of deferred payments and receiving guarantees when appropriate.

**3.1.2. Credit quality of assets**

Current Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted Exposures		
1 Loans	1,812,823	57,508,814	1,248,400	58,073,237
2 Debt Securities	-	4,424,692	-	4,424,692
3 Off-balance sheet exposures	-	31,696,621	48,515	31,648,106
<b>4 Total</b>	<b>1,812,823</b>	<b>93,630,127</b>	<b>1,296,915</b>	<b>94,146,035</b>

**3.1.3. Changes in stock of defaulted loans and debt securities**

<b>1 Defaulted loans and debt securities at end of the 31 December 2015</b>	<b>1,265,215</b>
2 Loans and debt securities that have defaulted since the last reporting period	1,735,689
3 Returned to non-defaulted status	22,962
4 Amounts written off	520,452
5 Other changes (*)	644,667
<b>6 Defaulted loans and debt securities at end of 31 December 2016 (1+2-3-4-5)</b>	<b>1,812,823</b>

(\*) Includes collections during the period

**3.1.4. Additional disclosure related to the credit quality of assets**

- a) The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” non-required delay time loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as “Non-Performing Loan” in the Accounting Practice.

All receivables past due more than 90 days are considered as “impaired receivables”, and they are classified as group III, IV, and V in accordance with Communiqué. A specific reserve is allocated for such receivables.

- b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

A specific provision is allocated for all receivables for which collection is deferred more than 90 days in accordance with the Communiqué.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosure (continued)**

**3.1. General information about credit risk (continued)**

**3.1.4. Additional disclosure related to the credit quality of assets (continued)**

c) Description of methods used for determining impairments

Provision amount is determined 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”

d) The definition of the restructured exposure.

If the borrower fails to make payment to the Parent Bank due to a temporary lack of liquidity, loans and other receivables including deferred interest payments may be restructured to provide the borrower with additional liquidity to enable the Parent Bank to collect its receivables, or a new repayment schedule may be arranged.

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	1,503,577	3.40	82,486	0.71
Farming and Stockbreeding	1,439,775	3.25	82,293	0.71
Forestry	17,086	0.04	193	-
Fishery	46,716	0.11	-	-
Manufacturing	6,490,698	14.69	4,222,489	36.31
Mining and Quarrying	596,581	1.35	150,892	1.30
Production	5,798,172	13.12	3,899,791	33.53
Electricity, Gas and Water	95,945	0.22	171,806	1.48
Construction	2,866,408	6.49	828,115	7.12
Services	17,811,987	40.32	6,448,766	55.45
Wholesale and Retail Trade	10,701,496	24.22	1,916,170	16.47
Accommodation and Dining	964,116	2.18	962,360	8.28
Transportation and Telecom.	2,575,923	5.83	570,461	4.91
Financial Institutions	904,649	2.05	1,186,638	10.20
Real Estate and Rental Services	1,209,742	2.74	1,614,367	13.88
Self-Employment Services	920,429	2.08	193,291	1.66
Educational Services	64,943	0.15	44	-
Health and Social Services	470,689	1.07	5,435	0.05
Other	15,504,076	35.10	47,733	0.41
<b>Total</b>	<b>44,176,746</b>	<b>100.00</b>	<b>11,629,589</b>	<b>100.00</b>

Breakdown of loans and receivables according to remaining maturities is provided in the note VI. of section 4 under the “Presentation of assets and liabilities according to their remaining maturities”.

f) Amounts of impaired exposures on geographical areas and industry basis (according to the definition used by the Bank for accounting purposes) and write-offs with related allowances.

All of the Parent Bank’s loans under follow-up is in Turkey. Amounts of provision allocated receivables based on sector are presented in the note II of section 4 under “Information in terms of major sectors and type of counterparties”

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosure (continued)**

**3.1. General information about credit risk (continued)**

**3.1.4. Additional disclosure related to the credit quality of assets (continued)**

g) Ageing analysis of accounting past-due exposures

<b>31 December 2016</b>	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	1,253,420	504,294	492,076	2,249,790
Consumer Loans	204,320	317,271	153,492	675,083
Credit Cards	99,278	49,843	22,521	171,642
<b>Total</b>	<b>1,557,018</b>	<b>871,408</b>	<b>668,089</b>	<b>3,096,515</b>

<b>31 December 2015</b>	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	938,291	374,515	238,051	1,550,857
Consumer Loans	206,593	272,130	127,027	605,750
Credit Cards	86,142	42,471	19,076	147,689
<b>Total</b>	<b>1,231,026</b>	<b>689,116</b>	<b>384,154</b>	<b>2,304,296</b>

h) Breakdown of restructured exposures between impaired and not impaired exposures

Not-impaired loans

	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	1,386,772	-	1,386,772
Consumer Loans	128,366	-	128,366
Credit Cards	69,144	-	69,144
<b>Total</b>	<b>1,584,282</b>	<b>-</b>	<b>1,584,282</b>

Impaired loans

	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	12,014	5,870	6,144
Consumer Loans	20,818	7,664	13,154
Credit Cards	5,887	1,902	3,985
<b>Total</b>	<b>38,719</b>	<b>15,436</b>	<b>23,283</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosure (continued)**

**3.2 Credit Risk Mitigation**

**3.2.1 Qualitative disclosure requirements related to credit risk mitigation techniques**

- a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on and off-balance sheet netting

The Parent Bank does not perform on and off balance sheet offsetting to decrease credit risk, and credit derivatives are not used.

- b) Core features of policies and processes for collateral evaluation and management.

Financial collaterals are measured at fair value as of reporting date and are included in the risk mitigation process. When allocating the collateral amount to loans provided, the Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The legal validity of the mortgage is ensured by duly registering the mortgage in a timely manner, and significant changes in market conditions are monitored.

In terms of credit risk mitigation, the Parent Bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

- c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where Parent bank credit customers obtained guarantee from other entities.

The Parent Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk mitigation risk.

**3.2.2. Credit risk mitigation techniques – Overview**

	<b>Exposures unsecured: carrying amount according to TAS</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which: secured amount</b>	<b>Exposures Secured by financial guarantees</b>	<b>Exposures secured by financial guarantees, of which:secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives of which: secured amount</b>
1 Loans	40,527,081	15,021,668	11,812,866	2,524,488	1,219,334	-	-
2 Debt securities	4,424,692	-	-	-	-	-	-
<b>3 Total</b>	<b>44,951,773</b>	<b>15,021,668</b>	<b>11,812,866</b>	<b>2,524,488</b>	<b>1,219,334</b>	-	-
4 Of which defaulted	1,658,020	80,831	71,983	73,972	739	-	-

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosures (continued)**

**3.3. Credit risk under standardized approach**

**3.3.1. Disclosures on banks’ use of credit ratings under the standard approach for credit risk**

For portfolios that are risk-weighted under the standardized approach for credit risk, banks must disclose the following information:

a) Names of the External Credit Assessment Institutions (ECAIs) and Export Credit Agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period;

The Parent Bank uses Fitch Ratings International Rating Agency’s external ratings.

b) The risk classes for which each ECAI or ECA is used;

The credit rating of Fitch International Rating is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk concentration is used for receivables with a maturity period of more than three months, and the risk concentration used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book

A 20% risk concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and a 50% risk concentration is used for receivables with a maturity period of more than three months. According to the regulation on capital adequacy, corporates where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

d) The alignment of the alphanumeric scale of each agency used with risk buckets (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply).

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)’s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosures (continued)**

**3.3. Credit risk under standardized approach (continued)**

**3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects**

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amounts	Risk Weighted Amounts Density
1 Exposures to central governments or central banks	15,458,720	-	15,458,720	-	4,944,554	32%
2 Exposures to regional governments or local authorities	419,823	9,450	419,384	4,426	211,910	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	2,717,839	1,209,211	2,381,570	785,781	1,121,254	35%
7 Exposures to corporates	21,464,417	15,869,906	20,718,340	9,205,944	29,219,670	98%
8 Retail exposures	23,492,086	11,270,527	23,018,342	2,656,825	19,251,575	75%
9 Exposures secured by residential property	8,537,608	395,400	8,537,608	155,965	3,042,751	35%
10 Exposures secured by commercial real estate	3,205,726	173,777	3,205,726	95,305	1,650,516	50%
11 Past-due loans	564,423	81,332	563,684	27,319	714,331	121%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	1,455,492	2,515,302	1,455,449	1,638	566,167	39%
17 Investments in equities	41,864	-	41,864	-	41,864	100%
<b>18 Total</b>	<b>77,357,998</b>	<b>31,524,905</b>	<b>75,800,687</b>	<b>12,933,203</b>	<b>60,764,592</b>	<b>68%</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**3. Consolidated Credit Risk Disclosures (continued)**

**3.3 Credit risk under standardized approach (continued)**

**3.3.3. Standardized approach – exposures by asset classes and risk weights**

Asset Classes / Risk Weights	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights(**)	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to regional governments or local authorities	6,002,869	-	-	-	9,180,392	-	222,860	-	-	52,599	15,458,720
2 Exposures to regional governments or local authorities	-	-	-	-	423,799	-	11	-	-	-	423,810
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	1,566,924	-	1,587,514	-	10,512	2,401	-	-	3,167,351
7 Exposures to corporates	-	-	321,093	-	895,476	-	28,707,715	-	-	-	29,924,284
8 Retail exposures	-	-	3,440	-	11,637	25,660,090	-	-	-	-	25,675,167
9 Exposures secured by residential property	-	-	-	8,693,573	-	-	-	-	-	-	8,693,573
10 Exposures secured by commercial real estate	-	-	-	-	3,301,031	-	-	-	-	-	3,301,031
11 Past-due loans	-	-	-	-	100,166	-	144,013	346,824	-	-	591,003
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	41,864	-	-	-	41,864
17 Other assets	866,045	-	31,099	-	-	-	559,943	-	-	-	1,457,087
<b>18 Total</b>	<b>6,868,914</b>	<b>-</b>	<b>1,922,556</b>	<b>8,693,573</b>	<b>15,500,015</b>	<b>25,660,090</b>	<b>29,686,918</b>	<b>349,225</b>	<b>-</b>	<b>52,599</b>	<b>88,733,890</b>

(\*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**X. Explanations Related to Consolidated Risk Management (continued)**

**4. Counterparty Credit Risk**

**4.1. Qualitative disclosure related to counterparty credit risk**

Limit requests of clients demanding derivative transaction are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount traced to risk weighted limits is multiplied by ratios based on each factor’s historical movement and that change according to transaction’s nominal amount, transaction’s maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market fluctuations, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client’s all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and The Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA and GMRA agreements are requested from counterparties in principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data, and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.2. Analysis of counterparty credit risk (CCR) exposure by approach**

	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for Computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Assets
Standardized Approach - CCR (For Derivatives)	1,265,100	621,423		1.4	1,867,512	1,058,112
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,410,486	1,082
<b>Total</b>						<b>1,059,194</b>

(\*) Effective Expected Positive Exposure

**4.3. Credit valuation adjustment (CVA) capital charge**

	Exposure at Default post- Credit Risk Mitigation	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3×multiplier)		-
(ii) Stressed Value at Risk component (including the 3×multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,867,512	874,232
<b>Total subject to the CVA capital charge</b>	<b>1,867,512</b>	<b>874,232</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.4 Standardized approach – CCR exposures by regulatory portfolio and risk weights**

<b>Risk Weight/ Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure (*)</b>
Claims from central governments and central banks	1,408,733	-	-	-	-	-	-	-	-	1,408,733
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	208,012	-	1,236,621	-	-	431	-	1,445,064
Corporates	-	-	1,150	-	18,710	-	343,177	-	-	363,037
Retail portfolios	-	-	-	-	-	61,164	-	-	-	61,164
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,408,733</b>	<b>-</b>	<b>209,162</b>	<b>-</b>	<b>1,255,331</b>	<b>61,164</b>	<b>343,177</b>	<b>431</b>	<b>-</b>	<b>3,277,998</b>

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied Credit Risk Measurement techniques.

(\*\*) Other assets: the amount excludes exposures to Central Counterparties, which are reported in Counterparty Credit Risk.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.5. Composition of collateral for counterparty credit risk exposure**

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	3,569	-	-	-	-
Cash – other currencies	-	11,381	-	-	-	-
Domestic sovereign debt	-	4,061	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>19,011</b>	-	-	-	-

**4.6. Credit derivatives exposures**

None.

**4.7. Exposures to central counterparties**

None.

**5. Securitization Disclosures**

Since the Parent Bank does not hold securitization position, the notes to be presented according to the Communiqué on Disclosures about Risk Management to be announced to Public by Banks have not been presented.

**6. Market Risk Disclosures**

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 – Counterparty credit risk.

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. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Bank as of 31 December 2016.

**6.1. Qualitative disclosure requirements related to market risk**

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**X. Explanations Related to Consolidated Risk Management (continued)**

**6. Market Risk Disclosures (continued)**

**6.1. Qualitative disclosure requirements related to market risk (continued)**

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

According to economic cost approach, changes in market interest rates may affect the Parent Bank’s assets, liabilities and off balance sheet items values. The Parent Bank’s economic value’s sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

Economic value of the Parent Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents Bank’s value’s sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity’s influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; motive behind which is to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VAR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All limit and risk positions are represented to Audit Committee and to The Board of Directors.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**6. Market Risk Disclosures (continued)**

**6.2. Standardized Approach**

	<b>Risk Weighted Amounts</b>
Outright products	
1 Interest rate risk (general and specific)	262,613
2 Equity risk (general and specific))	-
3 Foreign exchange risk	41,201
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	15,738
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>319,552</b>

**7. Explanations Related to the Consolidated Operational Risk**

- a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.
- b) In case of application of the basic indicator approach the following:

	31.12.2013	31.12.2014	31.12.2015	Total/Positive Year	Rate (%)	Total
Gross Income	2,835,960	3,303,079	3,709,942	3,282,994	15	492,449
Operational Risk Capital Requirement (Total*12.5)						6,155,613

	31.12.2012	31.12.2013	31.12.2014	Total/Positive Year	Rate (%)	Total
Gross Income	2,510,493	2,835,960	3,303,079	2,883,177	15	432,477
Operational Risk Capital Requirement (Total*12.5)						5,405,958

- c) The Group does not use the standard method
- d) The Group does not use any alternative approach in standard method
- e) The Group does not use Advanced Measurement Approach.

**8. Explanations Related to Remuneration Policy in Banks**

TEB pays net salaries on the last working day of each month, after the required legal deductions are made. In addition to receiving a monthly salary, all TEB employees are assessed based on meeting their qualitative and quantitative targets, and the Parent Bank may pay performance-based success and sales premiums or annual performance bonuses to reward employees' collective and individual success.

An annual performance bonus is determined based on the Parent Bank's profitability, the results of the Parent Bank activities, and the realization of targets in line with market practices (local and/or professional). A performance bonus is only paid when the target realized in a particular year is at least 80%. Employees included in the success and sales premium scheme are paid success and sales premiums based to the targets realized during the year.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**X. Explanations Related to Consolidated Risk Management (continued)**

**8. Explanations Related to Remuneration Policy in Banks (continued)**

The remuneration policy of the Parent Bank was prepared in line with the BRSA’s Communiqué on Corporate Management of Banks and Guidance on Good Remuneration Practices in Banks, and within the scope of the principle of proportionality, the content, structure, and strategies of the Bank’s activities, long-term targets, and the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to risk management.

The remuneration policy supports the Parent Bank in managing risks in line with the principles and parameters determined and approved by the Board of Directors. The remuneration policy aims to attract and retain expert employees who will contribute to the parent Bank reaching its strategic targets in both business line and support functions.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations. SECOM manages the principles of the remuneration policy, taking opinions from the human resources, financial affairs, risk, compliance, and internal control groups. The remuneration policy is reviewed and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	352,568	461,736	371,908	399,615
Balances with the Central Bank of Turkey	1,606,233	9,163,190	830,399	8,254,065
Other	-	83,688	-	59,941
<b>Total</b>	<b>1,958,801</b>	<b>9,708,614</b>	<b>1,202,307</b>	<b>8,713,621</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	1,597,683	-	830,399	-
Unrestricted Time Deposit	-	1,335,857	-	935,820
Restricted Time Deposit	8,550	7,827,333	-	7,318,245
<b>Total</b>	<b>1,606,233</b>	<b>9,163,190</b>	<b>830,399</b>	<b>8,254,065</b>

Foreign currency unrestricted deposit amounting to TL1,335,857 (31 December 2015: TL935,820), foreign currency restricted deposit amounting to TL7,827,333 (31 December 2015: TL7,318,245), unrestricted deposit balance amounting to TL1,597,683 (31 December 2015: TL830,399) and restricted deposit amounting to TL8,550 (31 December 2015: None) comprises of reserve deposits. As of 31 December 2016, the Turkish lira required reserve ratios are determined to be within the range of 4%-10.50% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2015: 5%-11.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4.50%-24.50% (31 December 2015: 5%-25%).

**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 2015: 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 TL203,194 (31 December 2015: TL205,828).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	185,015	33,384	107,066	13,265
Swap Transactions	580,354	110,296	238,210	62,956
Futures Transactions	-	-	-	-
Options	80,871	79,708	59,215	13,405
Other	-	-	-	-
<b>Total</b>	<b>846,240</b>	<b>223,388</b>	<b>404,491</b>	<b>89,626</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**4. Information on banks:**

a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	111,562	206,873	586,753	281,689
Foreign Banks	83,674	1,190,221	34,295	434,715
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>195,236</b>	<b>1,397,094</b>	<b>621,048</b>	<b>716,404</b>

b) Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	775,607	294,308	-	-
USA and Canada	267,961	23,878	-	-
OECD Countries(*)	58,521	8,638	-	-
Off-Shore Banking Regions	158,188	127,136	-	-
Other	13,618	15,050	-	-
<b>Total</b>	<b>1,273,895</b>	<b>469,010</b>	-	-

(\*) OECD countries other than the EU countries, USA and Canada.

**5. Information on financial assets available for sale:**

a) a.1) Information on financial assets available for sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar				
Investment Securities	130,140	-	403,320	-
Other	-	-	-	-
<b>Total</b>	<b>130,140</b>	-	<b>403,320</b>	-

a.2) Financial assets available for sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1,456,769	-	2,395,729	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,456,769</b>	-	<b>2,395,729</b>	-

Net book value of debt securities and equity securities in unrestricted financial assets available for sale is TL2,519,481. (31 December 2015: TL1,331,575).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**5. Information on financial assets available for sale: (continued)**

b) Information on financial assets available for sale portfolio:

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	4,063,184	4,033,930
Quoted on a Stock Exchange	4,063,184	4,033,930
Not Quoted	-	-
Equity Securities	43,206	96,694
Quoted on a Stock Exchange	569	-
Not Quoted	42,637	96,694
Impairment Provision (-)	-	-
<b>Total</b>	<b>4,106,390</b>	<b>4,130,624</b>

All unquoted available for sale equities of the Group are recorded at fair value except for the investment of TL11,856 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2015: TL12,425).

**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>Prior Period</b>	
	<b>Cash Loans</b>	<b>Non-Cash Loans</b>	<b>Cash Loans</b>	<b>Non-Cash Loans</b>
Direct Loans Granted to Shareholders	-	188,104	1,255	300,290
Corporate Shareholders	-	188,104	1,255	300,290
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	94,263	-	65,773	-
<b>Total</b>	<b>94,263</b>	<b>188,104</b>	<b>67,028</b>	<b>300,290</b>

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

	<b>Standard Loans and Other Receivables</b>			<b>Loans and Other Receivables Under Close Monitoring (*)</b>		
	<b>Loans and Other Receivables (Total)</b>	<b>Loans and other receivables with revised contract terms</b>		<b>Loans and Other Receivables (Total)</b>	<b>Loans and other receivables with revised contract terms</b>	
		<b>Restructured or Rescheduled</b>	<b>Other</b>		<b>Restructured or Rescheduled</b>	<b>Other</b>
<b>Cash Loans</b>						
<b>Non-specialized loans</b>	<b>52,739,192</b>	<b>561,546</b>	<b>-</b>	<b>3,096,515</b>	<b>1,022,736</b>	<b>-</b>
Working Capital Loans	-	-	-	-	-	-
Export Loans	4,845,406	20,968	-	22,606	5,080	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	884,151	-	-	6,585	-	-
Consumer Loans	12,811,765	96,156	-	675,083	32,210	-
Credit Cards	2,857,776	52,655	-	171,642	16,489	-
Other	31,340,094	391,767	-	2,220,599	968,957	-
<b>Specialized Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>52,739,192</b>	<b>561,546</b>	<b>-</b>	<b>3,096,515</b>	<b>1,022,736</b>	<b>-</b>

(\*) The total principal amount of the loans under close monitoring, in accordance with the requirements of the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

<b>Number of Extensions</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables under Follow-up (*)</b>
1 or 2 Times	546,448	1,018,767
3, 4 or 5 Times	12,092	3,383
Over 5 Times	3,006	586
<b>Total</b>	<b>561,546</b>	<b>1,022,736</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables under Follow-up(*)</b>
0-6 Months	476,551	916,016
6-12 Months	15,279	8,962
1-2 Years	40,435	41,221
2-5 Years	27,493	52,230
5 Years and Over	1,788	4,307
<b>Total</b>	<b>561,546</b>	<b>1,022,736</b>

(\*) Amounts indicated in tables above was calculated based on criteria stated in "Specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Loans under Follow-up and Other Receivables" published on the Official Gazette No. 26333 dated 1 November 2006 5th paragraph of the provisional Article 4a.

- c) Loans and other receivables according to their maturity structure:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>
<b>Cash Loans</b>				
<b>Short-term loans and other receivables</b>	<b>21,754,001</b>	<b>236,192</b>	<b>936,956</b>	<b>219,057</b>
Non-specialized loans	21,645,466	236,192	936,956	219,057
Specialized loans	-	-	-	-
Other Receivables	108,535	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>30,985,191</b>	<b>325,354</b>	<b>2,159,559</b>	<b>803,679</b>
Non-specialized loans	30,985,191	325,354	2,159,559	803,679
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>52,739,192</b>	<b>561,546</b>	<b>3,096,515</b>	<b>1,022,736</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>173,292</b>	<b>12,859,072</b>	<b>13,032,364</b>
Housing Loans	5,243	8,517,093	8,522,336
Vehicle Loans	7,329	480,063	487,392
General Purpose Loans	160,720	3,861,916	4,022,636
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>18,038</b>	<b>18,038</b>
Housing Loans	-	17,489	17,489
Vehicle Loans	-	-	-
General Purpose Loans	-	549	549
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>32</b>	<b>30,189</b>	<b>30,221</b>
Housing Loans	-	7,641	7,641
Vehicle Loans	-	6,581	6,581
General Purpose Loans	32	15,967	15,999
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>1,961,323</b>	<b>-</b>	<b>1,961,323</b>
With Installments	668,391	-	668,391
Without Installments	1,292,932	-	1,292,932
<b>Individual Credit Cards-FC</b>	<b>6,912</b>	<b>-</b>	<b>6,912</b>
With Installments	1	-	1
Without Installments	6,911	-	6,911
<b>Personnel Loans-TL</b>	<b>6,414</b>	<b>58,133</b>	<b>64,547</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,414	58,133	64,547
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>24,510</b>	<b>-</b>	<b>24,510</b>
With Installments	8,854	-	8,854
Without Installments	15,656	-	15,656
<b>Personnel Credit Cards-FC</b>	<b>199</b>	<b>-</b>	<b>199</b>
With Installments	1	-	1
Without Installments	198	-	198
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>341,006</b>	<b>-</b>	<b>341,006</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>672</b>	<b>-</b>	<b>672</b>
<b>Total</b>	<b>2,514,360</b>	<b>12,965,432</b>	<b>15,479,792</b>

(\*) Overdraft accounts include personnel loans amounting to TL5,007.

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

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Installment Facility-TL</b>	<b>890,350</b>	<b>9,863,109</b>	<b>10,753,459</b>
Business Loans	3,711	378,669	382,380
Vehicle Loans	24,011	927,540	951,551
General Purpose Loans	862,628	8,556,900	9,419,528
Other	-	-	-
<b>Commercial Loans with Installment - Indexed to FC</b>	<b>27,724</b>	<b>623,778</b>	<b>651,502</b>
Business Loans	-	24,585	24,585
Vehicle Loans	395	156,916	157,311
General Purpose Loans	27,329	442,277	469,606
Other	-	-	-
<b>Commercial Loans with Installment – FC</b>	<b>1,402</b>	<b>-</b>	<b>1,402</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1,402	-	1,402
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,034,484</b>	<b>-</b>	<b>1,034,484</b>
With Installments	287,176	-	287,176
Without Installments	747,308	-	747,308
<b>Corporate Credit Cards-FC</b>	<b>1,990</b>	<b>-</b>	<b>1,990</b>
With Installments	-	-	-
Without Installments	1,990	-	1,990
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,253,520</b>	<b>-</b>	<b>1,253,520</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,209,470</b>	<b>10,486,887</b>	<b>13,696,357</b>

f) Allocation of loans by customers:

	<b>Current Period</b>	<b>Prior Period</b>
Public sector	723,206	492,540
Private sector	55,112,501	52,403,382
<b>Total</b>	<b>55,835,707</b>	<b>52,895,922</b>

g) Domestic and foreign loans:

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	55,225,887	52,285,880
Foreign Loans	609,820	610,042
<b>Total</b>	<b>55,835,707</b>	<b>52,895,922</b>

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	23,334	24,038
Loans and Receivables with Doubtful Collectability	88,266	88,327
Uncollectible Loans and Receivables	1,102,681	716,982
<b>Total</b>	<b>1,214,281</b>	<b>829,347</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

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

	<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>Uncollectable Loans and Receivables</b>
<b>Current Period</b>			
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	15,885	11,760	11,074
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	17,210	11,015	9,271

j.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>Uncollectable Loans and Receivables</b>
<b>Prior Period End Balance</b>	<b>138,909</b>	<b>192,510</b>	<b>901,108</b>
Additions (+)	1,403,583	7,074	314,561
Transfers from Other Categories of Loans under Follow-up (+)	-	1,158,038	1,016,001
Transfers to Other Categories of Loans under Follow-up (-) (**)	1,177,321	1,017,569	-
Collections (-)	216,099	136,988	291,580
Write-offs (-) (*)	156	371	519,925
Corporate and Commercial Loans	15	298	303,388
Retail Loans	136	15	120,469
Credit Cards	5	58	96,068
Other	-	-	-
<b>Current Period End Balance</b>	<b>148,916</b>	<b>202,694</b>	<b>1,420,165</b>
Specific Provision (-)	23,334	88,266	1,102,681
<b>Net Balances on Balance Sheet</b>	<b>125,582</b>	<b>114,428</b>	<b>317,484</b>

(\*) Impaired loans portfolio amounting to TL198,653 for which TL198,126 provision had been allocated is sold to Güven Varlık Yönetim A.Ş. for TL20,499 and after all the sales procedures were completed at 29 June 2016, such impaired loans have been written off from the accounts. Impaired loans portfolio amounting to TL212,589 for which TL211,806 provision had been allocated is sold to Destek Varlık Yönetim A.Ş. for TL23,000 and after all the sales procedures were completed at 31 October 2016, such impaired loans have been written off from the accounts. Also, impaired loans portfolio amounting to TL107,006 for which TL104,478 provision had been allocated is sold to Efes Varlık Yönetim A.Ş. for TL4,250 and after all the sales procedures were completed at 28 December 2016, such impaired loans have been written off from the accounts.

(\*\*) In compliance with the related communique, retail loans amounting to TL20,851 are classified from loans under follow-up to performing loans.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

j.3) Information on foreign currency loans under follow-up and other receivables:

	<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>Uncollectable Loans and Receivables</b>
<b>31 December 2016</b>			
Current Period End Balance	1,341	605	230,033
Specific Provision (-)	134	89	206,400
<b>Net Balance on Balance Sheet</b>	<b>1,207</b>	<b>516</b>	<b>23,633</b>
<b>31 December 2015</b>			
Prior Period End Balance	245	572	25,012
Specific Provision (-)	29	85	18,297
<b>Net Balance on Balance Sheet</b>	<b>216</b>	<b>487</b>	<b>6,715</b>

The foreign currency loans in the table above are stated in TL in the financial statements of the Parent Bank.

j.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)	148,916	202,694	1,420,165
Specific Provision (-)	23,334	88,266	1,102,681
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>125,582</b>	<b>114,428</b>	<b>317,484</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>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	138,909	192,510	901,108
Specific Provision (-)	24,038	88,327	716,982
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>114,871</b>	<b>104,183</b>	<b>184,126</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>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

k) Main principles of liquidating loans under follow-up and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated 1 November 2006 with the amendments No.29918 and dated 14 December 2016; loans and other receivables for which the collection is believed to be impossible are classified as loans under follow-up by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable loans under follow-up can be written off with the decision of the Board of Directors.

m) Other explanations and disclosures:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Standard Loans	36,961,116	12,811,765	2,857,776	108,535	52,739,192
Close Monitoring Loans	2,249,790	675,083	171,642	-	3,096,515
Loans Under Follow-Up	639,285	971,008	161,482	-	1,771,775
<b>Total</b>	<b>39,850,191</b>	<b>14,457,856</b>	<b>3,190,900</b>	<b>108,535</b>	<b>57,607,482</b>
Specific Provision (-)	488,206	619,163	106,912	-	1,214,281
<b>Total</b>	<b>488,206</b>	<b>619,163</b>	<b>106,912</b>	<b>-</b>	<b>1,214,281</b>
<b>Net Loans</b>	<b>39,361,985</b>	<b>13,838,693</b>	<b>3,083,988</b>	<b>108,535</b>	<b>56,393,201</b>

<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	35,303,922	12,516,249	2,685,186	86,269	50,591,626
Past due but not impaired	1,550,857	605,750	147,689	-	2,304,296
Individually impaired	364,590	721,976	145,961	-	1,232,527
<b>Total</b>	<b>37,219,369</b>	<b>13,843,975</b>	<b>2,978,836</b>	<b>86,269</b>	<b>54,128,449</b>
Specific Provision (-)	276,594	458,264	94,489	-	829,347
<b>Total</b>	<b>276,594</b>	<b>458,264</b>	<b>94,489</b>	<b>-</b>	<b>829,347</b>
<b>Net Loans</b>	<b>36,942,775</b>	<b>13,385,711</b>	<b>2,884,347</b>	<b>86,269</b>	<b>53,299,102</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

m) Other explanations and disclosures: (continued)

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	Commercial	Consumer	Credit Cards	Total
1 January 2016	276,594	458,264	94,489	829,347
Change for the period	615,693	353,787	137,711	1,107,191
Recoveries	(104,194)	(73,805)	(29,848)	(207,847)
Amounts written-off (*)	(299,887)	(119,083)	(95,440)	(514,410)
<b>31 December 2016 Balance</b>	<b>488,206</b>	<b>619,163</b>	<b>106,912</b>	<b>1,214,281</b>

	Commercial	Consumer	Credit Cards	Total
1 January 2015	511,933	162,052	129,023	803,008
Change for the period	170,166	512,115	126,866	809,147
Recoveries	(75,725)	(64,987)	(30,727)	(171,439)
Amounts written-off(**)	(239,644)	(150,916)	(130,673)	(521,233)
Foreign Currency Differences	(20,110)	-	-	(20,110)
Due to sale of subsidiary	(70,026)	-	-	(70,026)
<b>31 December 2015 Balance</b>	<b>276,594</b>	<b>458,264</b>	<b>94,489</b>	<b>829,347</b>

(\*) Impaired loans portfolio amounting to TL198,653 for which TL198,126 provision had been allocated is sold to Güven Varlık Yönetim A.Ş. for TL20,499 and after all the sales procedures were completed at 29 June 2016, such impaired loans have been written off from the accounts. Impaired loans portfolio amounting to TL212,589 for which TL211,806 provision had been allocated is sold to Destek Varlık Yönetim A.Ş. for TL23,000 and after all the sales procedures were completed at 31 October 2016, such impaired loans have been written off from the accounts. Also, impaired loans portfolio amounting to TL107,006 for which TL104,478 provision had been allocated is sold to Efes Varlık Yönetim A.Ş. for TL4,250 and after all the sales procedures were completed at 28 December 2016, such impaired loans have been written off from the accounts.

(\*\*) Impaired loans portfolio amounting to TL250,007 for which TL249,854 provision and TL14,225 for which TL14,225 provision had been allocated is sold to TURKASSET Varlık Yönetim A.Ş. respectively for TL29,800 at 26 March 2015 and TL2,850 at 23 June 2015. Also, impaired loans portfolio amounting to TL215,335 for which TL215,331 provision and TL41,823 for which TL41,823 provision had been allocated is sold to Final Varlık Yönetim A.Ş. respectively for TL27,310 at 27 October 2015 and TL7,511 at 29 December 2015. After completion of the necessary procedures and collection of the sale price, such impaired loans have been written off from the accounts.

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2016 is TL569,340 (31 December 2015: TL318,767).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:**

	Current Period	Prior Period
Mortgage	428,577	225,357
Vehicle	112,400	78,774
Cash	495	312
Other	27,868	14,324
<b>Total</b>	<b>569,340</b>	<b>318,767</b>

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined not to be impaired at 31 December 2016 is TL2,172,320 (31 December 2015: TL1,380,151).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

m) Other explanations and disclosures: (continued)

**The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	428,577	225,357
Vehicle	112,400	78,774
Cash	495	312
Other	27,868	14,324
<b>Total</b>	<b>569,340</b>	<b>318,767</b>

As of 31 December 2016, the fair value of collaterals, capped with the respective outstanding loan balance, that the Group holds relating to loans under close monitoring is TL2,172,320 (31 December 2015: TL1,380,151).

**Fair value of collaterals, capped with the respective outstanding loan balance under close monitoring:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	1,954,862	1,205,035
Vehicle	165,517	130,533
Cash, Government Bonds	21,347	24,657
Other	30,594	19,926
<b>Total</b>	<b>2,172,320</b>	<b>1,380,151</b>

As of 31 December 2016 and 31 December 2015, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

<b>31 December 2016</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	86,446	4,769	91,215
Other	39	-	39
<b>Total</b>	<b>86,485</b>	<b>4,769</b>	<b>91,254</b>

<b>31 December 2015</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	66,588	5,247	71,835
Other	39	-	39
<b>Total</b>	<b>66,627</b>	<b>5,247</b>	<b>71,874</b>

**7. Information on held-to-maturity investments:**

a) a.1) Information on financial assets subject to repurchase agreements and those given as collateral/blocked: (None) (31 December 2015: None)

a.2) Held-to-maturity investments subject to repurchase agreements and given as collateral or blocked:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	198,285	-	312,654	-
Other	-	-	-	-
<b>Total</b>	<b>198,285</b>	<b>-</b>	<b>312,654</b>	<b>-</b>

Unrestricted financial assets held-to maturity amounting to TL163,223 (31 December 2015: TL26,763).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**7. Information on held-to-maturity investments: (continued)**

a.3) Information on held to maturity debt securities:

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	361,508	339,417
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>361,508</b>	<b>339,417</b>

a.4) Information on held to maturity investments:

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	361,508	339,417
Quoted on a Stock Exchange	361,508	339,417
Unquoted	-	-
Impairment Provision(-)	-	-
<b>Total</b>	<b>361,508</b>	<b>339,417</b>

b) Movement of investments held-to-maturity:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	339,417	317,360
Foreign Currency Differences on Monetary Assets	-	-
Purchases during the Year (*)	22,091	22,057
Disposals Through Sales and Redemptions	-	-
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>361,508</b>	<b>339,417</b>

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

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

- a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2015: None).
- a.2) Information on the unconsolidated associates: None (31 December 2015: None).
- a.3) Information on the consolidated associates: None (31 December 2015: None).
- a.4) Valuation of consolidated associates: None (31 December 2015: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2015: None).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

	<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	24,158	41,783	5,964
Net income for the period and prior period income	22,545	19,977	4,560
Income/ Loss recognized under equity in accordance with TAS	-	1,123	(159)
Leasehold Improvements on Operational Leases	77	27	-
Goodwill and intangible asset and the related deferred tax liability (-)	1,444	1,051	616
<b>Total Common Equity Tier 1 Capital</b>	<b>75,182</b>	<b>90,599</b>	<b>16,609</b>
General Provision	1,005	-	-
<b>Total Equity</b>	<b>76,187</b>	<b>90,599</b>	<b>16,609</b>

The Parent Bank has no capital requirements arising from its subsidiaries included in the Consolidated Capital Adequacy Standard Ratio.

- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subsection to the reasonable justifications of non-consolidate and minimum capital requirements: None (31 December 2015: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2015: None).
- d) Information on the consolidated subsidiaries:
- d.1) Information on the consolidated subsidiaries:

	<b>Address (City/ Country)</b>	<b>Group’s share percentage-If different voting percentage (%)</b>	<b>Other shareholders’ share percentage (%)</b>	
1	TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100.00	-
3	TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	54.74	45.26

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

	<b>Total Assets</b>	<b>Shareholders’ Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Marketable Securities Portfolio</b>	<b>Current Period Profit / Loss</b>	<b>Prior Period Profit / Loss (*)</b>	<b>Fair Value</b>
1	1,704,802	76,703	1,682	106,668	-	11,507	8,301	-
2	162,740	91,677	3,729	16,311	-	10,212	14,644	-
3	20,339	17,225	698	1,869	156	2,631	2,122	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2015.

- d.2) Information on consolidated subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the Beginning of the Period	146,986	208,643
Movements during the Period	-	(61,657)
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales (*)	-	(61,657)
Revaluation Increase	-	-
Value Increase/(Decrease)	-	-
<b>Balance at the End of the Period</b>	<b>146,986</b>	<b>146,986</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) The Parent Bank has sold the entire 100% of its shares in The Economy Bank N.V. to BNP Paribas Fortis SA/NV amounting to EUR107,769 thousand. The sales revenue has been collected after completion procedures on 11 December 2015.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies / TEB Faktoring A.Ş.	68,691	68,691
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries / TEB Yatırım Menkul Değerler A.Ş. TEB Portföy Yönetimi A.Ş.	72,941 5,354	72,941 5,354
<b>Total</b>	<b>146,986</b>	<b>146,986</b>

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2015: None).

**10. Information on entities under common control (Joint Ventures):**

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

<b>Entities under common control (joint ventures)</b>	<b>Share of the Parent Bank (%)</b>	<b>Share of the Group (%)</b>	<b>Current Asset</b>	<b>Non-current Asset</b>	<b>Long-term Receivable</b>	<b>Profit</b>	<b>Loss</b>
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	22,003	26,970	5,466	100,511	(94,209)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated parent bank’s financial statements.

The Parent 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.

**11. Information on financial lease receivables (Net):** None (31 December 2015: None).

**12. Information on derivative financial assets for hedging purposes:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	195,320	-	58,309	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>195,320</b>	<b>-</b>	<b>58,309</b>	<b>-</b>

According to cash flow hedges terminated by the Parent Bank, as of 31 December 2016 accumulated valuation differences negatively amounted TL1,063 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**13. Information on tangible assets:**

	31 December 2015	Additions	Disposals	Other	31 December 2016
<b>Cost:</b>					
Land and buildings	105,132	-	-	-	105,132
Leased tangible assets	36,754	-	(896)	-	35,858
Other	844,861	55,981	(194,236)	-	706,606
<b>Total Cost</b>	<b>986,747</b>	<b>55,981</b>	<b>(195,132)</b>	-	<b>847,596</b>
		<b>Period</b>			
	<b>31 December 2015</b>	<b>Charge</b>	<b>Disposals</b>	<b>Other</b>	<b>31 December 2016</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	40,866	2,955	-	-	43,821
Leased tangible assets	36,721	25	(896)	-	35,850
Other	623,652	92,840	(193,602)	-	522,890
<b>Total Accumulated Depreciation</b>	<b>701,239</b>	<b>95,820</b>	<b>(194,498)</b>	-	<b>602,561</b>
<b>Net Book Value</b>	<b>285,508</b>				<b>245,035</b>

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

**14. Information on intangible assets:**

	31 December 2015	Additions	Disposals	Other	31 December 2016
<b>Cost:</b>					
Other intangible assets	229,829	74,532	(53,165)	-	251,196
<b>Total Cost</b>	<b>229,829</b>	<b>74,532</b>	<b>(53,165)</b>	-	<b>251,196</b>
		<b>Period</b>			
	<b>31 December 2015</b>	<b>Charge</b>	<b>Disposals</b>	<b>Other</b>	<b>31 December 2016</b>
<b>Accumulated Depreciation:</b>					
Other intangible assets	177,479	42,183	(53,165)	-	166,497
<b>Total Accumulated Depreciation</b>	<b>177,479</b>	<b>42,183</b>	<b>(53,165)</b>	-	<b>166,497</b>
<b>Net Book Value</b>	<b>52,350</b>				<b>84,699</b>

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: None.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**14. Information on intangible assets (continued)**

i) Information on goodwill:

After the publishing 10 February 2011 dated permission of BRSA in official gazette on 12 February 2011, with recording to Istanbul Trade Registration Office by means of the expire of Fortis Bank A.Ş legal entity, by assigning all rights, receivables, payables and obligations to Bank, the merging of Fortis Bank A.Ş. with TEB A.Ş. was occurred. Due to the merging, in exchange for every TL1 amounted dissolved share of Fortis Bank A.Ş. changed with 1.0518 unit nominative TEB shares. Due to that the Bank is not managed by the same person and persons before and after merging, this operation was evaluated in the scope of IFRS 3. In merging operation, Fortis Bank was decided as acquired management, 14 February 2011 dated fair value of shareholders equity subjected to merging was decided as transfer cost and the difference between this decided value and the fair value of acquired net identifiable assets of Fortis Bank A.Ş. was recorded as goodwill.

j) Beginning and ending balance of the goodwill and movements on goodwill in the current period:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning balance	421,124	421,124
Foreign Currency Differences	-	-
Acquired	-	-
<b>End Balance</b>	<b>421,124</b>	<b>421,124</b>

**15. Information on investment property:** None (31 December 2015: None).

**16. Information on held deferred tax asset:**

- a) As of 31 December 2016, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL52,955 (31 December 2015: TL88,723). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax asset:

	<b>Current Period</b>	<b>Prior Period</b>
<b>At January 1</b>	<b>88,723</b>	<b>104,452</b>
Deferred tax benefit / (charge)	(61,989)	30,329
Deferred tax accounted for under equity	26,221	(43,699)
Other	-	(2,359)
<b>Deferred Tax Asset</b>	<b>52,955</b>	<b>88,723</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	Current Period	Prior Period
Beginning of Period Cost	74,768	83,187
Beginning of Period Accumulated Depreciation (-)	2,894	3,721
<b>Net Book Value</b>	<b>71,874</b>	<b>79,466</b>
Opening Balance	71,874	79,466
Acquired	85,942	58,547
Disposed (-)	64,639	64,096
Impairment (-)	110	189
Depreciation Value (-)	1,813	1,854
End of Period Cost	93,224	74,768
End of Period Accumulated Depreciation (-)	1,970	2,894
<b>Closing Net Book Value</b>	<b>91,254</b>	<b>71,874</b>

**18. Information on factoring receivables of Group:**

a) Maturity Analysis:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short term (*)	671,231	1,030,213	574,497	654,302
Medium and Long Term	12,711	-	-	-
Specific provisions (-)	31,473	2,646	18,812	1,664
<b>Total</b>	<b>652,469</b>	<b>1,027,567</b>	<b>555,685</b>	<b>652,638</b>

(\*) Amounting to TL41,048 (31 December 2015: TL32,688) impaired factoring receivable included.

b) Other explanations and disclosures:

Current Period	Commercial	Consumer	Total
Neither past due nor impaired	1,657,614	-	1,657,614
Past due but not impaired	15,493	-	15,493
Individually impaired	41,048	-	41,048
<b>Total</b>	<b>1,714,155</b>	<b>-</b>	<b>1,714,155</b>
Specific Provision (-)	34,119	-	34,119
<b>Total allowance for impairment</b>	<b>34,119</b>	<b>-</b>	<b>34,119</b>
<b>Net credit balance on balance sheet</b>	<b>1,680,036</b>	<b>-</b>	<b>1,680,036</b>

Prior Period	Commercial	Consumer	Total
Neither past due nor impaired	1,172,280	-	1,172,280
Past due but not impaired	23,831	-	23,831
Individually impaired (*)	32,688	-	32,688
<b>Total</b>	<b>1,228,799</b>	<b>-</b>	<b>1,228,799</b>
Specific Provision (-)	20,476	-	20,476
<b>Total allowance for impairment</b>	<b>20,476</b>	<b>-</b>	<b>20,476</b>
<b>Net credit balance on balance sheet</b>	<b>1,208,323</b>	<b>-</b>	<b>1,208,323</b>

(\*) Impaired loans portfolio of TEB Faktoring amounting to TL15,111 and for which TL15,111 provision had been allocated is sold to TURKASSET Varlık A.Ş. for TL100 on 22 October 2015. After completion of the necessary procedures and collection of the sale price, such impaired loans have been written off from the accounts.

**19. Information on other assets:**

Other assets item of the balance sheet is amounted to TL1,169,391 (31 December 2015: TL1,301,856) and it does not exceed 10% of total assets except off-balance commitments.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**II. Explanations and Disclosures Related to the Consolidated 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 and Over</b>	<b>1 Year Accumulated Deposits</b>	<b>Total</b>
Saving Deposits	1,390,344	-	4,133,777	10,625,756	424,145	23,622	22,007	- 16,619,651
Foreign Currency Deposits	3,042,534	-	3,756,356	12,958,068	143,483	89,102	53,008	- 20,042,551
Residents in Turkey	2,819,189	-	3,078,666	12,472,737	132,939	63,668	51,021	- 18,618,220
Residents Abroad	223,345	-	677,690	485,331	10,544	25,434	1,987	- 1,424,331
Public Sector Deposits	118,002	-	1,299	66,522	1,649	67	-	- 187,539
Commercial Deposits	2,765,389	-	1,504,271	4,366,100	153,511	47,684	119	- 8,837,074
Other Institutions Deposits	75,601	-	38,135	1,426,282	797,032	1,023,490	85	- 3,360,625
Precious Metals Deposits	227,625	-	29,771	196,623	17,768	110,974	-	- 582,761
Bank Deposits	4,710	-	176,275	-	-	-	-	- 180,985
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	4	-	-	-	-	-	-	- 4
Foreign Banks	4,706	-	176,275	-	-	-	-	- 180,981
Special Financial Institutions	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>7,624,205</b>	<b>-</b>	<b>9,639,884</b>	<b>29,639,351</b>	<b>1,537,588</b>	<b>1,294,939</b>	<b>75,219</b>	<b>- 49,811,186</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 and Over</b>	<b>1 Year Accumulated Deposits</b>	<b>Total</b>
Saving Deposits	1,205,384	-	3,944,382	9,670,953	674,131	21,286	23,176	- 15,539,312
Foreign Currency Deposits	3,157,354	-	3,266,373	8,374,541	310,398	83,735	117,274	- 15,309,675
Residents in Turkey	3,010,000	-	2,643,523	8,028,524	294,698	39,921	113,090	- 14,129,756
Residents Abroad	147,354	-	622,850	346,017	15,700	43,814	4,184	- 1,179,919
Public Sector Deposits	212,261	-	44,947	57,421	-	26,416	-	- 341,045
Commercial Deposits	2,193,608	-	1,168,393	3,863,724	823,014	1,676	2,558	- 8,052,973
Other Institutions Deposits	53,655	-	67,438	1,514,855	1,861,861	1,076,581	171	- 4,574,561
Precious Metals Deposits	157,062	-	42,899	188,852	10,688	46,008	-	- 445,509
Bank Deposits	1,078	-	105,838	7,641	-	-	-	- 114,557
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	51	-	-	-	-	-	-	- 51
Foreign Banks	1,027	-	105,838	7,641	-	-	-	- 114,506
Special Financial Institutions	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>6,980,402</b>	<b>-</b>	<b>8,640,270</b>	<b>23,677,987</b>	<b>3,680,092</b>	<b>1,255,702</b>	<b>143,179</b>	<b>- 44,377,632</b>

**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>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
Saving Deposits	8,539,755	7,556,838	7,813,976	7,463,940
Foreign Currency Saving Deposits	1,778,326	1,767,595	9,064,676	6,487,853
Other Deposits in the Form of Saving Deposits	127,293	95,688	432,321	313,477
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>10,445,374</b>	<b>9,420,121</b>	<b>17,310,973</b>	<b>14,265,270</b>

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



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

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

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

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	355,546	305,763
Deposits of Controlling Shareholders and Their Close Families	1,725,471	1,055,183
Deposits of Chairman and Members of the Board of Directors and Their Close Families	36,908	34,583
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 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:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	72,915	49,697	56,535	12,817
Swap Transactions	635,462	39,935	355,825	23,597
Futures Transactions	-	-	-	-
Options	79,405	65,200	53,751	16,872
Other	-	-	-	-
<b>Total</b>	<b>787,782</b>	<b>154,832</b>	<b>466,111</b>	<b>53,286</b>

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

**a) Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	270,039	223,203	176,687	160,262
From Foreign Banks, Institutions and Funds	298,164	13,568,095	1,483,192	10,915,152
<b>Total</b>	<b>568,203</b>	<b>13,791,298</b>	<b>1,659,879</b>	<b>11,075,414</b>

As of 30 December 2016 the Group has borrowings from its related parties amounting to TL7,923,988 (31 December 2015: TL6,322,179).

**b) Maturity analysis of borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	568,203	10,513,194	1,597,645	8,358,395
Medium and Long-term	-	3,278,104	62,234	2,717,019
<b>Total</b>	<b>568,203</b>	<b>13,791,298</b>	<b>1,659,879</b>	<b>11,075,414</b>

**c) Additional explanation related to the concentrations of the Parent Bank’s major liabilities:**

The Parent Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2016 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 31 August 2016, and 7 September 2017 maturity amounting to EUR352,000,000 and USD205,000,000.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

c) Additional explanation related to the concentrations of the Parent Bank’s major liabilities: (continued)

The Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

d) Explanations on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	739,302	-	184,110	86,553
Treasury Bills	-	-	-	-
<b>Total</b>	<b>739,302</b>	<b>-</b>	<b>184,110</b>	<b>86,553</b>

**4. Funds provided through repurchase transactions:**

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>1,457,750</b>	<b>-</b>	<b>2,384,787</b>	<b>-</b>
Financial Institutions and Organizations	1,457,750	-	2,384,787	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
<b>Total</b>	<b>1,457,750</b>	<b>-</b>	<b>2,384,787</b>	<b>-</b>

**5. 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 TL846,800 (31 December 2015: TL1,064,458) do not exceed 10% of the total balance sheet.

**6. 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 group:

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 2015: None).

d) Explanations regarding operational leases:

For the period ended 31 December 2016, operational lease expenses amounting to TL217,625 (31 December 2015: TL205,504) 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**7. Negative differences table of derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	284,492	-	158,539	677
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>284,492</b>	<b>-</b>	<b>158,539</b>	<b>677</b>

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences negatively amounted TL1,063 is recorded under equity as of 31 December 2016 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**8. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
Provisions for First Group Loans and Receivables	571,617	562,743
Additional Provision for Loans and Receivables with Extended Maturities	17,116	8,005
Provisions for Second Group Loans and Receivables	77,241	85,364
Additional Provision for Loans and Receivables with Extended Maturities	20,354	16,096
Provisions for Non-Cash Loans	28,099	41,807
Other	7,941	9,184
<b>Total</b>	<b>684,898</b>	<b>699,098</b>

b) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: Foreign exchange losses on the foreign currency indexed loans amounting to TL745 (31 December 2015: TL18,682) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non-cash loans amount to TL48,515 (31 December 2015: TL37,680).

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

As of 31 December 2016, TL16,894 (31 December 2015: TL19,381) unused vacation provision, TL129,181 (31 December 2015: TL102,153) employee termination benefit provision, TL109,125 (31 December 2015: TL93,430) bonus provision are presented under “Reserve for Employee Benefit” in financial statements.

i) Termination Benefits:

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Parent Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually.

	31 December 2016	31 December 2015
Discount Rate (%)	10.00	10.30
Expected Inflation Rate (%)	5.00	5.00
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**8. Information on provisions: (continued)**

Movement of employee termination benefits:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	102,153	101,658
Service cost	12,234	13,524
Interest cost	10,324	8,618
Settlement cost	5,938	3,361
Actuarial loss	11,983	(14,467)
Benefits paid	(13,451)	(10,541)
<b>Total</b>	<b>129,181</b>	<b>102,153</b>

ii) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XV “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Parent Bank 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 2016 and 31 December 2015. 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.

Based on the determined assumptions,

	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>Transferrable Retirement and Health Liabilities:</b>		
Net Present Value of Transferrable Retirement Liabilities	(1,255,328)	(1,146,530)
Net Present Value of Transferrable Retirement and Health Contributions	524,026	505,725
General Administration Expenses	(12,553)	(11,465)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(743,855)	(652,270)
Fair Value of Plan Assets (2)	1,707,479	1,537,369
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	963,624	885,099
Non-Transferable Benefits (4)	(257,435)	(240,435)
Asset Surplus over Total Benefits ((3)-(4))	706,189	644,664

Distribution of total assets of the Retirement Fund as of 31 December 2016 and 31 December 2015 is presented below:

	<b>31 December 2016</b>	<b>31 December 2015</b>
Bank placements	1,608,655	1,424,127
Tangible assets	85,453	79,720
Other	13,371	33,522
<b>Total</b>	<b>1,707,479</b>	<b>1,537,369</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on TAS 19 are as follows:

	<b>31 December 2016</b>	<b>31 December 2015</b>
Discount Rate	10.15%	10.30%
Expected Inflation Rate	5.00%	5.00%

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**8. Information on provisions: (continued)**

ii) Retirement Benefits: (continued)

As of 31 December 2016, medical inflation is expected more than 20% (31 December 2015: 20%). General wage increases and Social Security Institution (the “SSI”) increase of ceiling rate is expected in parallel to inflation rate. In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2015: CSO 2001) Female/Male mortality table is used.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2015: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Potential Loan Risk	-	112,421
Provision for Legal Cases	53,365	42,028
Provision for Unindemnified Non-cash Loans	48,515	37,680
Provision for Promotions of Credit Cards and Banking Services	11,508	11,284
Other (*)	91,299	46,994
<b>Total</b>	<b>204,687</b>	<b>250,407</b>

(\*) As a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 38,465 is notified to the Parent Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for, has been paid in advance on 19 January 2017, by taking advantage of 25% discount in accordance with article 17/6 of the law on Misdemeanors no. 5326 reserving legal objection rights.

**9. Explanations on taxes payable:**

a) Information on tax provision:

As of 31 December 2016, the Parent Bank’s corporate tax provision is TL1,509 (31 December 2015: TL109,955)

As of 31 December 2016, the Parent Bank’s total tax and premium liability is TL143,148 (31 December 2015: TL235,380)

b) Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	1,509	109,955
Taxation on Securities	38,963	42,538
Property Tax	2,304	2,208
Banking Insurance Transaction Tax (BITT)	44,867	44,731
Foreign Exchange Transaction Tax	34	35
Value Added Tax Payable	5,210	3,844
Other (*)	19,776	17,920
<b>Total</b>	<b>112,663</b>	<b>221,231</b>

(\*) Others include income taxes deducted from wages amounting to TL15,863 (31 December 2015: TL14,619) and stamp taxes payable amounting to TL1,350 (31 December 2015: TL1,455).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**9. Explanations on taxes payable: (continued)**

c) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	13,017	5,964
Social Security Premiums-Employer	14,496	6,826
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	1,132	519
Unemployment Insurance-Employer	1,840	840
Other	-	-
<b>Total</b>	<b>30,485</b>	<b>14,149</b>

d) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability of the Group as of 31 December 2016 (31 December 2015: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations:** None (31 December 2015: None).

**11. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The Parent Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. In case of notes which are issued as perpetual are not redeemed until 1 August 2017, IFC has two options as follows: i) converting the notes to common share at an agreed price. ii) revising the interest rate of the perpetual notes as LIBOR + 5.25%.

The Parent Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR75 million as of 4 November 2011 and a bond amounting to EUR100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR100 million is added up with the first issue of EUR75 million and together will be followed as EUR175 million. Since the coupon rate of the issue amounting to EUR100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR100 million issue has been determined as 96.026% (the price determined as the 12 month interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR852,527.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR96,878,527.78 is transferred to the bank accounts. Debt instruments issued by BNP Paribas, have been amended in 2015 to comply with article 8/2 which includes clauses such as write-down or conversion to common shares. After the approval of the BRSA, debt instruments have complied with the regulation without changing their issue dates.

The Parent Bank, during its Board of Directors’ meeting dated 8 May 2012 has resolved to issue a debt instrument as Secondary Subordinated debt instrument with a value of USD65 million on 14 May 2012. The semiannually interest rate of the issuance is determined as USD Libor + 5.75%. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA).

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of EUR100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annually EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA. After the approval of the BRSA, debt instruments have been complied with article 8/2(ğ) of “Regulation on Equity of Banks” without changing their issue dates.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**11. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)**

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of EUR125 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annually EURIBOR + 2.1%. There is no option to repay within the first five years. The debt instrument can be amortized on 27 June 2018 with the resolution of the BoD and upon the approval of the BRSA. After the approval of the BRSA, debt instruments have been complied with article 8/2(ğ) of “Regulation on Equity of Banks” without changing their issue dates.

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of USD65 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annually EURIBOR + 3.40%. There is no option to repay within the first five years. The debt instrument can be amortized on 28 June 2018 with the resolution of the BoD and upon the approval of the BRSA. Since the product has lost the ability to become a subordinated instrument in line with the regulation issued by the BRSA effective from 31 March 2016, the Parent Bank has possessed the right to amortize this instrument before its maturity, but the Parent Bank has decided not to use its right as of today.

The above mentioned six subordinated loans are utilized in-line with the “loan capital” definition of BRSA) and will positively effect the capital adequacy ratio of the Parent Bank as well as utilizing long term fundings.

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,482,374	-	1,266,082
From Other Foreign Institutions	-	817,511	-	673,954
<b>Total</b>	-	<b>2,299,885</b>	-	<b>1,940,036</b>

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

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**12. Information on Shareholders’ Equity: (continued)**

- f) Indicators of the Parent Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank’s equity:

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 Parent 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.

- g) Information on preferred shares: None

- h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(56,870)	(819)	(67,787)	59,523
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(56,870)</b>	<b>(819)</b>	<b>(67,787)</b>	<b>59,523</b>

- 13. Information on minority interest:** As of 31 December 2016, part of the group equity that belongs to minority shares is TL7,797 (31 December 2015: TL7,444).

- 14. Information on factoring liabilities:** As of 31 December 2016 group has factoring debt of TL17,688 (31 December 2015: TL15,356).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

a) Nature and amount of irrevocable loan commitments:

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Credit Card Expenditure Limits	4,648,912	4,580,727
Loan Granting Commitments	4,234,093	4,306,849
Payment Commitment for Checks	2,309,458	2,260,921
Asset Purchase and Sale Commitments	1,610,400	1,567,255
Deposit Purchase and Sale Commitments	896,710	-
Tax and Fund Liabilities from Export Commitments	15,615	26,185
Commitments for Promotions Related with Credit Cards and Banking Activities	3,962	4,538
Other Irrevocable Commitments	455,491	588,751
<b>Total</b>	<b>14,174,641</b>	<b>13,335,226</b>

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

The Group, 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>	<b>Prior Period</b>
Letters of Credit	1,720,120	1,406,746
Bank Acceptances	40,100	48,830
Other Commitments	3,620,599	2,642,207
Other Contingencies	515,750	533,908
<b>Total</b>	<b>5,896,569</b>	<b>4,631,691</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	7,651,713	6,356,356
Temporary Guarantee Letters	1,101,983	767,473
Advance Guarantee Letters	1,057,523	1,135,218
Guarantee Letters Given for Customs	402,896	338,178
Other Guarantee Letters	1,411,296	1,269,905
<b>Total</b>	<b>11,625,411</b>	<b>9,867,130</b>

c) c.1) Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against achieving cash loans	680,742	495,181
With maturity of one year or less than one year	137,571	56,260
With maturity of more than one year	543,171	438,921
Other non-cash loans	16,841,238	14,003,640
<b>Total</b>	<b>17,521,980</b>	<b>14,498,821</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**1. Information on off-balance sheet liabilities: (continued)**

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	36,787	0.49	62,504	0.62	43,419	0.69	26,421	0.32
Farming and raising livestock	27,651	0.37	62,504	0.62	31,754	0.51	25,506	0.31
Forestry, Wood and Paper	-	-	-	-	4,657	0.07	915	0.01
Fishery	9,136	0.12	-	-	7,008	0.11	-	-
Manufacturing	1,623,520	21.83	4,330,264	42.96	2,169,528	34.57	4,255,439	51.75
Mining and Quarry	216,439	2.91	183,290	1.82	168,332	2.68	374,984	4.56
Production	1,284,651	17.27	3,996,142	39.64	1,934,948	30.83	3,775,204	45.91
Electricity, Gas and Water	122,430	1.65	150,832	1.50	66,248	1.06	105,251	1.28
Construction	1,828,011	24.57	1,357,438	13.47	1,378,245	21.96	1,208,602	14.70
Services	3,909,244	52.54	4,262,030	42.28	2,684,391	42.78	1,969,185	23.94
Wholesale and Retail Trade	2,260,910	30.39	2,205,466	21.88	1,163,448	18.54	382,521	4.65
Hotel, Tourism, Food and Beverage Services	98,282	1.32	46,231	0.46	57,600	0.92	43,515	0.53
Transportation and Communication	644,758	8.67	521,400	5.17	572,586	9.12	361,783	4.40
Financial Institutions	433,876	5.83	272,245	2.70	247,836	3.95	213,289	2.59
Real Estate and Renting	325,155	4.37	979,870	9.72	281,633	4.49	680,199	8.27
Self-employment Services	83,410	1.12	229,031	2.27	170,097	2.71	168,566	2.05
Education Services	3,295	0.04	1,605	0.02	7,367	0.12	30	-
Health and Social Services	59,558	0.80	6,182	0.06	183,824	2.93	119,282	1.45
Other	43,193	0.57	68,989	0.67	-	-	763,591	9.29
<b>Total</b>	<b>7,440,755</b>	<b>100.00</b>	<b>10,081,225</b>	<b>100.00</b>	<b>6,275,583</b>	<b>100.00</b>	<b>8,223,238</b>	<b>100.00</b>

c.3) Information on Ist and IInd Group non-cash loans:

Non-cash loans	Ist Group		IInd Group	
	TL	FC	TL	FC
Letters of guarantee	5,883,759	5,616,174	97,230	28,248
Bank acceptances	-	40,100	-	-
Letters of credit	-	1,720,120	-	-
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,458,398	2,676,583	1,368	-
<b>Total</b>	<b>7,342,157</b>	<b>10,052,977</b>	<b>98,598</b>	<b>28,248</b>

The Group provided a reserve of TL86,870 (31 December 2015: TL63,229) for non-cash loans not indemnified yet amounting to TL48,515 (31 December 2015: TL37,680) and reflected that in financial statements.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**2. Information related to derivative financial instruments:**

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	93,060,769	61,044,006	-	-
Forward transactions	10,787,209	9,743,982	-	-
Swap transactions	61,555,927	38,107,002	-	-
Futures transactions	-	-	-	-
Option transactions	20,717,633	13,193,022	-	-
Interest related derivative transactions (II):	3,626,826	4,740,964	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	3,626,826	4,740,964	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	11,560	1,815	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>96,699,155</b>	<b>65,786,785</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	14,413,286	14,258,638
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	14,413,286	14,258,638
<b>Total Derivative Transactions (A+B)</b>	<b>96,699,155</b>	<b>65,786,785</b>	<b>14,413,286</b>	<b>14,258,638</b>

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value by the Parent Bank.

i) Derivative instruments for fair value hedging purposes:

In 2015, The Parent Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2015, net fair value of derivative instruments used for hedging purposes is TL1,913 (31 December 2016: None). The Parent Bank accounts TL50,301 expense (31 December 2016: None) for derivative instruments used for hedging purposes and TL4,164 expense (31 December 2016: None) from hedged item loans in the financial statements.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**2. Information related to derivative financial instruments: (continued)**

ii) Derivative instruments for cash flow hedge purposes:

The Parent Bank has applied cash flow accounting by matching its swap portfolio (Total notional amount TL14,413,286) with 1-90 days of maturity deposit portfolio and selected borrowing portfolio. Effective portion of TL38,136 (31 December 2015: TL101,180 credit) debit accounted for under equity is presented after deducting its deferred tax effect of TL7,627 (31 December 2015: TL20,236 debit) credit in the financial statements. In 2016, the ineffective portion of TL4,528 expense (31 December 2015: TL877 expense) is accounted for under income statement.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	1,752,615	180,415	53,156	1,560,678	19,354	2,082
Interest Rate Swaps	12,660,671	14,905	231,336	12,697,960	38,955	157,134
	<b>14,413,286</b>	<b>195,320</b>	<b>284,492</b>	<b>14,258,638</b>	<b>58,309</b>	<b>159,216</b>

**3. Credit derivatives and risk exposures on credit derivatives: None.**

**4. Explanations on contingent liabilities and assets**

- a) a.1) The Group's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2016, there are no contingent assets that need to be explained (31 December 2015: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Parent Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Parent Bank by Tax Supreme Court. In this context, the Parent Bank acquired the right to deduct accumulated losses amounting to TL364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Parent Bank between the years 2003 and 2006.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

**4. Explanations on contingent liabilities and assets: (continued)**

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL15,510 and levied a fine of TL16,131 to the Parent Bank based on the declaration as of 20 April 2004. In that respect, the Parent Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Parent Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K: 2007/4747 ruled that the defendant’s claim on the Management’s double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office’s resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State’s overruling and conducted the litigation in favor of the Parent Bank upon its resolution no: K:2010/2377, TL48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Parent Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Parent Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Parent Bank has increased the tax base by TL2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 “Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements”.

In the decision concluded within the scope of file number 2010/9089 of the 4th Chamber of the Council of State, K.2013/5291, communicated on 31 July 2013, accepted the appeal request with justifications and stated, “it has concluded that the balance sheet loss will be deducted as an expense from the revenue when determining the corporate profit but will not be carried forward for more than five years, thus there is nothing contrary to law in the Tax Court’s decision; the TL48,557,000.00 commercial balance sheet loss was reached by deducting TL203,049,000,000.00 in BRSA adjustments in the same year from the TL154,492,000.00 commercial profit; and since BRSA adjustments are also considered in the same sheet in total profits and additions, taking a commercial balance sheet loss for the same year into consideration in the total of other rebates and exemptions does not result in any duplication”. It has also been decided that the İstanbul 1st Tax Court’s judgement number E.2010/661, K.2010/2377 will be reversed and the loss will not be subject to a duplicate rebate. The defendant authority’s request for a revision of the decision was rejected. Upon the 4th Chamber of the Council of State’s decision to reject the request for a revision of the decision, the examination of file number 2015/1202 E. continues on site at the İstanbul 1<sup>st</sup> Tax Court. Upon the 4th Chamber of the Council of State’s decision rejecting the request for a revision of the decision, the İstanbul 1st Tax Court complied with the Council of State’s decision, decreed it accepted the decision, and cancelled the tax assessment with the following justification in its 7 March 2016 decision No. 2015/1202 E., 2016/583 K.: since the plaintiff bank bears the above-mentioned losses and there is no legal constraint requiring discounting a part of such losses in the estimated tax return declared in the 2003/IV period, there is no legal grounds for deducting the loss subject to discount from the declaration of the period by stating that no loss exists within the scope of Article 14 of the Corporate Tax Law and imposing a penalty on behalf of the plaintiff bank. Our contracted attorneys were notified of the decree on 16 May 2016. The defendant administration appealed the decision before the Council of State which is still examining the file.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

**4. Explanations on contingent liabilities and assets: (continued)**

The inspection of the Competition Board that was conducted to determine whether active 12 banks in Turkey are in agreement and concerted practice in loan and credit card services sector and thus violated Article 4 of the Law on Protection of Competition, No. 4054 was completed on March 8, 2013. As a result of inspection, it has been agreed by a majority to impose an administrative fine of TL10,669 to the Parent Bank on the condition that the decision can be appealed against before Ankara Administrative Court. The penalty paid as TL8,002 on 22 July 2013 as three fourths of the main penalty as per Article 17 of the Misdemeanors Law, No. 5326, was paid on 16 August 2013. The Parent Bank filed the annulment action over the file No.2014/7E Ankara 2<sup>nd</sup> Administrative Court against the decision about the administrative fines imposed by Competition Board at Ankara Administrative Court on 19 September 2013 and the case has been dismissed. Upon dismissal of the case, it has been filed an appeal in time and the Supreme Court decided to uphold the decision. It has been applied for the correction of the decision.

As a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 38,465 is notified to the Parent Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for, has been paid in advance on 19 January 2017, by taking advantage of 25% discount in accordance with article 17/6 of the law on Misdemeanors no. 5326 reserving legal objection rights.

**5. Custodian and intermediary services:**

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

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2016 the total nominal value and number of certificates are TL8,254,360 and TL8,254,360 thousand (31 December 2015: TL9,864,449 and TL9,864,957) and the total fair value is TL1,850,454 (31 December 2015: TL1,532,293).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

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

**6. The information on the Bank’s rating by the international rating introductions (\*):**

The results of the ratings performed by Moody’s Investor Services and Fitch Ratings are shown below:

**Moody’s Investor Services: September 2016**

<b>View</b>	Stable
<b>Revised Loan Valuation</b>	ba1
<b>Foreign Currency Deposits</b>	Ba2

**Fitch Ratings: February 2017**

<b>Foreign Currency Commitments</b>	
Long term	BBB-
Short term	F3
View	Stable
<b>Turkish Lira Commitments</b>	
Long term	BBB-
Short term	F3
View	Stable
National	AAA (tur)
View	Stable
<b>Individual Rating</b>	bb+
<b>Support Points</b>	2

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**1. Explanations on Interest Income**

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest income on loans (*)</b>				
Short term loans	2,930,514	158,457	2,863,838	141,075
Medium and long term loans	3,273,967	240,479	2,493,823	196,017
Interest on loans under follow-up	41,019	-	37,436	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>6,245,500</b>	<b>398,936</b>	<b>5,395,097</b>	<b>337,092</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL135,997 (31 December 2015: TL131,385).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	2,044	-	-
Domestic banks	21,110	665	32,736	395
Foreign banks	3,826	4,202	3,766	1,775
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>24,936</b>	<b>6,911</b>	<b>36,502</b>	<b>2,170</b>

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets held for Trading	45,050	1,262	21,492	608
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	392,599	750	339,611	520
Investments Held-to-Maturity	28,855	-	27,748	-
<b>Total</b>	<b>466,504</b>	<b>2,012</b>	<b>388,851</b>	<b>1,128</b>

d) Information on interest income on associates and subsidiaries:

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

**2. Explanations on Interest Expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	12,767	3,060	21,233	3,572
Foreign banks	76,669	221,185	113,350	185,879
Branches and head office abroad	-	-	-	-
<b>Other financial institutions</b>				
	-	14,781	-	14,896
<b>Total</b>	<b>89,436</b>	<b>239,026</b>	<b>134,583</b>	<b>204,347</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL10,207 (31 December 2015: TL7,599).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

b) Information on interest expense on associates and subsidiaries:

Interest expenses to associates and subsidiaries are eliminated in the consolidated financial statements.

c) Information on interest expense on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	37,705	54	41,321	1,751
<b>Total</b>	<b>37,705</b>	<b>54</b>	<b>41,321</b>	<b>1,751</b>

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Current Period:</b>								
<b>TL</b>								
Bank Deposits	-	13,852	29	-	-	-	-	13,881
Saving Deposits	-	390,747	1,268,051	62,373	2,408	1,753	-	1,725,332
Public Sector Deposits	-	1,320	12,933	38	1,478	-	-	15,769
Commercial Deposits	-	124,350	599,388	64,575	3,511	55	-	791,879
Other Deposits	-	3,249	199,472	107,539	83,759	12	-	394,031
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>533,518</b>	<b>2,079,873</b>	<b>234,525</b>	<b>91,156</b>	<b>1,820</b>	<b>-</b>	<b>2,940,892</b>
<b>FC</b>								
Foreign Currency Deposits	72	47,087	218,900	2,599	2,747	2,191	-	273,596
Bank Deposits	-	16	30	-	-	-	-	46
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	383	3,366	573	2,002	-	-	6,324
<b>Total</b>	<b>72</b>	<b>47,486</b>	<b>222,296</b>	<b>3,172</b>	<b>4,749</b>	<b>2,191</b>	<b>-</b>	<b>279,966</b>
<b>Grand Total</b>	<b>72</b>	<b>581,004</b>	<b>2,302,169</b>	<b>237,697</b>	<b>95,905</b>	<b>4,011</b>	<b>-</b>	<b>3,220,858</b>
<b>Prior Period:</b>								
<b>TL</b>								
Bank Deposits	-	9,147	23	-	69	82	-	9,321
Saving Deposits	-	412,578	838,755	38,833	1,928	2,661	-	1,294,755
Public Sector Deposits	-	3,986	8,048	648	349	-	-	13,031
Commercial Deposits	-	110,134	482,506	52,654	182	311	-	645,787
Other Deposits	-	2,708	241,595	94,069	91,668	8	-	430,048
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>538,553</b>	<b>1,570,927</b>	<b>186,204</b>	<b>94,196</b>	<b>3,062</b>	<b>-</b>	<b>2,392,942</b>
<b>FC</b>								
Foreign Currency Deposits	-	37,168	184,210	4,690	1,688	3,884	-	231,640
Bank Deposits	-	414	1,576	-	-	-	-	1,990
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	658	3,302	441	455	-	-	4,856
<b>Total</b>	<b>-</b>	<b>38,240</b>	<b>189,088</b>	<b>5,131</b>	<b>2,143</b>	<b>3,884</b>	<b>-</b>	<b>238,486</b>
<b>Grand Total</b>	<b>-</b>	<b>576,793</b>	<b>1,760,015</b>	<b>191,335</b>	<b>96,339</b>	<b>6,946</b>	<b>-</b>	<b>2,631,428</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**3. Information on dividend income:**

	<b>Current Period</b>	<b>Prior Period</b>
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	798	1,112
Other	-	-
<b>Total</b>	<b>798</b>	<b>1,112</b>

**4. Information on trading income / loss (Net):**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>16,027,387</b>	<b>19,022,214</b>
Gains on capital market operations	57,157	49,594
Gains on derivative financial instruments (*)	6,145,142	6,309,986
Foreign exchange gains (**)	9,825,088	12,662,634
<b>Losses (-)</b>	<b>16,410,467</b>	<b>19,576,416</b>
Losses on capital market operations	54,080	47,470
Loss on derivative financial instruments (*)	5,744,857	5,537,350
Foreign exchange losses (**)	10,611,530	13,991,596

(\*) As of 31 December 2016, foreign exchange gain on hedging transactions is TL174,058 (31 December 2015: TL76,196 net profit).

(\*\*) Foreign exchange gains on derivative financial transactions are TL488,303 (31 December 2015: TL199,345)

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

Other operating income of the Group consists of reversals of specific provisions which are booked in earlier periods amount to TL210,204 (31 December 2015: TL148,520) and amounting to TL47,064 (31 December 2015: TL67,383) from selling impaired loans portfolio and all the transaction cost collected from the clients and disposal of assets. Additionally, Visa EU has been transferred to VISA Inc. that operates in the same business, the income generated from this transaction consisting of TL61,198 cash consideration, TL20,213 share consideration for 6,790 Series C Visa Inc. preferred shares and TL5,969 deferred cash consideration that will be paid in three years, is recognized under the other operating income.

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific provisions for loans and other receivables	1,072,530	762,491
III. Group Loans and Receivables	225,574	157,548
IV. Group Loans and Receivables	261,361	226,374
V. Group Loans and Receivables	585,595	378,569
General provision expenses	34,358	99,021
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	15,051	85,949
<b>Total</b>	<b>1,121,939</b>	<b>947,461</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses	1,011,798	935,688
Reserve for employee termination benefits	15,045	14,962
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	95,820	93,965
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	42,183	32,781
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	110	189
Depreciation expenses of assets to be disposed	1,813	1,854
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	840,412	790,734
Rent expenses	217,625	205,504
Maintenance expenses	21,649	22,267
Advertisement expenses	91,613	79,466
Other expenses	509,525	483,497
Loss on sales of assets	3,828	1,649
Other(*)	400,335	331,734
<b>Total</b>	<b>2,411,344</b>	<b>2,203,556</b>

(\*) Included TL64,790 (31 December 2015: TL58,352) in other premiums paid to the Saving Deposit Insurance Fund, TL91,729 (31 December 2015: TL92,178) is other taxes and duties paid.

**8. Information on the profit / (loss) before tax on continued and discontinued operations**

- a) Profit before tax of continued operations consists of net interest income amounting to TL3,506,833 (31 December 2015: TL3,138,851) and net fee and commission income amounting to TL1,027,735 (31 December 2015: TL1,069,156) while operational expenses are TL2,411,344 (31 December 2015: TL2,203,556).
- b) Information of the profit/(loss) on discontinued operations:

The Parent Bank has sold the entire 100% of its shares in The Economy Bank N.V. to BNP Paribas Fortis S.A./N.V. amounting to EUR107,769 thousand. The sales revenue is collected after completion of procedures on 11 December 2015. The Economy Bank N.V. is consolidated until 31 December 2015 and consolidated sales revenue arising from those transactions amounting to TL127,510 and is presented under "Income from discontinued operations" in financial statements.

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

- a) As of 31 December 2016, continuing operations' current tax charge is TL183,999 (31 December 2015: TL213,116) and deferred tax charge is TL61,989 (31 December 2015: TL27,145 deferred tax benefit). As of 31 December 2016, there is no current tax charge/benefit from discontinued operations, (31 December 2015: TL15,537 tax charge), and there is no deferred tax charge/benefit from discontinued operations. (31 December 2015 TL3,184 deferred tax benefit).
- b) As of 31 December 2016, deferred tax charge on temporary differences resulted from continuing operations is TL61,989 (31 December 2015: TL27,145 deferred tax benefit). As of 31 December 2015, deferred tax benefit on temporary differences resulted from discontinued operations is TL3,184 (31 December 2016: None).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit from Continued and Discontinued Operations before Taxes</b>	<b>1,191,244</b>	<b>925,364</b>
<b>Additions</b>	<b>47,246</b>	<b>126,279</b>
Nonallowable	61,892	38,887
General Loan Loss Provision	(14,646)	87,792
Effect of Different Tax Rate	-	(400)
<b>Deductions</b>	<b>(8,052)</b>	<b>(37,668)</b>
Dividend Income	(580)	(1,025)
Other	(7,472)	(36,643)
<b>Taxable Profit / (Loss)</b>	<b>1,230,438</b>	<b>1,013,975</b>
Corporate Tax Rate	20%	20%
<b>Tax Calculated</b>	<b>246,088</b>	<b>202,795</b>
<b>Effect of the correction of prior period’s corporate tax</b>	<b>(100)</b>	<b>(4,471)</b>
<b>Tax charge from continued and discontinued operations</b>	<b>245,988</b>	<b>198,324</b>

d) As of 31 December 2016, current net tax charge recognized in the financial statements is TL245,988. (31 December 2015: TL198,324).

**10. Information on net profit/(loss) from continued and discontinued operations:**

The Group’s net profit from continued operations for the year ended 31 December 2016 is TL945,246 (31 December 2015: TL619,284). As of 31 December 2015, the Group has made net profit amounting to TL107,756 from discontinued operations (31 December 2016: None).

**11. 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 Parent Bank’s performance for the period: None (31 December 2015: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2015: None).
- Profit or loss attributable to minority interest:

	Current Period	Prior Period
Profit or loss attributable to minority interest(*)	1,191	960

(\*) The loss belongs to minority interest accounted for under the equity is TL22 (31 December 2015: TL58 loss).

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

**12. 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	Prior Period
<b>Other interest income</b>		
Interest income on factoring receivables	106,353	108,128
Other	3,817	2,635
<b>Total</b>	<b>110,170</b>	<b>110,763</b>

	Current Period	Prior Period
<b>Other fees and commissions received</b>		
Credit cards commissions and fees	571,229	623,544
Insurance commissions received	117,832	131,070
Intelligence fee and commissions	68,422	86,816
Brokerage commissions	49,547	52,367
Settlement expense provision, eft, swift, agency commissions	33,626	37,426
Funds management fees	32,738	32,043
Transfer commissions	13,778	28,831
Commissions and fees earned from correspondent banks	2,929	3,146
Other	350,536	345,557
<b>Total</b>	<b>1,240,637</b>	<b>1,340,800</b>

<b>Other fees and commissions given</b>		
Credit cards commissions and fees	235,912	279,059
Commissions and fees paid to correspondent banks	32,602	31,849
Settlement expense provision, eft, swift, agency commissions	16,744	24,930
Other	76,279	61,179
<b>Total</b>	<b>361,537</b>	<b>397,017</b>

**V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity**

- a) Shareholders' equity increased TL62,118 after resulting from revaluation of financial assets available for sale (31 December 2015: TL20,236) and deferred tax effect of this change is TL12,686 (31 December 2015: TL3,980).

Gain or loss arising from measurement of financial assets available for sale included in shareholders' equity in the current period, excluding those related to hedging: TL33,315 income (31 December 2015: TL44,415).

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available for sale (excluding the assets related to hedging): TL95,425 net income (31 December 2015: TL24,128 expense).

- b) Increase in cash flow risk hedging items:

The Parent Bank hedges itself against cash flow risk from Turkish Lira short term time deposits and selected borrowings through its interest rate and currency swaps. In this context, the effective portion is accounted for under equity in “Hedging Funds” account. The related amount in the year 2016 is TL63,044 increase (31 December 2015: TL176,327 increase) and deferred tax effect of this change is TL12,610 (31 December 2015: TL35,265).

- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

---

**V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity (continued)**

- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TL46,592 in 2016 (31 December 2015: TL33,934).
- h) Information on shares issued:

The Group has not recorded any shares issued in “Share Premium” account in the current period.

**VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:**

“Other items” amounting to TL3,314,183 (31 December 2015: TL4,033,008) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TL1,017,388 (31 December 2015: TL401,900) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL735,279 (31 December 2015: TL582,221) consists of changes in sundry debtors and other assets.

“Other items” amounting to TL74,532 (31 December 2015: TL29,431) in “Net cash provided from investing activities” consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the monthly foreign exchange rates at the beginning and at the end of the period, and it is TL601,388 for the year 2016 (31 December 2015: TL313,450).

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows (continued)**

**2. Cash and cash equivalents at beginning and end of periods:**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>2,597,683</b>	<b>1,994,318</b>
Cash in TL/Foreign Currency	771,523	766,644
Central Bank – Unrestricted amount	1,766,219	1,193,759
Other	59,941	33,915
<b>Cash equivalents</b>	<b>1,283,735</b>	<b>1,444,904</b>
Banks	1,283,529	894,866
Money market placements	206	550,038
<b>Total cash and cash equivalents</b>	<b>3,881,418</b>	<b>3,439,222</b>
<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,831,532</b>	<b>2,597,683</b>
Cash in TL/Foreign Currency	814,304	771,523
Central Bank – Unrestricted amount	2,933,540	1,766,219
Other	83,688	59,941
<b>Cash equivalents</b>	<b>3,589,068</b>	<b>1,283,735</b>
Banks	1,588,931	1,283,529
Money market placements	2,000,137	206
<b>Total cash and cash equivalents</b>	<b>7,420,600</b>	<b>3,881,418</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

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

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

Prior period balances are presented as of 31 December 2015 for balance sheet and income/expense items.

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	-	-	20,568	300,290	31,734	62,162
Balance at End of Period	-	-	246,624	188,104	104,421	124,716
Interest and Commission Income	-	-	2,365	12	1,408	217

Direct and indirect shareholders of the Bank balance above includes TL246,624 and other entities included in the risk group balance above includes TL102,305 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	-	-	73,403	175,919	14,491	97,137
Balance at End of Period	-	-	20,568	300,290	31,734	62,162
Interest and Commission Income	-	-	5,275	232	1,401	155

Direct and indirect shareholders of the Bank balance above includes TL19,313 and other entities included in the risk group balance above includes TL22,510 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	-	-	1,274,893	1,034,039	284,029	1,190,517
Balance at End of Period	-	-	1,355,438	1,274,893	1,095,132	284,029
Interest on Deposits	-	-	54,734	33,895	40,609	18,082

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	-	-	10,144,450	9,759,043	408,011	255,599
End of Period	-	-	25,275,220	10,144,450	247,304	408,011
Total Profit/Loss	-	-	153,947	76,184	382	4,152
Hedging Transactions Purposes						
Beginning of Period	-	-	1,022,920	642,633	-	-
End of Period	-	-	3,032,500	1,022,920	-	-
Total Profit/Loss	-	-	5,151	(6,615)	-	-

d) As of 31 December 2016, the total amount of remuneration and fees provided for the senior management of the Group is TL36,470 (31 December 2015: TL39,295).



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

**TÜRK EKONOMİ BANKASI A.Ş.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2016**

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

**VIII. Explanations on the Parent Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches**

**1. Explanations on the Parent Bank’s domestic branches, agencies and branches abroad and off-shore branches:**

	Numbers	Employees			
Domestic branches	511	9,578			
Rep-offices abroad	-	-		Country	
Branches abroad	4	62	Cyprus	Total Assets	Capital
Off-shore branches	-	-	-	757,360	20,000
				-	-

**2. Explanations on Branch and Agency Openings or Closings of the Bank:**

In the year 2016, the Parent Bank opened 8 branches, closed 25 branches.

**IX. Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date**

None.

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Explanations on Other Activities of the Parent Bank**

None.

**SECTION SEVEN**

**INDEPENDENT AUDITOR’S REPORT**

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

The consolidated financial statements of the Group were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 7 February 2017 is presented preceding the consolidated financial statements.

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

None.

.....

