



**TEB**

# 2017 Annual Report



## CONTENTS

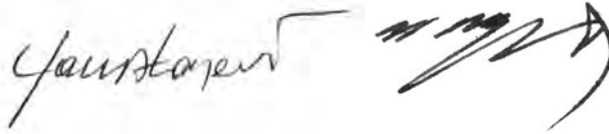
SECTION 1 - PRESENTATION.....	1
AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 26 MARCH 2018.....	1
STATEMENT OF RESPONSIBILITY FOR ANNUAL REPORT 2017 OF TÜRK EKONOMİ BANKASI A.Ş.....	2
GENERAL INFORMATION.....	3
SHAREHOLDING STRUCTURE OF TEB .....	4
AMENDMENTS TO THE ARTICLES OF ASSOCIATION.....	4
MATERIAL EVENTS THAT TOOK PLACE AFTER THE END OF THE OPERATING YEAR .....	4
TEB: PAST AND PRESENT .....	5
MESSAGE FROM THE CHAIRMAN .....	6
CEO ASSESSMENT .....	9
AN OVERVIEW OF THE ECONOMY AND THE SECTOR IN 2017 .....	12
TÜRK EKONOMİ BANK'S PERFORMANCE IN 2017 .....	13
IN GENERAL .....	13
TEB'S POSITION IN THE SECTOR .....	13
AWARDS .....	14
CORPORATE BANKING GROUP .....	15
SME BANKING GROUP .....	20
PUBLIC SECTOR BANKING .....	23
RETAIL AND PRIVATE BANKING GROUP.....	31
ASSET AND LIABILITY MANAGEMENT AND TREASURY GROUP .....	41
CORPORATE INVESTMENT BANKING GROUP .....	43
TEB SECURITIES SERVICES .....	44
NEW PRODUCTS AND SERVICES .....	46
TEB FINANCIAL SERVICES GROUP .....	48
SECTION 2 - INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES.....	53
HEAD OFFICE ORGANIZATION CHART .....	53
BOARD OF DIRECTORS .....	54
EXECUTIVE MANAGEMENT.....	61
COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş .....	68
INFORMATION ON TRANSACTIONS CONDUCTED WITH RELATED PARTIES .....	72
ACTIVITIES FOR WHICH SUPPORT SERVICES ARE RECEIVED AND SUPPLIERS .....	73
PERFORMANCE BONUSES AND SALES PREMIUMS .....	82
FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES .....	83
REMARKS ON INDEPENDENT AND PUBLIC AUDITS .....	84
INFORMATION ABOUT LAWSUITS FILED AGAINST THE BANK THAT MAY POTENTIALLY AFFECT THE COMPANY'S FINANCIAL POSITION AND OPERATIONS AND ABOUT THEIR POSSIBLE OUTCOMES .....	84
ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND THE BOARD OF DIRECTORS MEMBERS ON ACCOUNT OF BREACH OF LEGISLATION .....	84
CHANGES IN EQUITY STAKE HELD IN SUBSIDIARIES.....	84
INFORMATION ABOUT DEALINGS WITH THE CONTROLLING COMPANY .....	84
TEB HUMAN RESOURCES GROUP .....	85
SUMMARY OF BOARD DIRECTORS' REPORT PRESENTED TO THE GENERAL ASSEMBLY.....	95
PROFIT DISTRIBUTION PROPOSAL .....	96
SECTION 3 - ASSESSMENT OF FINANCIAL POSITION AND RISK MANAGEMENT.....	97
THE AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ACTIVITIES DURING THE REPORTING PERIOD .....	97
EVALUATION OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY .....	99
RISK MANAGEMENT POLICIES ACCORDING TO VARIOUS TYPES OF RISKS.....	100
CREDIT RATINGS ASSIGNED BY RATING AGENCIES AND INFORMATION ON THEIR CONTENTS.....	103
DONATIONS .....	104
FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD .....	111
BRANCHES.....	112
CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH .....	143
SECTION 4 - UNCONSOLIDATED FINANCIAL STATEMENTS.....	147
PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017 .....	147
SECTION 5 - CONSOLIDATED FINANCIAL STATEMENTS.....	281
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017 .....	281

## SECTION 1 - PRESENTATION

### AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 26 MARCH 2018

- 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 2017,
- 4- Reading, discussion and approval of the 2017 financial statements,
- 5- Release of the Board Members from their transactions in 2017,
- 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 2018,
- 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. Passing resolution on approval of the appointment of the members made pursuant to Article 363 of the Turkish Commercial Code in lieu of the members who resigned from the Board of Directors,
- 11- Authorize the Board of Directors for a period of fifteen months in order to issue capital market instruments having the nature of a debt instrument,
- 12- Passing resolution on granting authorization to the members of the Board of Directors to carry out the commercial transactions set forth in Articles 395 - 396 of the Turkish Commercial Code.

### TÜRK EKONOMİ BANKASI A.Ş.



**Yavuz CANEVİ**

**Dr. Akın AKBAYGİL**

Chairman of the Board of Directors

Deputy Chairman of the Board of Directors

**STATEMENT OF RESPONSIBILITY FOR ANNUAL REPORT 2017 OF TÜRK EKONOMİ BANKASI A.Ş.**

We have reviewed the annual report of Türk Ekonomi Bank A.Ş. prepared for the period 01.01.2017 - 31.12.2017 in accordance with the Capital Markets Board of Turkey Communiqué (no. II-14.1) on Principles of Financial Reporting in Capital Markets and the Regulation on Principles and Procedures Concerning the Preparation and Publishing of Annual Report by Banks published by the Banking Regulation and Supervision Agency (BRSA), and we hereby represent that, within the frame of our duty and responsibility at the Bank and to the best of our knowledge, the year-end Annual Report:

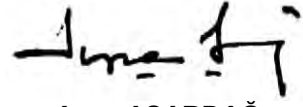
- Does not contain any misrepresentations about material events, nor does it omit any information which might be misleading as of the date of the relevant writing,
- Presents a true and fair view of the progress and performance of the business, and the Bank's financial condition, as well as major risks and volatilities facing the Bank.



**Yavuz CANEVİ**  
Chairman of the Board of Directors



**Jacques Roger Jean Marie RININO**  
Member of the Board of Directors and Chairman of the Audit Committee



**Ayşe AŞARDAĞ**  
Member of the Board of Directors and Deputy Chairman of the Audit Committee



**Ümit LEBLEBİCİ**  
General Manager



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



**Gökhan KAZCILAR**  
Director  
Responsible of Financial Reporting



## GENERAL INFORMATION

<b>Reporting Period:</b>	01.01.2017-31.12.2017
<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>	0876004342000105

## SHAREHOLDING STRUCTURE OF TEB

### THE DISTRIBUTION OF THE BANK'S TL 2,204,390,000 PAID-IN CAPITAL AS OF 31 DECEMBER 2017

Shareholder's Name/Title	Within TL 2,204,390,000.00 Capital;	
	Amount	Share
TEB HOLDİNG A.Ş.	1,212,414,500.002	55.0000%
BNPP YATIRIMLAR HOLDİNG A.Ş.	518,342,498.520	23.5141%
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467,879,148.835	21.2249%
BNP PARIBAS SA	5,253,352.000	0.2383%
KOCAELİ TİCARET ODASI (KOCAELİ CHAMBER OF COMMERCE)	500,500.643	0.0227%
<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 2017.

### 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	%55.0000
BNPP YATIRIMLAR HOLDİNG A.Ş.	518,342,498.520	%23.5141
BNP PARIBAS FORTIS YATIRIMLAR HOLDİNG A.Ş.	467,879,148.835	%21.2249

(\*) The table names the direct shareholders.

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.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There were no amendments to the articles of association in the reporting period.

## MATERIAL EVENTS THAT TOOK PLACE AFTER THE END OF THE OPERATING YEAR

On 26-27-28 February 2018, the Bank offered to the public 110-day maturity commercial papers with a nominal value of TL 100 million through book-building. In case of oversubscription, total amount of the public offering may be increased to a nominal amount of TL 150 million.

The Bank carried out the issuance of the 118-day maturity bond coded TRFTEBK61817 ISIN with a nominal value of TL 72,879,757 on 9 February 2018.

## 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-2017. 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.

Having celebrated its 90<sup>th</sup> year in business in 2017, TEB once again endorsed its support to the economy by working in line with its vision of being a ‘Good Bank’.

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 2017 TEB was at the service of 5.4 million customers with,

- 9,464 employees,
- 504 branches,
- 1,743 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’ strength and its presence in 74 countries, TEB gives its customers access to BNP Paribas’ 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.

## MESSAGE FROM THE CHAIRMAN

Esteemed shareholders,

**Although political events in various parts of the world affected the global markets from time to time, global growth acquired a sweeping nature in 2017 after a long while.**

Before presenting our annual report and financial results that sum up TEB's performance in 2017, I would like to discuss the highlights of the year for the world, our country and our sector, and to present an overview of the progress achieved by our Bank.

**2017 has presented a variable global agenda.**

In President Trump's first year in office, the US economy ended the year with a strong performance, whereas Europe had its hands full with general elections held in different countries. While the elections in Germany, Austria and the Netherlands indicated at the ascent of the right wing, Brexit remained on Europe's agenda as another important item. The referendum result in favor of independence in the autonomous region of Catalonia in Spain, on the other hand, ignited yet another questioning of the EU's future.

The additional highlights of the agenda included the political issues spreading in the Arabian Peninsula, as well as the internal war and other tensions in our neighboring Middle East. Another event that busied the world public opinion throughout the year and even kindled fear at times has been the North Korea's ballistic missile tests and political lashes in this respect.

**The performance of the world economy has inspired increased hope for the future.**

As opposed to recent years, the world economy in 2017 registered a growth performance that surpassed the forecasts. The IMF revised its global growth estimations upwards in 2017.

While the US economy that grew by 2.6% in the fourth quarter of 2017 is estimated to have closed the year with a growth rate of 2.3%, growth is projected to persist and be registered in the order of 2.7% in 2018.

The indicators for the Eurozone are also positive. The performance criteria suggesting

continued recovery in the area nurture the hopes for the future. The Eurozone recorded the strongest performance of the past decade and grew by 2.5%.

**The far-reaching global growth attained is the outcome of the determined policies pursued by major central banks.**

Monetary policies pursued by the major central banks have made up one of the most pronounced topics of the 10-year period that passed since the 2008 global crisis.

As we leave behind 2017, it is evident that supportive policies have played the lead role in reviving global and regional economic activity. The US Federal Reserve (the Fed), the European Central Bank (ECB) and Bank of Japan (BoJ) have all introduced monetary policies seeking to relieve the economy and revive activity, although at different times.

The Fed carried out three rate hikes in 2017, in line with its forecasts, and initiated scaling down its balance sheet. In the process, the labor market closed in on full employment, whereas 2% target remained elusive on the inflation front.

In its meeting on 14 December 2017, the ECB did not make any changes to its monetary policy, and kept the deposit facility rate constant. In his post-meeting statement, however, ECB President Draghi underlined that risks were balanced with respect to growth outlook in the Eurozone and hinted at the presence of potential upside surprises. Draghi also stated that despite the weak inflation outlook, the deflation risk is now eliminated for Europe.

**The capital movements in global markets will set the course of the coming period.**

The outlook and countries' growth performances of the coming period will develop as a function of the appetite and capital movements in global capital markets. The direction and volume of capital flows will be telling for the performances of developing economies including Turkey.

It must be kept in mind that the policies of central banks, which are the lead actors of the global economy, affect developing economies through various outlets including direct

investments, portfolio investments and debt instruments.

In our opinion, central banks in most of the developed countries will keep taking normalization steps in 2018. On the other hand, interest rates are predicted to remain at low levels. All these possibilities combined imply continued interest of investors in developing economies.

### **The Turkish economy recorded a strong growth in 2017.**

In 2017, the Turkish economy registered a strong growth owing both to the authority's incentives targeted at propping economic activity and to the low base year effect.

While the budget deficit enlarged in parallel with the increased public sector support to the economy, the ratio of the budget deficit to national income could be kept low with the help of the strong economic growth achieved.

It is critical to withdraw supportive measures and maintain the fiscal discipline in the medium-long term for securing sustainable development and establishing long-lived extensive welfare once the economy settles on stable growth path.

The sustainability of growth will likely be the most important topic of the coming year with respect to the Turkish economy. Continuation of healthy and balanced growth will be crucial also for improving the labor market conditions and for ensuring increased welfare.

While the national economy is anticipated to keep up with its growth performance in 2018, the growth rate will possibly lose some pace as compared with 2017.

### **The key defeat of 2017 was experienced on the anti-inflation front.**

Having adopted double-digit numbers from the start of 2017, the CPI hit its highest in November. The CPI closed the year at 11.92% with the effect of the rise in food and energy prices in particular.

Inflation closed a calendar year in two-digit figures for the first time since 2011, representing the negative reflection of rapid economic growth.

### **Rapid credit growth in the banking sector**

The credit volume of the overall Turkish banking sector expanded by 21% on an annual basis, driven by the Credit Guarantee Fund (KGF) support. In keeping with the powerful rise in loans, the overall sector's total assets also went up by 19.3% to reach TL 3,257 billion as at year-end.

Deposits continued to serve as the main funding source of the banking sector also in 2017. On the other hand, the market players kept diversifying their funding sources throughout the year with securities issues and syndicated loans.

15.5% at the end of 2016, the banking sector's capital adequacy ratio was 16.9% at the end of 2017 despite the downgraded rating in January. Net profit available to the overall sector as at year-end 2017 was up by a powerful 30.9% year-on-year to TL 49.1 billion.

Achieving growth while observing asset quality will continue to make up the priority target for the Turkish banking sector in the year ahead, as it has been in recent years.

### **In 2017, TEB proudly celebrated its 90<sup>th</sup> anniversary.**

Our Bank was incorporated under the name Kocaeli Halk Bankası on 6 June 1927 with the efforts of 83 tradesmen and local business owners. Having set the successful example of regional banking in Turkey in its early years, our Bank sustained its healthy development and growth over the years, and reached its 90<sup>th</sup> year under the TEB brand, being one of the most prestigious members of the sector.

A member of BNP Paribas Group, Europe's biggest bank and the third biggest in the world, TEB is the union of two big powers, one national and the other global. TEB is not just a power growing in Turkey; it is a brand name that leads change in the world with its innovative ideals that make a big impact across the world.

### **Our Bank ended 2017 with a successful performance.**

Distinguished in the market with its best practices, its strong muscle of internalizing innovation, high value-added products and services delivered to customers, TEB exhibited a successful performance also in 2017. Our Bank achieved 8% growth in 2017 and its total

assets and total lending reached TL 85.8 billion and TL 63.3 billion, respectively.

Our loans accounted for 74% of our total assets, while our non-performing loan ratio of 3.02% stands as a tangible result of our strong lending policies and elaborate risk approach.

One other performance data I would like to share with you is from our subsidiaries, all of which ended 2017 with successful performances. Throughout the year, our subsidiaries enriched the product and service range we offer to TEB customers, improved cross- and complementary-service sales, and reinforced our strength in added value generation in their respective lines of business.

**TEB makes a difference also on the social responsibility axis.**

Our Bank generates far-reaching positive impact for the community through the comprehensive social responsibility initiatives it carries out. Strongly supporting the entire entrepreneurship universe with a special focus on the SMEs and women entrepreneurs, TEB also conducts widespread projects that are taken as models with respect to furthering financial literacy and raising increased awareness across the society.

It is my heartfelt belief that TEB will reach broader audiences as years go by, producing and giving back at even higher extents within the scope of its social mission. I would like to take this opportunity to thank all the non-governmental organizations and our social stakeholders with whom we collaborate.

**Our future focus**

TEB stands for trust and consistency in the eyes of its clients, and serves as the safe haven and sustainable supporter of the business world under any market condition.

TEB similarly boasts an enormous power also in the international arena. With its prestigious identity, the Bank represents the Turkish banking sector successfully on all platforms, and provides an exemplary international performance for our sector.

TEB will continue to rise upon this solid foundation and to work, produce and give back in keeping with the huge responsibility it shoulders in the future, as it has done in the past 90 years. So too in the future as it did in the past, we will firstly focus on enhancing the value proposition we offer to our clients, while we target to build on our prestige and at the final analysis, to constantly improve our shareholder value.

On behalf of our Board of Directors and myself, I would like to express my gratitude to all our stakeholders, in general, and to our clients and employees, in particular.

Yours sincerely,



**Yavuz Canevi**

Chairman of the Board



## CEO ASSESSMENT

**Distinguished shareholders, customers, business partners and colleagues,**

2017 has been a successful year for the banking sector and for TEB. The cooperation established by the public sector, private sector and regulatory agencies that succeeded in taking action in unison and harmony following the tough year of 2016 contributed to the beyond-projected growth rate attained by Turkey in 2017. As TEB, we vigorously continued to contribute to the growth of the national economy, backed in the toil by the self-confidence of having reached our targeted growth figures and the experience and sense of responsibility stemming from having completed our 90<sup>th</sup> year in business.

At TEB, we consider an economy erected on innovation and added value as the future of our country. Drawing on our banking concept that delivers solutions to future needs and on our know-how and experience of 90 years, we carry on extending increasing versatile support that will carry our employees, business partners, customers and society into the future.

In 2017, we kept focusing on productivity and continued to work to produce even more value for all our stakeholders. Along our journey that we set out based on our “Consultant Bank” concept, we have launched a number of projects emanating from our commitment to responsibility in a broad spectrum of areas ranging from innovation to sports, financial literacy to entrepreneurship, SMEs to women entrepreneurs and angel investors. Firmly believing that innovation is the only way to get ahead in the competition, we maintained our focus on innovation and entrepreneurship, placing special emphasis on SME, Retail, Corporate, Startup Business and Women Banking segments.

**We extended continued and increased support to the economy also in 2017**

Our Bank's total assets reached TL 85.8 billion, up by 8%, as at 31 December 2017. The Bank booked TL 1,068.8 million in net profit. Loans, the most important indicator of our support to the economy and our customers, accounted for 74% of our total assets in 2017. We have allocated nearly half of our lending that amounted to TL 63.3 billion to SMEs, the engine of the Turkish economy.

Giving priority to risk management and asset quality as always, TEB's NPL ratio was 3.02% in the reporting period. In the same period, our total deposits grew by 12% and reached TL 55.6 billion. Our shareholders' equity increased by 16% to TL 9 billion, while our Bank's capital adequacy ratio was registered as 16.12%, significantly above the target ratio of 12%.

**We have renewed the syndicated loan at 103%**

In September 2017, we have signed a syndicated loan agreement for EUR 385 million and USD 85 million with a 367-day maturity and for USD 75 million with a 2 year and 30-day maturity. Compared with the amount of the facility secured in the previous year, we attained a renewal rate of 103%; in a similar vein, a tranche with a term of 2 years and 1 month was added so as to confirm the trust held in our Bank by the investors. The syndicated loan we obtained once again attested to Turkey's key economic indicators, the banking sector's robust structure, and TEB's successful performance.

**We are shaping the banking model of the future with “TEB Practical Branch”**

As we employed the advancing technology in our operational processes, we kept upgrading our banking business models and service channels based on our customer-focused approach. In 2017, we have initiated a brand new era in the Bank's ATMs all over Turkey with TEB Practical Branch that is in pilot phase, which is our new branch concept that combines digital and physical branches. With TEB Practical Branch, where we integrate the human factor in the digital, we are enabling the performance of various transactions that oblige a wet signature such as obtaining a housing loan, as well as transactions requiring a physical exchange such as money withdrawal, depositing and credit card delivery. Eliminating hard copy documents and incorporating digital authorization of all documentation by the device, TEB Practical Branch will also serve to contribute to operational efficiency.

Relying fully on domestic production without incorporation of any software or hardware from abroad, and developed by our in-house IT and operations departments and engineering staff working in the R&D department, TEB Practical Branch offers the full range of banking services. With the pilot runs ongoing in Denizli

and İstanbul, we are intending to expand TEB Practical Branch all over Turkey, which we believe is going to be the banking model of the future.

### **We have guided the transformation of our SMEs in the Industry 4.0 process**

As TEB, we recognize that SMEs are the drivers of our economy; we have been supporting the SMEs for more than a decade with TEB SME Banking. Along the line, we kept standing by our SMEs with our further diversified support extended to them in 2017. Based on the fact that it is not sufficient to focus merely on their financial needs, we have developed new services in line with their needs in an effort to help them keep pace with the evolving world and to build on their managerial skills. We concentrated on helping our SMEs grow and get ahead in the competition.

Aiming to help SMEs to be able to compete globally and to adapt to "Industry 4.0" process, we began visiting the SMEs in all the cities and organizing "TEB SME Academy Industry 4.0 Gatherings" under the TEB SME Academy roof. In these training programs that we launched in order to navigate our SMEs through their technological transformation in the Industry 4.0 process, we will carry on with our efforts targeted at letting them endure in the global competitive environment.

### **We have reached three thousand business owners via TEB Women Academy**

We carried on with our efforts aimed at increasing women labor participation in the economy through Women Banking organized as an individual business line at a bank, a first in Turkey. Through the TEB Women Academy, we continued to organize special training programs to eliminate the hardships women face in business life. With TEB Women Academy, we succeeded in reaching three thousand women bosses in 25 training activities we held in 17 cities specifically for women business owners.

Under TEB Women Banking, which we launched with the goal of involving women in the economy rather as producers than consumers, we have introduced the Growth Academy in 2017, which is a group coaching service. Comprised of three different modules, the training program let the women business owners not only dwell on the most problematic topics they had to deal with while they run their businesses, but they also had the chance to

meet many women business owners engaged in different sectors and to exchange ideas.

### **We take part in every department of the entrepreneurial ecosystem**

Under the Startup Business Banking that we have been operating for five years based on our "Consultant Bank" concept whereby we are aiming to contribute to the entrepreneurial ecosystem in our country, we kept winning added-value projects for the national economy. We continue to expand the TEB Start-Up House concept, which we set up in Ataşehir, İstanbul to offer free-of-charge training, consultancy and mentoring services across Anatolia in cooperation with TİM (Turkish Exporters Assembly) with the aim of connecting with entrepreneurs all around the country and putting their innovative business ideas into use that will be beneficial for the economy. During 2017, we increased the number of TİM-TEB Start-Up Houses to 10 with the new ones established in İstanbul, İzmir, Denizli, Gaziantep, Trabzon, Mersin, Bursa, Konya, Edirne and Erzurum.

Including 236 companies to which we have offered consultancy to date, the total number of entrepreneurs we have supported reached 572. With 315 training programs we organized under 23 different headings in 17 cities in total, we reached 10 thousand entrepreneurs-to-be and active entrepreneurs. With the Wake Up programs we launched in universities, we taught the "design thinking" notion to more than one thousand university students, and let them put their own business ideas into life.

### **We connected with our children who are the future entrepreneurs with the "TEB Little Makers at Work" project**

During 2017, we opened the doors of our TİM-TEB Start-Up Houses to our children, turning them into maker workshops. We introduced our children, who we believe will be the big entrepreneurs of tomorrow, with the maker movement that combines technology with the 'do-it-yourself' culture. With the aim of making sure that the children in Anatolia have access to equal opportunities with those in big cities through the "TEB Little Makers at Work" project, we gave maker training to students at our TİM-TEB Start-Up Houses located in nine different cities, namely, İstanbul, İzmir, Denizli, Gaziantep, Trabzon, Mersin, Bursa, Konya and Edirne. At the end of the project, we had managed to reach and open new horizons for



more than 500 3<sup>rd</sup> and 4<sup>th</sup> graders in 72 schools.

### **We kept supporting Turkish fintechs with TEB Fintech Future Four**

Under the TEB Fintech Future Four Program, which we launched in 2016 based on our prediction that banks would take on an active role together with fintechs in the future financial services sector, 8 projects qualified in the final presentation upon evaluation of all entries, and product development was initiated in relevant departments at the Bank. In the new term of the program, we will be partner with a global name and keep collecting applications from startups with innovative fintech ideas.

### **We continued to work to be a financially literate society**

In 2017, we continued our efforts to raise a financially literate generation, to leverage and propagate the habit of saving up in our country based on our “Responsible Banking” approach. Under the TEB Family Academy we initiated in 2012 in order to help increase the “savings ratios”, a critical topic in Turkey as elsewhere in the world, the number of individuals who were given training by our voluntary trainers reached 250 thousand in five years. Within the scope of cooperation with UNICEF, we reached 11 million children in the 6-14 age interval through art classes and contributed to raising a financially literate generation. We are planning to give training to over 6 million participants and students via the projects we are co-conducting with Directorate General of Lifelong Learning, and Directorate General of Vocational and Technical Education under the Ministry of Environment. By 2019, we are aiming to make 20 million individuals, in other words 25% of Turkey, financially literate.

### **We kept investing in tennis, which we see as an investment in our country**

We have been investing in the tennis sport for seven years, making use of the know-how and experience of our strategic partner BNP

Paribas. In 2017, we carried on with our activities aimed at consolidating the perception “TEB is tennis” and to further upgrade our country’s brand equity. Through our TEB tennis investments, we are aiming to contribute to raise world-class tennis stars from among our youngsters, to sponsor global tennis organizations by giving our name, and to help our country get a larger share from the sports economy. In this context, we have authored events that put tennis on our national agenda also in 2017. Within the scope of the TEB BNP Paribas Tennis Stars Series event attended by thousands of tennis fans, the Russian tennis player Maria Sharapova and national title-holder tennis player Çağla Büyükakçay competed in a match.

### **We will continue with our efforts based on our responsibility we feel towards our country also in 2018**

Being one of the oldest and key players of the national banking history owing to our know-how and experience, we do not regard the banking business merely as collecting deposits and disbursing loans; always keeping our responsibility towards our customers, employees, shareholders and society in mind, we will continue with all our might to bring our country and companies to a position capable of competing with others on a global scale, and to contribute to increasing the welfare of our society and our people in the years ahead, as we have always done in the past 90 years.

Yours sincerely,



**Ümit Leblebici**

CEO

## AN OVERVIEW OF THE ECONOMY AND THE SECTOR IN 2017

**Although global growth acquired an evident momentum in 2017, inflation sustained a low course.**

According to IMF estimations, worldwide GDP growth will be registered as 3.7% in 2017, up by 0.5 points year-on-year, before rising to 3.9% in 2018. Growth in developing countries, on the other hand, is projected to reach its highest point since 2013 and arrive at 4.9% in 2018. Nonetheless, average inflation in developed countries is anticipated to remain low at 1.9% in the year ahead, despite showing a limited rise of 0.4 points over 2017.

**In the event the inflation remains low, central banks of developed countries are expected to sustain their monetary support.**

Although central banks of developed countries tend to reduce the monetary support in the period ahead, their steps in this direction will be very slow, so long as inflation follows a low course. Although the Fed is anticipated to scale back its balance sheet by USD 450 billion and to carry out three rate hikes in 2018, European and Japanese Central Banks will sustain their monetary support. To this backdrop, a possible acceleration tendency in inflation will pose the primary risk for developing countries.

**The GDP growth that noticeably gathered speed during 2017 will likely be unable to recapture the same momentum in the year ahead.**

In 2017, the growth rate of GDP picked up from 3.2% in 2016 to around 7% owing to fiscal incentives the Credit Guarantee Fund (in Turkish: KGF) support. The KGF support was accountable for 1.5-2 points of the said rise. In

the year ahead, KGF and fiscal support facilities are anticipated to continue but not at the same level. Along the line, growth rate is predicted to remain at 4%, slightly below the Medium Term Program target of 5.5%.

**In view of the developments in exchange rate and recovery in demand, inflation will most likely float high.**

During 2017, the fast increase in growth and demand conditions put an upward pressure on inflation. In addition, the uptrend in exchange rates stemming from overseas markets has also been telling on the rise in inflation. Having taken on double digits for the most part of 2017 and closed the year in the order of 11.92%, the CPI is projected to inch down to 9% only toward the end of 2018, after adopting double-digit figures for most of the year. The CBRT applied a measured increase in interest rates following the increased inflationist pressures in the last period, and upped the late liquidity rate to 12.75%.

**The ratio of current deficit to national product increased by nearly 1.5 points.**

In 2017, the ratio of current deficit to national product increased by nearly 1.5 points as compared with the previous year and exceeded 5% owing to the rising growth trend. On the financing side, portfolio inflows and reserve utilization got increased share in the current deficit financing in the first half of the year, and long-term borrowings showed an increase, even if it was limited. In the event that there is a moderate deceleration in growth trend in the year ahead, risks in relation to external deficit is anticipated to take on a more controlled course.

**Turkish Banking Sector Key Indicators**

	December 2016	December 2017
Assets	TL 2.73 trillion	TL 3.26 trillion
Loans	TL 1.78 trillion	TL 2.15 trillion
Marketable Securities	TL 352 billion	TL 402 billion
Deposits	TL 1.55 trillion	TL 1.80 trillion

## TÜRK EKONOMİ BANK'S PERFORMANCE IN 2017

## IN GENERAL

Presented below is a summary of TEB's shares of the banking industry's basic indicators as of 31 December 2016 and 31 December 2017 together with information about changes in those shares.

Looking at the highlights of the Bank's performance in 2017 as compared with that of 2016 we see that:

- Total assets increased by 8%.
- Shareholders' equity reached TL 9,019 million.
- Total deposits accounted for a 65% share of the Bank's balance-sheet bottom line.
- The loan book grew by 12%, with total lendings corresponding to 74% of total assets.
- The Bank had a 3.02% NPL ratio reflecting its sound lending policies and prudent risk management approach.
- Having lent out 114% worth of its deposits, the Bank had a capital adequacy ratio of 16.12% and a 13.4% rate of return on equity.

## TEB'S POSITION IN THE SECTOR

(million TL)	31.12.2017		
	TEB	Sector	TEB's Share (%)
Total Assets	85,758	3,257,819	2.63
Total Loans	63,291	2,154,280	2.94
Total Deposits	55,577	1,804,766	3.08
Number of Branches	504	11,585	4.35
Number of Personnel	9,464	208,280	4.54

Source: Sectoral figures taken from BRSA's December 2017 monthly bulletin

## AWARDS

TEB's activities were recognized and rewarded in Turkey and abroad also in 2017.

DEPARTMENT	CATEGORY	AWARD
<b>RETAIL BANKING</b>		
2017 Communitas Awards	Leadership in Community Service and Corporate Social Responsibility	Leadership category
2018 Communitas Awards	Corporate Social Responsibility/New Category	Corporate Social Responsibility
PR Daily's Corporate Social Responsibility Award	Social Impact	Honorable Mention
<b>DIGITAL BANKING</b>		
EFMA & SAP SME AppsBank Awards	TEB-CEPTETEB Best Mobile Banking Application	Best
Financial Innovation Awards	CEPTETEB-Best Payment Innovation	Best
WebAward (CEPTETEB website)	CEPTETEB 2017 Bank Standard of Excellence, Financial Services Standard of Excellence	Standard of Excellence
WebAward (TEB Private Digital Museum Website)	Best Toy & Hobby Website	Best
<b>CALL CENTER</b>		
Contact Center World	Best Use of Technology	Gold Medal (1 <sup>st</sup> place)
Contact Center World	Best Contact Center	Bronze Medal (3 <sup>rd</sup> place)
Contact Center World	Best Customer Service	Bronze Medal (3 <sup>rd</sup> place)
<b>CORPORATE BANKING</b>		
Stevie International Business Awards 2017	Customs Duty Payment with SMS	
Best Business Awards	Virtual Account	
BNP Paribas IFS	Fast Pay	
<b>SME BANKING</b>		
2016/2017 European Business Awards	Customer-Focus (with Women Banking)	Ruban d'Honneur (Ribbon of Honor)
2017 Global Banking Alliance for Women	Highest Engagement (with Women Banking)	Highest Engagement
<b>HUMAN RESOURCES</b>		
Top Employer Turkey 2017	TEB has been registered as the "Top Employer" in Europe and in Turkey for 5 consecutive years.	
Top Employer Europe 2017	TEB has been registered as the "Top Employer" in Europe and in Turkey for 5 consecutive years.	
IRB Innovation Talent Award	TEB Atelier Transdisciplinary Innovation Platform	
Great Place To Work	The only bank that made it to the list of top employers	
<b>BRAND &amp; COMMUNICATION</b>		
Communicator Awards	Award of Distinction: Digital Hopscotch	
Communicator Awards	Award of Distinction: We Are Tennis Fan Academy Turkey	
Crystal Apple 2017	Radio Category/Crystal Apple (First Prize)-with "Global Junior Account"	
Crystal Apple 2017	Film, TV and Cinema-Bank Insurance and Financial Services Category/Crystal Apple (First Prize)-"What Happens if you are/are not a CepteTEB user"	

## CORPORATE BANKING GROUP

Backed by the synergy created by the global network of its shareholder BNP Paribas, TEB Corporate Banking offers high value-added products and services to large-scale domestic and international companies, conglomerates and holding companies with an annual turnover of TL 50 million and above.

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

- trade finance,
- Working capital and investment loans,
- Cash management and risk management products,
- Standard and derivative treasury products,
- Corporate investment banking products,
- Commodity finance &
- Project finance.

### Long-term customer relationship management approach

TEB has 15 corporate branches in total, 7 of which are in İstanbul. The Bank tailors its privileged and high-quality services in line with its long-term customer relationship approach, and delivers them through its foreign trade centers staffed with experienced specialists and an organization specifically designed for multinational companies.

In 2017, TEB further consolidated its effectiveness in Corporate Banking, and fulfilled its customers' diverse needs amid a constantly changing and highly competitive environment of financial markets and succeeded in maximizing customer satisfaction.

In the future, TEB plans to continue its activities for new product and service solutions in keeping with its goal of being "the first bank that comes to mind of customers" in the corporate banking business line.

## GLOBAL TRADE SOLUTIONS AND FINANCIAL INSTITUTIONS RELATIONS WITH BANKS

### Specialized operational solutions in trade finance

Drawing on the support provided by the global service network of BNP Paribas, TEB has reached the position of a distinctive and specialized bank.

Among the world's top three banks in foreign trade finance, BNP Paribas ranks first in Europe. BNP Paribas' operations in 74 countries and Trade Centers active at more than 100 locations in over 60 countries sharpen TEB's competitive edge in trade finance business, and gives the Bank the capability to provide specialized operational solutions such as foreign trade legal framework consultancy and preparation of letter of credit documentation.

Maintaining correspondent relationships with more than 1,200 banks located all over the world, TEB constantly seeks to expand this network in line with its customers' needs. In addition to its strong correspondent network, TEB also enjoys the possibility to offer its customers competitive prices and maturities in foreign trade transactions using the network of BNP Paribas covering 74 countries.

### Low-cost money transfer services

Through its correspondent network, TEB facilitates money transfer for its customers that require transferring money in local currencies of different countries owing to their investments in such countries.

Facilitating cross-border money transfer in 135 different currencies to more than 180 countries, TEB offers same-day value-date solutions that are also very cost-effective for customers who need to transfer euros or US dollars domestically.

### Syndicated loan renewed at 103%

TEB has renewed its syndicated loan with a renewal rate of 103%, which attests once again to the investors' faith in the robustness of key economic indicators and banking sector in Turkey, as well as to the trust held in the Bank on the markets.

Syndicated loan agreement was signed on 7 September 2017, which was participated by 25 international banks. The loan consists of a portion of EUR 385 million and USD 85 million with a maturity of 367 days, and a second portion of USD 75 million with a maturity of 2 years and 30 days.

The interest cost of the syndicated loan portion with a maturity of 367 days is Euribor+0.85% and Libor+0.95%, respectively. To be allocated for financing of foreign trade transactions, all-in cost of the loan with a term of 2 years and 30 days is Libor+1.90%.

### **TEB Trade Centers**

Located in İstanbul, Bursa, İzmir, Ankara and Adana, which together account for approximately 70% of Turkey's total foreign trade, TEB Trade Center network providing foreign trade finance and foreign trade consultancy products and services is the first of its kind in the Turkish banking industry.

Currently operating out of five locations, TEB Trade Centers are places where foreign trade finance models can be exactly tailored according to customer's needs thanks to TEB's and BNP Paribas' trade finance expertise and extensive correspondent networks.

### **Differentiating products in export finance**

One of Turkey's pioneering and competent banks in trade finance, TEB's strong position in export finance is verified by sectoral data. Retail loans excluded, loans used to finance exports comprise 12% of Bank's performing loans portfolio.

TEB has 5.7% market share in export loans, which puts the Bank in the 6<sup>th</sup> place. In terms of transactions, TEB mediated 9.3% of counter-guarantees provided to Turkey from outside and 5.1% 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.

TEB is adept in producing financing solutions for export commodities such as grain, edible oils, synthetic lubricants, plastic raw materials,

chemicals, fruit concentrates and mineral ores such as iron, copper and chromium. TEB customers' financing needs in both domestic and international markets in this area can be precisely addressed at every stage from initial procurement to final collection.

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. In July 2017, the necessary infrastructure for borrowing against electronic product certificate (ELUS) has been finalized, and customers' demands for financing began to be fulfilled.

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 via open account and the share of letter of credit had fallen below 12%. This method, which is called BPO, is designed to facilitate trade via open account and to combine the speed of open account payment method with the security of letter of credit.

Keeping a close watch on this process and 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 16<sup>th</sup> bank in



the world to do so and the 5<sup>th</sup> in Europe, the Middle East and Africa.

Also, BPO transactions that include funding for the importer have been carried out for the first time in the world by TEB.

Having attained a significant rise in the number of customers regularly using BPO in 2017, TEB will continue to keep its customers supplied with the most up-to-date trade finance and risk management products and services in the future as well.

## CASH MANAGEMENT

Offering high-quality and innovative products and services facilitating corporate customers' payments and collections, TEB has been awarded in a number of international competitions thanks to its constant improvements in innovative products in cash management.

TEB was again granted for the fourth time in 2017, 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 world's top international consultancies: KPMG, Deloitte Consulting and Ernst & Young Advisory.

Additionally, TEB also developed a service where customers can pay the customs duty via SMS and presented this service to its customers in 2017. The product claimed the bronze award in the "Best New Product or Service of the Year" category at the Stevie Awards 2017.

### Significant advantages and conveniences in cash management for multinationals

In partnership with BNP Paribas, TEB develops cash management implementations for its global customers requiring a single global solution for their operations that may be scattered all around the world. In 2017, customers were supplied 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 deliver products and services that are fully integrated into BNP Paribas'

global cash management system to its multinational customers.

### TEB Multinationals Desk

As the first bank in Turkey to set up a Multinationals Desk back in 2006, TEB provides multinationals as well as Turkish firms with international operations with significant advantages and convenience in keeping with BNP Paribas' "One Bank for Corporates" slogan, calling upon the resources of its own extensive network of domestic branches in Turkey as well as those of BNP Paribas' 188 thousand employees, over 23 million customers, more than 7 thousand branches and 99 trade centers all located in 74 countries.

TEB delivers the service quality and standard that global partners of multinationals receive from BNP Paribas at the maximum extent allowed by the local regulatory framework.

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 do.

### Cross-selling and business development activities through powerful synergy

Providing its customers with innovative and creative products and services based on a customer-focused approach, TEB carried on with customized product delivery for Corporate Banking in keeping with its culture summed up as "create value for the group" also in 2017, as it did in previous years. Within this scope, the Bank took advantage of the competitive strength of TEB Group's domestic subsidiaries and of BNP Paribas as it did in previous years.

Within the frame of its culture to create value through cross selling, TEB offers the following primarily to its customers who need investment banking products and services, by taking advantage of strong international network and product line 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.

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, which celebrated its 10<sup>th</sup> year in the sector in 2017 and provides fleet rental services to one million vehicles worldwide,
- BNP Paribas Leasing Solutions provides financial solutions to Corporate Banking customers for their investment in equipment and real estate,
- TEB Faktoring, which celebrated its 20<sup>th</sup> year in business in 2017, was ranked 1<sup>st</sup> for the fifth time 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 Cardif Pension offers a range of advantageous services to its customers in meeting their group pension and insurance needs with its unique business model, which rendered fast and quality service in 2017, particularly within the frame of the "Auto Enrolment System".

## BUSINESS DEVELOPMENT ACTIVITIES

In communication with BNP Paribas Group and various companies, Corporate Banking Business Development Department develops new collaborations in a bid to expand the Corporate Banking customer portfolio.

The Business Development Department carries out business development activities in the area of corporate banking, focused on correctly and timely fulfilling the evolving customer needs, keeping a close watch on technological advancements and delivering comprehensive digital banking solutions to customers in the period ahead.

Within this framework, researches have been initiated for the expansion of the corporate customer network related in 2017 and foreign trade and correspondent network services of Corporate Banking Department were automated. Digital developments were monitored to make life easier for customers who are supplied with global trade solutions, and to offer cutting-edge services.

## PUBLIC SECTOR BANKING

Public Sector Banking Department has been set up under Corporate Banking in order to expand the scope of business with the public sector and to increase cooperation areas. As a result of the activities carried out, low-cost



funding resources have been made available to public institutions very quickly and first-ever Turkish lira foreign trade transactions were effected at public institutions in 2017.

Foreign trade, structured trade finance, cash management, and alternative funding facilities are among the priorities of the Public Sector Department. It is intended to make use of the Investment Banking skills TEB Corporate Banking and BNP Paribas possess for satisfying customers' needs for longer term and lower-cost alternative funding facilities.

Additionally, work is carried on to give public institutions access to capital markets via conventional and Islamic products, as well as to borrowing markets, along with efforts in relation to systems that will facilitate access of small and medium-sized enterprises that are in connection with public institutions to financing.

#### MARKETING AND BUSINESS MANAGEMENT

The Marketing and Business Management Department works to establish the strategies for target customer groups and markets, and accordingly to develop business management models that will contribute to the effectiveness of the business line and the Bank in keeping with TEB's overall strategies and with the purpose of creating competitive advantage.

The Marketing and Business Management Department also fulfills project management

functions, as well as strategic planning. The Department also coordinates, plans and monitors the Corporate Banking portfolio and conducts detailed analyses in areas awaiting suggested improvements, and thus fulfills its responsibility for managing and coordinating various strategically important projects.

Additionally, the Marketing and Business Management Department:

- Proactively evaluates achievement of target and budget data through tracking department, branch and portfolio performances;
- Cooperates with the Compliance Department to closely monitor the legal obligations introduced by the Anti-Money Laundering Law and by regulations and communiqués related to the enforcement of the said law. According to the relevant law, the Department ensures necessary information provision within the Corporate Banking Group to secure compliance with professional standards based on the applicable law and BNP Paribas' policies, and provides the necessary coordination between the Business Line and the Compliance Department.
- Undertakes an active role in acting as the point of contact and coordination with the Bank's support units and related units in the BNP Paribas Group with respect to strategy and project coordination.

## SME BANKING GROUP

TEB constantly improves the products and services it offers to SMEs within the scope of SME Banking activities that it has been carrying out under its “consultant banking” approach since 2005, and assists them with diverse solutions introduced in various areas such as growth and competition that represent the biggest challenges of SMEs.

Keeping a close eye on the changes and developments in economy and technology as well, the Bank provides guidance to equip SMEs with alternative perspectives, and to help them better prepare for the future business and production life.

In the field of SME Banking, TEB is organized to cover separate business lines to offer boutique service to its customers that require different products and services of a different scale. Besides the solutions that the Bank designed in the Women Banking, Microbusiness Banking, Agricultural Banking and Startup Business Banking business lines in a spectrum broad enough to overcome the financial problems facing the customers, the Group also provides support in non-financial aspects such as access to information, training and networking.

### **During 2017 TEB’s SME lending volume kept growing.**

TEB kept fulfilling the cash needs of its customers at advantageous terms on the back of comprehensive credit campaigns it has conducted throughout the year. The Bank successfully preserved its long-going position as the sector’s leader with the experience it has acquired in Gold Banking, as well as its growth in SME loans.

### **TEB backs the SMEs as they gear up for the future digital world.**

The progress in technology affects all sectors and digitalization of production and consumption processes modify the business conduct of all parties. The importance of technology-oriented production acquired in this process is regarded as a critical factor that must given consideration for managing the change the industry will undergo in the period ahead.

In the digitalization process where competition has acquired a whole new level, “value-added production” comes to the forefront, and it

becomes critical that all businesses, big or small, internalize digitalization, embed technology in their business conduct, and achieve alignment with Industry 4.0 process, which is also referred to as digitalization of industry.

TEB assumes responsibility for helping the SMEs adjust to the “Industry 4.0” concept and to raise enhanced awareness of this process. Focused on making a difference with financial and non-financial products and services, the Bank prepares the SMEs for the circumstances of the future, while working towards letting them get ahead of competition.

### **TEB configures its products and services in a format that will guide the SMEs in their technological transformation.**

Value-added services that TEB configured based on its mission as the “Consultant Bank of SMEs” are being developed in a format that will also guide the SMEs in their technological transformation.

“TEB SME Academy Industry 4.0 Gatherings” began to be organized in different cities to make sure that the SMEs adapt to “Industry 4.0” concept and to drive businesses ahead in the competition. First initiated on 14 April 2017 in İstanbul, the gatherings continued in İzmir, Konya, Denizli and Adana, and training sessions were held in organized industrial zones known as the heart of the industry, in addition to meetings held in cities. Within the frame of the series launched in Tuzla Organized Industrial Zone, it is targeted to offer more in-depth training programs in areas with special requirements.

Within the scope of Industry 4.0 Gatherings, information about various topics including Industry 4.0 concept, its effects on the Turkish industry and economy, and adaptation to Industry 4.0 have been shared with more than 2,000 businesspeople. Under the TEB SME Academy, the Bank reached more than 26,000 businesspeople in 113 events as at year-end 2017.

### **TEB SME TV is focused on providing guidance about digitalization to SMEs.**

The first online TV channel dedicated to SMEs and differentiating the Bank in the sector, TEB SME TV continued to be a trustworthy online information/news source in 2017 with

programs dedicated to the business and career development of the business world in general and SMEs in particular.

Besides news that take the pulse of the economy, the markets and business life, TEB SME TV focused on guiding the SMEs about technology-oriented production, Industry 4.0 process on the basis of sectors, how digitalization influences business conduct and how companies should adapt to the process starting from the onset of the year. Following “Technological Solutions” Women Manager Screen” and “Career and Personal Development” thematic channels that went live in earlier years, “Industry 4.0” went on the air and began broadcasting SME success stories so as to be inspirational for adaptation to the process. The number of news content exceeded 10,000 in 2017 on TEB SME TV, which served to acquire a monthly average viewing figure of 1.5 million.

#### **Facilitation of SMEs’ reach to information about managerial and organizational functions**

In the digitalization process of the industry, it has become even more crucial for the SMEs to reach necessary visionary information in order to survive amid the globalizing competitive environment. Today, companies need information on managerial and organizational issues such as how to discover new markets, which technological developments are trending, what kind of a managerial strategy and organizational structure they should adapt and which qualifications their employees should possess.

The Industry 4.0 process has made it critical to provide guidance to the SMEs with respect to allocation of the funding they receive, as much as providing the financing they need when planning their resources. To this end, the Bank updated the content of the “TEB SME Consultancy Program” training, which is a special training program designed for customer representatives about production management, marketing activities, foreign trade, reorganization and management of human resources, and expanded the “TEB SME Production Management Specialist Program” to cover technology-oriented production in 2017. Furthermore, an additional 148 customer representatives began receiving training in seven new classes opened during 2017 within the scope of “TEB SME Consultancy Program”; hence, over 600 customer representatives were equipped with

the necessary knowledge and tools to provide guidance to the SMEs.

#### **“tebledisticaret.com” pilots SMEs to discover new foreign markets.**

TEB configures the digital transformation of products and services it supplies to the SMEs with a special focus on the individual needs of each segment. The Bank offers service to companies aiming to undertake exports with [www.tebledisticaret.com](http://www.tebledisticaret.com), a digital service that will serve as a guide for them in their foreign trade activities and make their job easier.

“www.tebledisticaret.com” (foreign trade with TEB) is a platform designed to provide 360 degrees accurate, up-to-date and refined information to companies currently or potentially engaged in foreign trade. Through “tebledisticaret.com”, companies 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 are able to receive training and expert support on how to make use of this information.

tebledisticaret.com contains over 10,000 sectoral reports that also include market research about foreign markets, in addition to information of over 1,500 companies, more than 20,000 suppliers in more than 160 countries. Users can access detailed information about the general profile, geographic location, economic conditions, cultural differences etc. of the markets that they are interested in through 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 also noted for containing all sorts of relevant information that companies in search of new foreign markets will need in the export and import process including but not limited to special government incentives, customs and local taxes, transportation options, and relevant paperwork for foreign trade destinations.

**“TEB Foreign Trade Development Program” gives companies the ability to conduct their foreign trade operations with utmost competence.**

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

The program is designed to guide the companies through the vast amount of information provided on the [tebledisticaret.com](http://tebledisticaret.com) platform and also to give the answer to how to use this information. 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.

Broadening the horizons of the companies in foreign trade, “TEB Foreign Trade Development Program” was conducted through four different modules that addressed growth management, risk minimization in foreign trade, market research and analyses of existing foreign trade activities of the companies. The 6-month training program that began in 2016 was brought to finalization in February 2017, and participants who completed all four training modules received a training of 32 hours in total. Upon completion of the program, roadmaps developed by TEB Overseas Marketing and Sales Specialists upon determination of their foreign trade needs were delivered to the companies in June.

Companies attending the program gain the competency to execute their foreign trade activities with the information and vision they acquire. Guiding the companies that wish to grow in foreign trade through this program, 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.

**Continued support for giving Micro SMEs access to financing**

In 2017, micro-enterprises operating in certain areas continued to benefit from Credit Guarantee Fund (CGF) support more easily and to access financial support more rapidly through the micro loans to micro SMEs project carried out by CGF and TEB. The CGF Equity Credit Collateral is intended to support the SMEs that have limited access to funding and ease the effective functioning of the credit market. Moreover, the Treasury-backed CGF

Loan provided easier access to financing for SMEs, Manufacturer SMEs, Women Entrepreneurs, Shipbuilding Industry and Travel Agency SMEs.

**SME customers are able to access the information they need also through social networking platforms.**

TEB SME Banking customers can access specific information they need through [www.tebkobitv.com](http://www.tebkobitv.com) and follow the daily news and developments through social networking channels Facebook, Twitter, and YouTube, which TEB SME Banking utilizes to contact its customers.

Active communication with customers continued in 2017 on platforms designed and positioned according to the specific needs of SME, women business owner and entrepreneur segments through @tebkobi, @teblekadin and @teblegirisim accounts. The communication is aimed at enhancing the business practices of the targeted audience, raising their awareness in business life and actively contributing to the overall awareness of the audiences through sectoral and economic up-to-date relevant content.

As of December 2017, @tebkobi account on Facebook has over 50 thousand followers, @teblekadin account has more than 49 thousand, and @teblegirisim account has more than 48 thousand, whereas on Twitter, @tebkobi has over 17 thousand followers, @teblekadin has more than 23 thousand and @teblegirisim has more than 12 thousand followers.

**MICROBUSINESS BANKING**

With its Microbusiness Banking segment, TEB caters to financial and non-financial needs of micro businesses.

The Bank’s Boss Card product provides tradesmen and small enterprises with the opportunity to quickly access credit facilities with a single card through alternative distribution channels. TEB customers can access their full limits in commercial installment loans, seasonal loans, overdraft accounts and company credit cards 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, social security contributions and HGS label charges (bridge

and road tolls) can be paid on time with the overdraft account linked to the Boss Card, saving them a trip to the branches.

SMEs operating in the tourism sector are able to divide their seasonal loan repayments, made available exclusively under the Boss Card, in two installments to be paid in May and 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 special bonus and discount campaigns for specified 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 topics related to daily banking transactions by sending text messages and/or e-mail with the Practical Messenger product, allowing them to follow up such issues easily.

In addition to the financial solutions it offers to the customers, TEB also delivers guidance services designed to help them use the funding to grow their businesses. Within the scope of the TEB Microbusiness Guidance Program, micro business owners are educated on how to grow their businesses and how to manage their risks through the analyses and roadmaps prepared by the micro business experts, who continued to provide guidance to businesses in 2017.

In 2017, 108 customer representatives began receiving training under the program, 40 of whom graduated at the end of the year. 68 customer representatives currently continue their training. The number of customer representatives who qualified for the guidance service provided to businesses within the scope of TEB SME Consultancy Program and delivering service as “TEB Business Guides” reached 153.

## 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 2017. According to BRSA data, the Bank maintained its leadership position in the sector with a market share of 36%.

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.

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 that has become a tradition now. TEB also supported the “Istanbul Jeweler Show” which is the 5<sup>th</sup> biggest fair on watches and jewelry worldwide and in 2017 hosted over 1,250 domestic and foreign jewelers ranging from East Europe to Russia, from Middle East to North Africa and Turkic Republics of Central Asia. In 2017, the trade fairs have been instrumental in bringing the Bank together with market professional visitors.

## 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 2017. 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.

### AGRICULTURAL BANKING

#### **TEB continues to allocate funds for investments for farmers.**

TEB Agricultural Banking aims to stand by the producers with agricultural banking products that are aligned with the needs of the sector and producers, and are also designed according to the conditions and dynamics of agricultural production. Carrying out its operations with suitable products, pricing and operation, 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 for producer organizations (associations, cooperatives and chambers) within the scope of its "consultant bank" mission.

TEB Agricultural Banking derives its competitive superiority from its long-term relationships with customers built on its specific financing types addressing different sub-production kinds, its expert team and strategic approach based on know-how.

In view of the benefit delivered by the TEB SME Consultants project, a similar program was created compatible with the particular dynamics of the agricultural sector. During 2017, 21 agricultural customer representatives began to be trained under the program. At the end of the year, 45 TEB Agricultural Specialists in total were providing consultancy services required by agribusiness establishments in various fields such as administration, development and planning. TEB Agricultural Specialists Program is

intended to help producers transform themselves into agricultural enterprises.

TEB Agriculture Meetings organized under the TEB SME Academy continued in 2017. Began to be held on the basis of boroughs instead of provinces since last year, the events have been instrumental in building deeper relationships with the producers. Intended to meet the exact requirements of the local producers, adopt a closer focus on local issues and come up with solutions to local problems, these meetings took place in Bayındır/Izmir, Develi/Kayseri and Kadirli/Osmaniye in 2017.

So far, more than 1,500 producers have been given education in topics including agribusiness management and growth, as well as fertilization, pesticides, seeds and equipment. The program served to create a platform where agricultural problems of the boroughs and their suggested solutions are discussed.

TEB Agricultural Specialists played a major role in the transformation of agricultural producers into agribusiness enterprises. Having personally delivered the educational programs, the Specialists analyzed the problems of agricultural enterprises in detail and contributed to the preparation of long-term planning and development schemes of enterprises with the information they shared. Within the scope of the educational programs, collaboration was made with the agricultural chambers and development agencies of the areas, the problems of the regional agriculture sector were discussed with all the stakeholders and an action plan was determined.

#### **Lexus, the automated surveying system, went live in pilot areas.**

Standing by the producers with its products and services offered under the Agricultural Banking segment since 2007, TEB continues to provide advantageous offers and develop collaborations to make life easier for the producers.

TEB established collaboration with new businesses and expanded its merchant partner network in order to enhance the usefulness of "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. Petrol Ofisi and OPET, two giant brands in the fuel oil industry, and İGSAŞ Gübre, a solid fertilizer brand, are now covered under

Harman Kart. Fuel oil companies ranked in the top three in the sector in terms of market share are now added to the ongoing cooperation with Shell.

Lexus, the automated surveying system for producers wishing to obtain cash loans collateralized with land lien, was introduced in pilot areas to make the process easier for the producers. Lexus allows the appraisal process to be completed within seconds as opposed to former applications.

Financial and non-financial products were promoted through the participation of 12 national and international agricultural fairs in 2017, thus reinforcing relationships with stakeholders in the agricultural sector.

### START UP BUSINESS BANKING

#### **TEB keeps reinforcing the entrepreneurial ecosystem**

The activities carried out under the Startup Business Banking since 2013 in a bid to offer comprehensive and effective support to entrepreneurs wishing to set up and expand their own business continued in 2017. Being the only bank to have organized a dedicated synergy for the entrepreneurial system within its organization, TEB provides all-round guidance to entrepreneurs, from how they can transform their ideas into a business with the financing they secured to how they can market their projects. Through Startup Business Banking, entrepreneurs capture the chance to access public sector incentives, to present their innovative products on domestic and international platforms, to grow and improve their companies, and acquire new customers.

The business model it has created and its powerful business partners made TEB Startup Business Banking the hub of activities for transforming high value-added business ideas from all over the country into entrepreneurship potential.

#### **TEB bestows an entrepreneurial vision upon Anatolia through TİM-TEB Start-Up Houses.**

At TİM-TEB Start-Up Houses that were initially opened in 2013 in 10 provinces (İstanbul, İzmir, Konya, Gaziantep, Denizli, Bursa, Trabzon, Edirne, Mersin and Erzurum) as a collaborative project of TİM (Turkish Exporters Assembly) and TEB with the aim of offering

consultancy to entrepreneurs, startups receive all sorts of end-to-end support.

Providing a custom-designed working environment for startups, Enterprise Houses followed up the current trends and further increased the diversity of activities in 2017, and kept delivering comprehensive and active support to entrepreneurs with technological or high value-added business ideas, who seek to set up their own businesses, with its diverse practices catering to periodic needs.

Startups stepping into the business world with limited resources take advantage of the opportunities that materialize and grow their businesses with the support of TEB Startup Business Banking, while also helping the entrepreneurial ecosystem flourish. In this context, TEB aims to strengthen entrepreneurship that gains increasing importance in the economy and also to contribute to social welfare by ensuring sustainable growth for the Turkish economy.

In the TİM-TEB Start-Up Houses, a 6 level structure made up of Wake-UP, 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.

Conducting entrepreneurial programs at universities in the form of Wake UP and Let's UP programs, Enterprise Houses develop projects for winning young entrepreneurs-to-be who regard entrepreneurship as a career for the ecosystem. The trainers of the Enterprise House paved the way for inclusion of the "Entrepreneurship and Project Management" heading within the course programs at four universities in line with the academic curriculum, thus equipping the students with an entrepreneurial vision, and extend support to them through necessary education for transforming the students' business ideas into action.

The Step UP program within the scope of the Enterprise House prepare the candidates with technology business ideas for the application process of TUBITAK's BİGG (Individual Young Enterprise) Program that provides grants to entrepreneurs for putting their business ideas into life.

Start UP, Level UP and Grow UP programs within the scope of the Enterprise House extends consultancy and training support to entrepreneurs who have succeeded in establishing their companies for a sustainable business model and provide them with guidance for gearing up for the market conditions and becoming global companies.

TEB Startup Business Banking completed its organization across a total of 10 cities including the up-and-coming Eastern Anatolia city of Erzurum, where TİM-TEB Start-Up Houses activities were launched in 2017. Hence, the business line increased the number of supported entrepreneurs to 572, including 236 companies to which it has given consultancy during the reporting period.

In addition to 10 cities where TİM-TEB Start-Up Houses are located, six different cities, namely Antalya, Tekirdağ (Çorlu), Edirne (Keşan), Kırklareli (Lüleburgaz), Rize, and Samsun, have been incorporated within the sphere of activities during 2017. A total of 9,950 entrepreneurs-to-be and active entrepreneurs have been reached on the basis of 315 training programs organized under 23 different headings in 17 cities in total. Through Wake UP programs launched in universities in an effort to raise an awareness of entrepreneurship in the young generation, more than 1,000 university students have been taught “design thinking” approach, and the most important assets of the future have been instilled with the courage to realize their own business ideas.

**TEB is the only bank among the 20 implementing companies of TUBITAK’s BiGG Program.**

Accepting applications from entrepreneurs for three years as the only private company taking place among the 20 accredited enterprises under TUBITAK’s Young Enterprise (BiGG) Program, TEB has performed highly successfully based on the grant results announced. Following 1,400 applications it has received within the scope of BiGG in 2017, the Bank intermediated funding support worth TL 6 million for a total of 40 entrepreneurs on the basis of 73 projects of value that it has referred to TUBITAK, and as such, was one of the top two enterprises to have intermediated the allocation of the highest amount of grants among 20 implementing companies.

Under Let’s UP, another value-added program implemented by TEB in cooperation with the

US Consulate, education is provided at Turkey’s major universities and awareness is raised about entrepreneurship, the new economy, information society, and the flourishing entrepreneurial ecosystem.

Within the scope of Let’s UP program, a total of 250 students from 8 universities present their business ideas before a jury during the Demo Day event, after they successfully complete various education and mentorship phases. A total of 16 students to be composed of 2 students from each university to be designated by the jury will go to the Silicon Valley in summer 2018, where they will receive training to acquire an entrepreneurial vision and familiarize themselves with the start-up ecosystem.

According to research conducted by Thrace Development Agency, the potential entrepreneurship rate in the Thrace Region is below the Turkey average. In an effort to make up for this shortcoming, TEB Startup Business Banking extends support to the “My New Business: Entrepreneurship” project launched by the Thrace Development Agency, and organizes special educational programs for students with the Let’s UP program content in a bid to help the region realize its full potential.

**Entrepreneurs supported by TEB Startup Business Banking represent TEB on the national and international stage.**

Organized in Helsinki, Finland, in December 2017 and one of the world’s biggest start-up events, Slush hosted approximately 15 thousand participants that included more than 2,600 entrepreneurs, 1,500 investors and 600 media representatives.

Prior to the event, applications from 130 countries were evaluated to name those that would take to the Slush stage for sharing their business ideas with the world, and 100 start-ups that would make a presentation have been identified. The Bank has taken great pride in the fact that three of the four Turkish entrepreneurs that were deemed eligible to make a presentation at Slush have been selected from among TİM-TEB Start-Up Houses entrepreneurs.

In addition, a total of 10 Turkish entrepreneurs from TİM-TEB Start-Up Houses were taken to the Slush event, giving the technology-focused entrepreneurs possessing exportation potential the opportunity to reach an international



audience and connect with the technology community.

85 entrepreneurs from TİM-TEB Start-Up Houses taking place under the Startup Business Banking roof in 10 cities, namely İstanbul, İzmir, Denizli, Gaziantep, Bursa, Konya, Trabzon, Edirne, Mersin and Erzurum, have taken part at the “Turkey Innovation and Entrepreneurship Week” held by TİM between 06-09 December 2017 with their startup business ideas. A TİM-TEB Start-Up Houses entrepreneur, Taglette Tech from İstanbul ranked third in the national category, and claimed a prize money of TL 50,000.

## WOMEN BANKING

Increasing women’s participation in the business world and strengthening their presence in every area is crucial in terms of the added value contributed to the economy. According to McKinsey Global Institute 2015 Gender Equality Report, the global growth figures would go up by USD 12 trillion by the year 2025 provided that gender equality is achieved in business life, a projection that is noteworthy for exhibiting the numeric representation of the degree of importance of this matter.

### **TEB supports women having a high economic potential.**

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).

During 2017, TEB carried on with its activities that it has devised based on this fact with an integrated approach to service in order to cater to women business owners’ needs in business life. As part of these activities, TEB focused on extending the financial and non-financial support women business owners needed for sustainable economic growth and also aimed to unleash the hidden potential in keeping with its vision of being the “women’s consultant bank” and “the bank women want to work with the most”.

### **Women are provided with easier access to international funding facilities.**

Women face problems in accessing financial resources, especially in finding collateral and

obtaining loans so much so that they sometimes give up at the early stage of setting up their business. Solving these problems is highly important for preparing the stage for women where they can take part in the economy not only as consumers but also as producers.

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. Based on the disbursements initiated in 2015, over 6,000 customers were provided with funding through loans worth more than TL 245 million as at year-end 2017.

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 facility TEB offers to women business owners is conversion of their gold in the form of ornaments or bullions into pure gold through the jewelry shops that have an agreement with TEB and transfer the same into gold depository deposits as collateral against Turkish lira commercial installment loans of up to TL 30,000 with up to 24 months maturity including a maximum grace period of three months.

In addition, special cost and product packages customized according to women’s needs allow execution of certain banking transactions at no or reduced charges.

### **Women are provided with a variety of routes to access information.**

TEB develops a number of quality solutions to provide the women business owners with the information they need to grow their businesses.

Structured in line with this objective, TEB Women Academy is a special program that offers women bosses training to build on their leadership and business management skills through workshops. Organizing events intended to bring women bosses together with the inspiring women of the business world, the Academy collaborated with TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Women Entrepreneurs Board in 2017 in order to reach more women bosses and added new training programs to workshops in some cities in view of the needs of that specific region.

In 2017, over 600 women were reached through nine Women Academies organized in eight cities. All in all, the Bank reached nearly 3,000 individuals by way of 25 Women Academies held in 17 cities to date.

In keeping with the aim of presenting information to women bosses through different modes of communication, @teblekadin Facebook page and TEB SME TV are actively utilized. In the TEB SME TV Women Bosses Screen 269 videos were uploaded in 2017 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.

Every Thursday, TEB’le Kadın On Air is broadcast live on @teblekadin Facebook page; these 20-minute training programs provide information on a wide range of content varying from cash management to the rules for growing an online business, from the ways to increase operational profitability to using neuromarketing to reach consumers. By the

end of 2017, there were 75 live streamings with educational contents that reached more than 2.7 million people in over 400,000 viewings.

### **TEB has designed support programs to fulfill women bosses’ needs for mentoring.**

Worldwide research concluded that women display an increase in their self-worth, awareness and use of skills when they receive mentoring. Along the line, TEB designed Women Banking support programs in order to fulfill this one of the most important requirements of women bosses which is mentoring.

Within the scope of TEB Star Cluster project, which is one of these designs, TEB branch managers selected to extend support to women bosses were trained as “Enterprise Coaches” through a special program. The project, which is the first of its kind organized in such depth by a bank in Turkey, is intended to provide coaching to women bosses they need to solve the day-to-day problems they face and to take the actions necessary to grow their establishments.

TEB branch managers who receive Star Cluster training act as women bosses’ companions not only in financial matters, but also in all other topics they need for growing their businesses from recruitment of qualified employees to stock management, from cash management to new generation sales techniques. Training was initially given to 25 branch managers under the project that was first launched in February in İstanbul, whereas training is in progress for the second group of 25 individuals attending the second program opened in December. Star Cluster who have completed the training have started working one-on-one with women bosses that they will be coaching based on the 180-day growth plans. The project Star Cluster is a special program offering the chance to build on competencies and skills not just for women bosses but for TEB branch managers who will be acting as enterprise coaches.

Another program designed besides the one-on-one coaching service devised by Star Cluster is the TEB Growth Academy that offers group coaching to women bosses for growing their establishments. TEB Growth Academy is an interactive group coaching program that concentrates on the most frequent three issues with the aim of supporting women bosses in growing their businesses.

The Academy which is initially open to a limited number of women bosses who are willing and committed to achieve self-development is being carried out 3 full-day with 15 days in between each sessions for class sizes of 20 people. The first session provides an introduction covering business styles and thought patterns, and dwells on new generation marketing techniques for one full day. The second session is dedicated to DISC Behavioral Profile Inventory, and the third one to the 90-day planning. The program helps women bosses focus on the topics that present them with the greatest challenges they have while managing their establishments, create solutions for them, while also giving them the chance to cooperate or exchange ideas with women in business from various sectors.

**Accessing new markets is noted as one of the key problems faced by women bosses.**

Research shows that women bosses have a harder time compared 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 entrepreneurs in the economy and help them access new markets. TEB targets to make the companies with women leaders a part of the global supply chain and carry women entrepreneurs to higher places in the competition with its WEConnect membership. As at year-end 2017, the Bank has been instrumental in making 54 of its customers a part of the global supply chain and helped them access new markets. In order to enable women’s participation in the supply processes, TEB is including WeConnect member firms in TEB’s supplier pool.

Besides special products and services for women bosses, the Bank also sponsors special events formulated on the basis of the women’s role in social life and leadership. In February 2017, “Women That Make a Difference Gathering” was organized in Adana in cooperation with Arya Women Investment Platform. Canan Dağdeviren, worldwide famous scientist, was also a speaker at the event, which attracted the leading names from the NGOs in Adana and more than 100 businesswomen and which reached nearly 40 thousand viewers all over Turkey through the live streaming over @teblekadın Facebook page.

Turkish Enterprise and Business Confederation brought dozens of NGOs extending support to women entrepreneurship in Anatolia together with international organizations working with the motive of driving women all over the world forward such as UNDP and UN Woman at the event titled the “Role of the Women in Sustainable Development Goals”, where success stories of women given support through TEB Women Banking were shared.

The Digital Heels event, which forms an opinion in the digital World and brings together the women who are active in business and social life, brought together more than 600 women from Turkey in this year. Within the scope of the event, the inspiring stories, problems and points made by these women who have an idea, a project or a stand were broadcasted 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 142 thousand and the Periscope to almost 2,000.

**TEB Women Banking consolidated its distinctive standing in international arena in 2017.**

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.

TEB Women Banking provides the necessary support in all segments serviced from entrepreneurs to women bosses and 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. Such support provided in key topics have accelerated substantially in 2017; the experiences that TEB gained have set an example to the banking sector on various platforms, and consolidated the Bank’s distinctive standing in international arena.

Following its recognition as one of the world’s top three banks in the “Provision of Non-Financial Services to SMEs” by the International Finance Corporation (IFC) in 2011, TEB began transferring and sharing its experience in SME Banking with the banks in different countries. The Bank shared its success story with the finance sector of Brazil, USA, Indonesia, Jordan, Colombia and Malaysia and presented its know-how in SME

Banking to the banks in developing countries such as Nigeria, Pakistan and Peru.

Carrying on with these activities also in 2017, TEB attended the GBA Annual Summit held in London between 14 and 16 November by Global Banking Alliance for Women (GBA), whose members are banks and financial institutions that offer banking services for women and which is noted as the greatest organization of its kind in the world. The summit presented the Bank with the opportunity to share its specific services offered to women bosses and its experiences. At the organization, TEB also received an award for specific services developed for businesses with women owners, for its approach to the matter, and the in-depth communication established.

**TEB Women Banking ranked in the top 10 for customer focus in Europe**

Being the first bank in Turkey to set up in 2017 a dedicated department addressing the women bosses' needs in the business world with a holistic approach to service, TEB was recognized for its activities under the Women Banking roof at the European Business Awards, one of the most prestigious award programs in Europe.

At the European Business Awards that attracted applications from more than 33 thousand companies from 34 countries, TEB has been the only Turkish Bank to be awarded Ruban d'Honneur (Ribbon of Honor) in the customer-focus category, and ranked among Europe's most customer-focused organizations.

## RETAIL AND PRIVATE BANKING GROUP

### BUSINESS DEVELOPMENT, CUSTOMER EXPERIENCE AND BANCASSURANCE

#### Business Development

Within the frame of its customer-oriented value propositions and innovative business development vision, TEB again focused on identifying unfulfilled customer needs and on providing solutions that will satisfy these needs in 2017.

The Bank's market share kept growing on the back of new agreements executed for the provision of infrastructure services subject to cash management processes with companies that began operations under the Law no 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions. In this context, TEB added 3 new payment institutions within the scope of its collaborations in the area of Bill Payment Systems, and now work with a total of 15 companies.

The number of bill collection points was increased to 7,000, up by 16%, giving cross-selling opportunities to branches. A new payment channel has been introduced with an API (Application Programming Interface) specially developed 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.

Providing service to payment institutions undertaking bill collection for Turkey's biggest electricity companies since 2015, TEB carried on with its bill payment service with the addition of new institutions to its portfolio in 2017.

TEB has contacted the sector leading companies in relation to cooperation with Electronic Money Institutions and produced a number of projects planned to be implemented in 2018.

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.

In 2017, TEB continued to provide HGS (Rapid Pass-Through) labels for bridge and motorway crossings free-of-charge to all customers without any conditions. All necessary HGS developments for the Eurasia Tunnel and all bridges and highways opened in 2017 have been completed timely and smoothly. HGS label and card top-ups can be linked to TEB credit cards and deposit accounts by way of an automated payment instruction.

#### TEB Metamorphosis Flow

A process has been designed and introduced in November 2017 to help ease the hardships that fintechs, which are reached through various channels, events and programs (Fintech Future Four, TEB Hackathon, university programs, TEB Innovation Programs, etc.), have with respect to branding and commercialization, and to realize the targeted value together within the shortest time possible.

The said process allows deciding whether or not to move forward with a fintech contact within one month on average. For the decision phase, "FinTeb Score" has been designed and introduced, which is a scoring/assessment method employed for the first time in Turkey.

Taking into consideration the evaluation criteria used by the famous investors of the Silicon Valley, venture capital investors and angel investors, the "FinTeb Score" model has been exclusively custom-tailored for TEB and enables making more objective and more accurate selections.

In accordance with the roles and responsibilities in the designed process, regular meetings/workshops are held with fintechs, alignment of fintechs to the Bank's processes and practices is improved, and weekly progress reports are regularly shared with the organization.

#### TEB API Program

With the PSD2 directive scheduled for introduction in January 2018 in Europe, it is intended to offer a more competitive and better online payment system to the EU citizens. In the same context, "Open Banking" directive has been introduced in the UK. According to these directives, banks will be obliged to make their customers' account information and online payment services offered to their



customers to Trusted Third Parties. Deeply affecting a number of sectors in the world and giving rise to the “API ecosystem” definition, this approach is projected to significantly influence the banking sector, as well.

While these directives do not cover Turkey yet, the TEB API Program has been launched in order to rapidly capitalize on potential opportunities and to be ahead of the competition.

The TEB API Program, which is considered to serve as a role model for the sector, has taken the best practices in the world as its basis and process- and organization-related arrangements that adopt the necessary agile methodologies have been introduced quickly. TEB is hoping that the program will strongly stir the fintech ecosystem in the year ahead with its deliverables.

### **Customer Experience**

Constantly measuring the customer experience in line with the aim of fulfilling its vision of “becoming the most recommended bank”, TEB carries out the necessary activities with a design-oriented approach in order to improve the “TEB experience” of its customers.

Key activities aimed at improving the Customer Experience during 2017 included the following:

#### **Measurement**

Customer satisfaction is measured through the NPS (Net Promoter Score) System, in which approximately 100,000 customers each year receive calls from the call center agents following the execution of their transactions and are asked about their experience and whether they would recommend TEB. With the NPS, business units and related teams regularly analyze the “voice of customers” to identify the problem areas in customer experience and to make necessary improvements. The Net Promoter Score of TEB improved by more than two-folds since the system’s introduction in 2013 until 2017, and the NPS maintained its uptrend also in the reporting period.

In addition to the daily NPS measurement carried out at the Bank, feedbacks are also collected with countertop tablets/kiosks installed in certain branches at the time of the transactions, and improvement areas for the specific branch are being reported.

#### **Design**

“Customer Journey Maps” are used to investigate how different products and processes are experienced by the customers and the outcomes of the project are translated into action plans in marketing, communication, systems, processes, products etc. In addition to improving the existing experience journeys, a “redesign project” was carried out in the form of a joint creation process incorporating all teams employing the “Design Thinking” method in 2017.

#### **Communication**

The third edition of the “TEB Customer Experience Day” event aimed at sharing the current developments and trends in customer experience has been carried out with the participation of more than 230 people from 90 institutions, and they had the chance to hear about the methods and best practices employed by companies from a number of different sectors for improving and developing customer experience.

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.

#### **Management**

The “Customer Experience Council” has been introduced to identify priorities in customer experience and the platform carried out its activities to expand Customer Experience culture at all levels and to adopt the necessary decisions based on joint working culture through the regular meetings held.

“My Customer Experience” portal, whereby TEB employees are able to evaluate and interpret the Bank’s products and services from the viewpoint of customers, has been introduced and its outputs began to be monitored.

#### **Bancassurance**

Having become an active distribution channel in the insurance industry and particularly in the life branch, banks sustain their development in the non-life branch.

According to the December 2017 current figures of the industry, banks were

accountable for 81.4% of the premium production in life insurance and for 14.5% of that in non-life insurance.

As at December 2017, TEB's bancassurance premium production amounted to approximately TL 146 million in life insurance and to TL 239 million in non-life branches, thus continuing to contribute to the Bank's commission income. In the Private Pension System, where 25% state contribution implementation is going on, the number of PPS sales picked up with the added effect of the Auto Enrolment System, and nearly 280 thousand new policies were issued.

In 2017, TEB bancassurance continued to offer services from both Bank branches and alternative distribution channels to meet its customers' needs for insurance and private pension products. While policy purchases and monitoring were enabled through the customer interaction center and Internet banking, work is underway to diversify the products sold via these channels, as well as to develop digital solutions.

In addition to insurance products, together with Private 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.

TEB is constantly striving to further develop and improve its business processes in order to provide the best insurance and private pension services to its customers.

## RETAIL BANKING MARKETING

### TEB Family Academy

Established in 2012 in order to enhance financial literacy and raise an awareness of saving in the society, TEB Family Academy offers all individuals -Bank customers and non-customers alike- basic financial literacy training free-of-charge.

Organized under the headings savings, budgeting, debt management and correctly using banking products, the trainings are intended to contribute to the families' finances and to indirectly promote the improvement of the national economy. Including the free-of-charge training provided to the public and private sector employees, the Academy

reached more than 250,000 people as at December 2017.

Targeting to bring financial literacy activities to much broader audiences through different platforms, TEB plans to give financial literacy education to 5 million people over the course of three years under the "I can manage my budget" project co-conducted with the General Directorate of Lifelong Education, which is an affiliation of the Republic of Turkey Ministry of National Education.

In addition, under another protocol 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 2016. More than 1 million people have been reached as of December 2017 within the scope of the project initiated to familiarize the students with financial subjects.

Having designed its new term projects with the target of including the training of agricultural workers as well, TEB Family Academy is planning to sign a cooperation whereby it will reach out to 125 thousand agricultural workers in 2018. A training program addressing agricultural workers was organized in May 2017 as the first step of this project.

In the last few years, 11 million elementary school students have been informed about financial literacy through arts and music courses in the compulsory curriculum within the frame of the "Social and Financial Education through Art" project implemented in collaboration with the Ministry of National Education and UNICEF.

### Marifetli Savings Account

By the end of 2017, there were approximately 450,000 "Marifetli Savings Accounts", a product TEB has developed as an alternative savings account in a bid to change Turkey's savings habits. Launched in December 2017 and enabling free-of-charge money withdrawal in foreign countries while saving up, "Global Young Account" addresses the youngsters in particular.

"Keep the Change" implementation in the Marifetli Account grants customers the chance to round up and save the change in their expenses while paying for their purchases with the Bank cards.

Targeting upper segment customers, the Fırsat Account gives the customers the opportunity to keep saving up and at the same time to shift to different instruments at any time in view of the volatile market conditions. The Fırsat Account enables saving up in 5 different currencies including gold.

The volume of TL 5 billion including foreign currency reached in Marifetli Savings Account and Fırsat Account as at year-end 2017 accounts for a significant portion of the Bank's funding sources.

### TEB Affluent (Yıldız) Banking

TEB offers privileged service in various departments to medium- and upper-segment customers via customer representatives who invest assets in line with the customers' expectations, offer optimum alternatives and with whom they can contact on a personal basis. Affluent(Yıldız)Banking service category is intended to make the said group of customers feel special on the back of innovative products and services designed specifically for them.

In 2017, TEB Affluent(Yıldız) Banking redefined its criteria for eligibility as a affluent customer, increasing the required amount (30-day average of the mortgage loan balance and/or total assets held with the Bank) from TL 75,000 to TL 100,000. In the 12 months to end-2017, net revenues from affluent customers grew by 13%, and the number of these customers reached 96,800.

Through the exclusive TEB Affluent(Yıldız) Line (customer interaction center), the Bank's affluent customers enjoy the privilege to easily and quickly perform their transactions, and to withdraw cash from other in-network banks' ATMs abroad without a charge.

Key activities carried out in the Affluent(Yıldız) Banking segment during 2017 are summarized below:

- The comprehensive value proposition based on banking relationship of affluent customers gives the forefront to customer satisfaction. Within the scope of activities focused on enhancing customer loyalty, various events were made use of to frequently get together with affluent customers, and breakfast meetings, various questionnaires and customer events were employed to determine their needs, expectations and degree of satisfaction. As

a result of these gatherings attended also by marketing and sales managers, customers' feedbacks were collected, upon which necessary action was taken to address the expectations they have expressed.

- Special boutique guided tours are organized with Saffet Emre Tonguç for Affluent(Yıldız) customers, and Affluent(Yıldız) Customer Meetings were held with Işık Ökte to inform the customers about the financial markets.
- Different deposit prices were applied to make sure that affluent customers invest their savings optimally.
- In order to respond to customers' non-financial expectations, offers aligned with their lifestyles were presented, and they were provided with the opportunity to get special rates on a broad spectrum of establishments from select hotels, restaurants, events, concerts and personal hobby areas in and out of Turkey. A dedicated website ([www.yildizayricaliklar.com](http://www.yildizayricaliklar.com)) and TEB Yıldız iPhone/Android app were developed for the customers to claim these privileges, and event tickets were given away via the website and the app. In addition, continuous and intense contact was established with the customers via social network accounts, TEB Yıldız Instagram and TEB Yıldız Twitter.
- From 2017, TEB Yıldız Priority Card, which is one of the strongest credit cards in the sector, began to be offered solely to affluent customers. TEB Yıldız Priority Card gives affluent customers many privileges such as a 10% restaurant bonus, free-of-charge transfer, lounge access , 50% discount in airport car parking, and mile program.
- TEB customers who are in the professional segment continued to benefit from TEB Affluent(Yıldız) Banking privileges provided that they became affluent customers. TEB continues to meet the professional and personal needs of medical professionals with the TEB Doctor Package.

### Retail Segment and Retail Loans

In 2017, TEB turned its focus on different niche groups and concentrated on the specific customer needs in each segment to determine



the service models with the ultimate goal of enhancing the quality of service.

The Bank introduced communication programs that will tackle the entire lifecycles of customers with the Bank, will allow delivery of products that suit the customers and will inform them about the Bank and its services. The campaigns carried out throughout the year and the new product packages created were intended to satisfy all banking needs of retail customers and to achieve depth with the customers.

Using detailed analyses and research about processes, value propositions on the basis of persons were presented to customers. In view of the research analyzing the processes, customer feedbacks, and NPS results, improvement efforts were initiated, which put the customer himself and his needs in the focal point. In this context, responsible banking loan was developed to recover the customers who have somewhat grown distant from the finance system back for the system. Responsible banking perception has been designed to penetrate the customers' lives not just with loan products, but also with other steps that add value to the customers' lifecycles.

In 2017, general purpose loans with a low credit line also began to be offered at TEB branches which is aimed at winning those customers for the banking system, who are new to the financial world and banks or who are seeking to upgrade their already low credit scores.

Constantly expanding the range of its effective and productive products and services offered under Retiree Banking with new ones, TEB completed the developments that will secure retiree acquisition from ATMs, the Internet, branches, tablet PCs and Call Center. The Retiree Care Line designed to provide special services to Retiree Banking represents the final stage of the Telephone Banking initiative for retired customers.

Besides collecting loan applications via the call center, TEB also began to disburse loans through the same channel during 2017 as part of its activities aimed at satisfying its retail customers' cash needs. As such, from 2017, TEB began to make loans available to its customers from its mobile banking, Internet banking and call center channels in addition to its branch network.

During 2017, the infrastructure for lending at the point of sale has been established, and lending became possible through in-network dealers. Within the frame of the cooperation with the PTT, disbursement of general-purpose loans continued for retirees receiving their pensions via PTT, and TEB's market share in this department reached almost 16%.

Serving as an important role model for the sector in housing and auto loans, TEB further increased its recognition through auto dealers and real estate offices and continued to offer service to its customers.

## SALES MANAGEMENT

TEB Sales Management keeps leading 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 throughout Turkey.

### Active Sales Channels

Having a field team of 200 people, TEB Sales Management sustained its leadership of the sector in terms of the number of daily approvals on the basis of sales representatives in 2017, and 13% of total loans disbursed during the year were allocated via PTT. The goal of TEB Active Sales Channels team is to carry out multiple products and deliver the full range of banking services to customers.

### Mass customer acquisition and performance management

TEB regards customers receiving salaries paid through the Bank as the primary instrument of the development it will achieve. 47% of the Bank's newly acquired customers were obtained from this channel in 2017.

Having placed priority on university payments since 2015, TEB continued to grow in this department in 2017 and offered facility for university salary or tuition fee payments for 19 universities. Thanks to the online infrastructure developed for tuition payments, mobile sales teams use tablet PC to perform payment transactions at the time of registration and the university receives those payments simultaneously. Intermediating the payments of the managements of housing compounds that grow by the day with the digital solutions it offers and cooperations, TEB targets to be the sector's pioneer and leader in this respect.

Utilizing its strong muscle in online payment systems, TEB supported public sector payments, as well, and provided service for the Supreme Election Council payments in 2017.

### CUSTOMER INTERACTION CENTER

Critically positioned with respect to customers and the company, TEB Customer Interaction Center kept investing in its employees, culture, processes and technology in 2017, while delivering an uninterrupted and perfect experience to its customers, and creating added value for the Bank through its implementations that secure productivity.

TEB Customer Interaction Center was positioned as the Bank's strategic service channel and had a quite efficient and successful year with respect to business results in 2017.

Having acted as the pioneer of the sector in a number of areas, TEB Customer Interaction Center;

- Handled 21 million contacts providing differentiated service models and offering different work experiences to employees (data for the first 10 months);
- Managed tasks without a human added value on self-serve channels with fast, simple flows employing new generation technology;
- Devised new service models aligned with the Bank's strategies;
- Earned the gold medal in the "Best Use of Technology" category at the 2017 Contact Center World, one of the industry's most prestigious recognition programs;
- Built on its analytical capabilities and secured improvement to customer satisfaction through quick actions taken in operational processes;
- Possesses the ability to offer 24/7 uninterrupted service out of four different locations in case of contingencies thanks to its multiple location management;
- Created full- and half-time job opportunities for university students with the Antalya location opened on the campus in 2017 based on the cooperation with Akdeniz University;

- Carries out the sales of more than 1 million products per year;
- Develops processes/applications that are taken as benchmark at the Bank, which are deployed on other channels as well;
- Handled the appointment of the Bank's branch and Head Office Department employees in keeping with its mission of serving as the kitchen of banking;
- Freed up time for branches to focus on their operations by referring part of the customers calling the branches to the Branch Support Line and responding to their calls via the Customer Interaction Center;
- Reduced the number of complaints by resolving customer complaints at the point of initial contact without referring them to the Customer Communication Line;
- Granted the customers the chance to take out loans through the Credit Line without making a visit to the branch.

### PRIVATE BANKING SALES AND MARKETING

The pioneer of Private Banking in Turkey, TEB Private Banking continues to share our experience and expertise in asset management with its clients since 1989. TEB Private Banking has a pioneering approach that seeks to offer its customers with different and alternative investment products besides existing products and services in light of its consultant bank concept.

TEB Private Banking develops solutions that are tailor-made and that will add value to assets by identifying customer needs and expectations through 11 Private Banking Centers and 13 in-branch corners throughout Turkey. Combining TEB and BNP Paribas' global knowledge and experiences with its innovative approach, TEB Private Banking continues to provide products and services that make a difference.

#### TEB Private Angel Investment Platform

As the first bank to introduce Turkey to private banking, TEB continues to offer investment consultancy services that matches with clients' risk preference and long-term investment plans. TEB Private Banking analyzes the assets and financial conditions of Private

Banking customers and offer consultation services that include alternative investment products and innovative ideas.

Introduced in 2013, TEB Private Angel Investment Platform offers new investment opportunities to customers seeking investments for their assets in areas outside traditional financial instruments, and also includes entrepreneurs in the economic cycle with their promising projects.

The one and only bank that is mediating for investors to get accredited angel investor license through the Angel Investment Platform channel, TEB Private Banking extends support for the investment processes by submitting documents and information pertaining to the investments made through the network to the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

Through new initiatives that it has included in its structure such as the TEB Private Investor Society, CXO Club and TEB Fintech Future Four as well as the Angel Investment Platform, TEB Private Banking comprises innovation brands that is capable of holding a 360-degree view of the ecosystem, and that will contribute positively to the national economy and the society in the medium- and long-term.

Set up in 2017 at the initiative of TEB Private Angel Investment Platform, the CXO Club meetings– the Leaders of the Future Club- is aiming to pass on information, which is the most valuable asset of our age, to the ultimate decision-makers of the deepest established organizations of the Turkish business world in a bid to transform that information into investment opportunities, both individually and institutionally, in the future.

To this end, the aim is to strengthen institutional collaborations and to be instrumental in vesting the entrepreneurial ecosystem in a much healthier structure through closed meetings tackling digital transformation and the entrepreneurial ecosystem, the actors of the ecosystem and the reasons necessitating participation within the ecosystem, new business models, global trends and concepts, threats for big companies, and so on.

In order to draw the attention of existing and potential Angel Investors included in its network via its Angel Investment Platform to social entrepreneurship and to create financial benefits through initiatives that create social

benefits, TEB Private Banking has signed a collaboration agreement with Ashoka, the world's leading non-governmental organization in this area.

The main objective of the collaboration established between Ashoka and TEB Private Banking for supporting social entrepreneurship in Private Banking area as a first in Turkey is to help social initiatives become stronger and bigger achievers through long-term social investments made into the business idea instead of being supported only with periodic donations. Social entrepreneurship meetings were organized to provide Private Banking customers with a deeper understanding of social impact and to acquaint them with the important considerations of investing in social initiatives. These activities, which are to the benefit of the society, will continue in the future.

#### **TEB Fintech Future Four Program**

Designed as a brand new support program for start-ups that have ideas or projects in finance technology, TEB with the goal of using digital intelligence and skills in the financial sector, is expected to add sustainable value to Turkish economy and to be a significant step in Turkey's journey to become the global finance center.

TEB Fintech Future Four is a new fintech corporate incubation program. TEB believes that the vision of the future of the industry will be possible only through an innovation model in which banks and start-ups work together. Through the program, TEB ultimately targets to be the first customer of the fintech entrepreneurs that dream to build the future of banking and finance sector together.

TEB invited and accepted 50 fintech applications on four main titles of Customer First (including sub-titles as Know Your Customer / Data Security ), Digital Consulting Services (including sub-titles as Roboadvisory / Virtual Customer Relationship Management), Big Data (including sub-titles as Real Time Marketing / New Generation Payment) and Artificial Intelligence (including sub-titles as Loyalty/ Gamification) in 2016; the eight finalist fintechs made a final presentation before TEB's senior management and an independent jury, whereby four fintechs were elected to be included in the development program. In 2017, cooperation agreements were signed with two fintech companies that were supported within the development

program, one offering solutions on robo-advisory and the other on chatbots, which were thus integrated into the Turkish banking system. TEB Fintech Future Four program will continue in 2018 and a new competition will be organized for a different program that will also involve foreign fintech accelerators as solution partners.

### TEB Private Digital Museum

Besides fulfilling its customers' financial needs, TEB Private Banking works with the motive of standing by its customers through all their life stages and sponsors a number of select artistic events for this purpose. Housing major art works in various artistic disciplines including painting, miniature and photography at TEB Private Banking centers and showcasing them for its respectable art enthusiasts customers, TEB Private Banking also hosts its customers at photography exhibitions, concerts and sports competitions sponsored by TEB.

In addition to these activities, TEB Private Banking introduced the TEB Private Digital Museum, which is the first digital museum platform in Turkey, with the aim of presenting the stories of long hidden artworks in the collectors' own words to all art enthusiasts in the digital world. Thus targeting to contribute to development of art collecting in Turkey by inspiring new generation collectors, TEB Private Banking has sponsored BASE, Turkey's first collective exhibition by new Faculty of Fine Arts graduates so as to encourage investing in young artists, and thereby sustained its support to art.

### CARD PRODUCTS MANAGEMENT

TEB continues to work towards facilitating its customers' purchases through faster, easier and more secure methods, and makes sure that cards intermediate payments securely while striving to add to their enjoyment through additional product features on another hand.

During 2017, Card Products Management averaged a monthly turnover of approximately TL 5 billion, and year-end total receivables augmented by 14% in the twelve months to end 2017 to surpass TL 3.4 billion.

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

The highlights of the activities and novelties in the card products segment in 2017 are as follows:

- The long-going partnership between TEB and BONUS completed its 11<sup>th</sup> year.
- Valet parking, transfer, airport car park and lounge services within Restaurant Bonus continued, thus turning the waiting time of upper segment and commercial card users at the airport into a pleasant experience.
- TEB Private Banking customers are eligible to be issued both the TEB Private Platinum Card and the TEB Private World Elite Card, a comprehensive and exclusive card offered in the MasterCard system. The Priority Pass Card implementation offered along with TEB Private World Elite Card has been discontinued, and LOUNGE KEY implementation has been introduced, whereby customers can benefit from lounge access in overseas airports without an additional card being required. 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.
- Available to all cardholders and taking place among the most ambitious flight programs, the Mile Program allows customers to fly with advance miles without collecting bonus points and miles.
- The use of TEB debit cards for purchases accounted for 14.5% of the total turnover of debit cards.
- The market share of debit cards in purchases went up from 2.7% in 2016 to 3% in 2017.
- A significant overseas transaction volume was generated following the introduction of the opportunity provided to TEB customers to access their accounts and withdraw cash with no extra cost from 50,000 ATMs abroad.
- TEB credit card customers were given the ability to make mobile payments with NFC compatible cell phones on all the contactless POS devices, including public transport in certain cities, 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.
- TROY (Turkey's Payment System), the new payment system brand of Turkey, has been made available to the member businesses and cardholders.

#### **Member business sales, marketing and product development activities have been expanded.**

TEB kept increasing its segment-specific POS solutions and packages.

In this context, the Bank expanded its service spheres by offering solutions and packages catering to customer needs and expectations, such as Milyem POS for jewelers, Harman Card and Harman POS for the needs of farmers, Doctor POS and Professionals Packages for doctor professionals.

In 2017, TEB increased the number of accepted card brands offered to member businesses to five with the inclusion of TROY branded cards belonging to Turkey's new payment system platform among the cards welcomed at TEB member businesses besides Visa, Mastercard, Amex and Union Pay. This way, the businesses can accept the cards of five different card brands with just one deal.

In keeping with its consultant bank approach, TEB has been one of the banks that offered the most alternatives to businesses and led the sector through campaigns, which include opportunities intended for end-users and device variety. In 2017, the number of banks with joint POS deals reached seven and the number of brands collaborated for PRDs (Payment Recorder Device) reached nine.

Within the scope of digitalization efforts, the Bank increased its focus on functional initiatives such as receiving POS applications over tablet PCs, DCC, fixed-rate POS, second end-of-day in order to make life easier for customers, and their contents have been enriched.

Offering services at approximately 115,000 points at the end of 2017, TEB POS provides installment and bonus point redemption capability to member businesses with a total of 50,000 POS devices incorporating Bonus advantages. The Bank ranks 4<sup>th</sup> among banks that do not have its own brand.

With 45,000 PRDs (Payment Recorder Device), register POS market share went above 4%.

In 2017, the POS volume of TEB closed in on TL 20 billion, and about 30% of the total turnover was generated within the scope of the Bonus loyalty program.

#### **DIGITAL BANKING**

##### **CEPTETEB Digital Banking Platform**

The CEPTETEB Digital Banking Platform, which was launched in March 2015, offers non-financial benefits as well as financial services, and provides service to digital customers 24/7 with a 100% response rate and a response time of 9 minutes on social networks.

The platform expanded its customer base and continued to improve the digital banking experiences of its customers also in 2017. Offering a customer experience that is built on ease and speed, where users can apply to join anytime, anywhere through the "CEPTETEB Customer Relationship Managers", CEPTETEB has reached a total of 475,000 customers and a deposit volume of TL 4 billion, becoming one of the fastest growing digital banks of Turkey, as of year-end.

CEPTETEB made use of Smart Display Advertising technology, one of Google's artificial intelligence products, and was published on Google as a case study (for its successful implementation).

##### **Digital channels are being used by 80% of the Bank's customers.**

In 2017, TEB secured increased use of its digital channels and transported 80% of its customers to digital channels. In the reporting period, the Bank's Internet user base exceeded 1 million, the number of customers actively using the mobile banking application reached 830,000.

With these accomplishments, the share of digital banking in TEB's comparable financial transactions (money withdrawal, money depositing, loan repayment, bill payment, credit card payment, money transfers) that represent 78% of the Bank's total financial transactions reached 85%. In 2017, 76% of cash deposited, 89% of cash withdrawals, 83% of credit card payments, 89% of bill payments



and 93% of fund transfers were done through TEB's digital banking channels.

In 2017, the number of TEB ATMs reached 1,743 throughout Turkey and a total of 66 million transactions were carried out through ATMs.

TEB continued to reduce operating costs and its income-expenditure ratio by transferring the branch transactions made during 2017 to digital channels.

#### **TEB steps up its investments in mobile banking**

During the reporting period, TEB carried on with its investments in mobile technology with its revamped customizable CEPTETEB mobile application, which offers a rich selection of transactions. The "smart notification" feature of CEPTETEB mobile app sends push notifications to customers in a number of subjects from credit card expenses to tax payment reminders and market data.

CEPTETEB Digital Mortgage was introduced during 2017, a first in Turkey in that it enables completion of mortgage flows digitally without paying a visit to the branch. All processes from the application phase to loan disbursement

can be executed digitally, without a trip to the branch.

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

As the users started to review and check their financial data more often, the Finance Coach, a personal finance management tool, has been added to CEPTETEB Internet Branch, allowing customers to check their financial budgets online.

This feature grants the users the ability to check 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. The customers 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 the future and configure how much they need to save to reach that target with the help of Finance Coach.

## ASSET AND LIABILITY MANAGEMENT AND TREASURY GROUP

TEB is one of the first banks in Turkey to develop an “Asset and Liability Management” approach. Since 2005, Asset and Liability Management and Treasury Group manages interest rate, liquidity and structural exchange rate risks with the aim of maintaining a sustainable profit for the Bank.

The ALMT Group has adopted a management style based on sound, prudent and long term strategies with its competent and experienced staff and the know-how transferred from the BNP Paribas Group.

In 2017, the Asset-Liability Management and Treasury Group continued to contribute to its subsidiaries to work efficiently in their respective fields within the boundaries set by compliance.

### **Liquidity ratios were kept within limits.**

In 2017, despite the economical and political risks, the Asset and Liability Management and Treasury Group exceeded its targets through proactive hedging strategies in interest rate risk management and contributed significantly to the Bank’s profitability. The actions taken to secure funding diversity and funding maturity extension with the aim of reaching solid and consistent liquidity targets kept the liquidity ratios well above the limits during 2017 which has been a year of squeezed liquidity stemming from a solid credit growth.

### **Expertise in derivatives, close watch of global and local markets**

The Asset-Liability Management and Treasury Group plays a critical role in the Bank’s decision-making processes through the accurate modeling of interest rate and liquidity risks for which it is responsible, and measurement of actualizations. These processes began operating even faster in 2017, thanks to the investments made in information technology.

The Group is monitoring the local and international markets closely to foresee the possible volatilities in the market and to mitigate the structural interest rate risk, FX and liquidity risks in the bank balance sheet. . 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, ALMT is in close communication with all the business lines to ensure the balance sheet is managed with the right costs and competitive prices. Periodical meetings and visits are scheduled to establish an efficient relationship with the branch network.

### **Funding sources have been diversified.**

In 2017, the Asset-Liability Management and Treasury Group aimed at creating a stronger and more consistent liquidity for the Bank by securing a broad base of deposits, which represents one of the main sources of funding. 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 TEB’s belief in the future of virtual banking, the Asset-Liability Management and Treasury Group maintained its supportive stance for the pricing made through the CEPTETEB channel. For diversifying funding sources, the Group also initiated work towards securing long term funding from international markets. Particularly in the second half of the year, within the favorable market conditions, the frequency of TEB Bond issues has been increased in order to enhance product diversity

### **Collaboration with BNP Paribas**

Information flow between specialist teams continued efficiently in 2017. BNP Paribas know-how in modelling analyses is adapted to the requirements of Turkey by the TEB ALMT modelling team. The Modeling Department has taken over the process of creating the models used in the measurement of interest rate and liquidity risks from the BNP modeling team.

Competitive pricing of export credits and credits to corporate companies have been enabled by the low cost funding provided by BNP Paribas. Additionally, work was carried out to adapt the liquidity and risk management policies implemented by the BNP Paribas Group to the Bank, and experiences were shared for a more efficient liquidity and risk management across the Group.

### **Wholesale Pricing Department has been set up.**

In an effort to increase the efficiency of deposits pricing on the part of the Bank and

customers, Wholesale Pricing Department has been set up. The Department pays visits to customers above a certain magnitude and sets deposits pricing in direct contact with the customers.

On the other hand, the Risk Modeling Department has taken over the process of creating the models used in the measurement of interest rate and liquidity risks from the BNP modeling team.

## CORPORATE INVESTMENT BANKING GROUP

Operating since 2011, TEB Corporate and Investment Banking provides Turkish companies targeting strategic opportunities at home or abroad with consultancy support that will cater to such pursuits, and backs this service with loans and capital market transactions.

The main purpose of Corporate Investment Banking Group is to deliver custom made international solutions with high added value to customers in a fast and effective manner. To this end, BNP Paribas' competency in global products is presented to the clients, which may result in opportunities of an international scale.

In 2017, the Group carried on with its customer-oriented activities in Financial Markets, Large Corporate Groups, Large Corporate Groups Finance and Corporate Finance.

In 2017, TEB successfully sustained the acceleration it has gained 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.

In a year of continued growth in the capital market transactions, new hedging solutions have been developed particularly for FX and interest derivatives to protect clients from risks and presented to the clients.

Large Corporate Groups Department, which was established to develop financial solutions tailored for large corporate clients, kept 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 a consultant in big infrastructure projects in 2017, helped private capital funds in Turkey with their business ideas thanks to the rich client portfolio of TEB and intermediated strategic investments.

### **A structure that meets all the requirements of Investment Banking has been erected.**

The Corporate Investment Banking Group is a structure that combines TEB's power in the local market with BNP Paribas' expertise and experience in capital markets, structured finance and consulting.

Capable of single-handedly responding to a corporation's all requirements in these areas, 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 continue to provide its clients with structured finance, treasury solutions they need for capital market transactions and investment opportunities in the coming period.

## TEB SECURITIES SERVICES

TEB Securities Services who has been providing local custody and settlement services originally inaugurated by BNP Paribas in Turkey back in the 1990s, completed a decade in TEB in 2017. Upon the enactment of the new Capital Markets Law ("CML") in 2012, it is now acting in line with the General Custody permission provided by the Capital Markets Board. The new CML and its related communiqués have provided new opportunities for the Turkish capital markets to create and build new products and services in line with the global capital markets.

This structure increased the potential value post-trade providers such as TEB Securities Services can create.

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

### **TEB Securities Services sustained its successful performance in 2017**

Sustaining its successful performance of previous years in existing products and services in 2017, TEB Securities Services acquired new customers and adeptly handled the transactions of its existing customers. The department restructured the asset and fund services to be offered to third-party asset managers.

In the below mentioned surveys administered by the market's global leading companies in 2017, TEB Securities Services ranked first on the basis of its clients' comments and scoring:

- Global Custodian-Agency Banks in Emerging Markets
- Global Investor Magazine-Sub Custody Guide 2016
- Global Finance Magazine-Country Award, Annual Survey for World's Best Securities Services Providers

### **TEB is the choice of customers that seek much more than a custodian bank**

TEB having the global perspective coupled with a pioneering and client-focused approach remains the choice of clients seeking more than a custodian bank for post-trade services in capital markets.

TEB Securities Services closely monitors all the developments in the capital markets and the banking sector realized by regulatory agencies, Capital Markets Board of Turkey (CMB), Takasbank (CCP & Istanbul Clearing, Settlement and Custody Bank Inc.), Borsa Istanbul (BIST) and Merkezi Kayıt Kuruluşu (Central Registry Agency, local CSD) from legal, technological and operational aspects. The department promptly responds to any change that may have an impact on the securities services business with investments in new products and technology.

The department stood out from the competition with its investments aimed at achieving operational excellence with priority given to helping its clients expand their businesses.

The objective of the department is to implement innovative solutions that will contribute to the development of the capital



markets by pioneering post-trade services and the Bank.

In March 2017, the infrastructure of BIST Futures and Options Market (VIOP) platform has been migrated into the BISTECH Platform that has been developed with Nasdaq OMX. In June 2017, Takasbank became the central counterparty (CCP) in BIST Equities Market. The implementation of the CCP model in BIST markets have boosted the confidence of especially foreign investors in the Turkish capital markets and have contributed to the growth and development of the market. The platform change in the BIST Futures and Options Market enabled structural changes in the operational set-up of the market that foreign institutional investors have been demanding for years.

After the CCP implementation in BIST Equities Market, TEB Securities Services has analysed the evaluations for the impacts of this change in the market and the services offered to its clients.

Takasbank is expected to become CCP in BIST Fixed Income Market in 2018. The introduction of the CCP concept is a vital development in the Turkish capital markets.

#### **New cooperation and product developments continued in 2017**

TEB Securities Services is a part of BNP Paribas Corporate Investment Banking (CIB)

and acts as the Turkey arm of BNP Paribas Securities Services. It works in close proximity to BNP Paribas entities with a consultant's approach, providing continuous information about the Turkish market and new capital market instruments.

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

Collaborations with professional associations are ongoing. TEB Securities Services took part in the Content Committee of the Capital Markets Congress 2017 organized by the Turkish Capital Markets Association (TCMA) and which it also sponsored with a panel entitled "Five Reasons to Keep Investing in the Turkish Capital Markets".

The most notable product that TEB Securities Services department developed in 2017 was the asset and fund services for portfolio management companies. TEB Securities Services finalized the implementation of the product in line with the new CML obligations and fully ready to offer these services to third party portfolio management companies.

## NEW PRODUCTS AND SERVICES

### New Retail Banking Products

In 2017, TEB expanded the scope of applications received by the call center to fulfill retail customers' cash needs with the addition of loan disbursement.

This way, the call center started to be used as a loan disbursement channel in addition to TEB branches, mobile banking and Internet banking. In the reporting period, the infrastructure for lending at the point of sale has been established, and lending became possible through in-network dealers.

CEPTETEB Digital Mortgage was introduced during 2017, a first in Turkey in that it enabled completion of housing loan flows digitally without paying a visit to the branch. All processes from the application phase to loan disbursement can be executed digitally, without a trip to the branch.

As the users started to review and check their financial data more often, the Finance Coach, a personal finance management tool, has been added to CEPTETEB Internet Branch, allowing customers to check their financial budgets online.

This feature grants the users the ability to check 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. The customers 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 the future and configure how much they need to save to reach that target with the help of the Finance Coach.

### Customs Duty Payment with SMS

In 2017, TEB developed and introduced a service where customers can pay the customs duty by SMS. The customers are able to effect their Customs Duty payments arising from their foreign trade transactions with a single SMS. The system is available on a 24/7 basis.

### Special Consumption Tax and ASBİS Payments with SMS

In 2017, TEB also developed and launched the Special Consumption Tax (ÖTV) and ASBİS Tax payment with SMS service that allows the payment of the Special Consumption Tax code

no. 9077 levied on motor vehicles and ASBİS Motor Vehicle Registration Certificate Cost code no. 9247 arising from the registration procedures of brand new vehicles with a single SMS. The system is available on a 24/7 basis.

### Industry 4.0 Meetings under the TEB SME Academy roof

Value-added services that TEB configured in keeping with its mission as the "Consultant Bank" of SMEs are being developed in a format that will also guide the SMEs in their technological transformation. "TEB SME Academy Industry 4.0 Gatherings" began to be organized as part of the training programs offered in different cities under the TEB SME Academy roof intended to drive businesses ahead in the competition to make sure that the SMEs adapt to "Industry 4.0" concept. First initiated on 14 April 2017 in İstanbul, the gatherings continued in İzmir, Konya, Denizli and Adana, and training sessions were held in organized industrial zones known as the heart of the industry, in addition to meetings held in cities.

### The new channel of TEB SME TV was launched: Industry 4.0 Guide

The first online TV channel dedicated to SMEs and differentiating the Bank in the sector, TEB SME TV continued to be a trustworthy online information/news source in 2017 with programs dedicated to the business and career development of the business world in general and SMEs in particular.

Besides news that take the pulse of the economy, the markets and business life, TEB SME TV focused on guiding the SMEs about technology-oriented production, Industry 4.0 process on the basis of sectors, how digitalization influences business conduct and how companies should adapt to the process. Following "Technological Solutions", "Women Managers' Screen" and "Career and Personal Development" thematic channels that went live in earlier years, "Industry 4.0" channel began broadcasting SME success stories so as to be inspirational for adaptation to the process. The number of news content exceeded 10,000 in 2017 on TEB SME TV, which served to acquire a monthly average viewing figure of 1.5 million.

**TİM-TEB Start-Up Houses has given the vision of entrepreneurship to Anatolia and has become a supporter of the activities to develop the country's potential**

In 2017, in addition to 10 cities where TİM-TEB Start-Up Houses are located, six new cities, namely Antalya, Tekirdağ (Çorlu), Edirne (Keşan), Kırklareli (Lüleburgaz), Rize and Samsun, have been incorporated within the sphere of activities. A total of 9,950 entrepreneurs-to-be and active entrepreneurs have been reached on the basis of 315 training programs organized under 23 different headings in 17 cities in total.

In a bid to familiarize young students with entrepreneurship, we have launched Wake Up training programs in addition to TİM-TEB Start-Up Houses programs. 21 programs were conducted in 10 cities within the scope of WakeUp sponsored for university students at TİM-TEB Start-Up Houses. A 252-hour training program was conducted with the attendance of 566 students selected from among 13,134 applications in 10 cities. The overall program format was designed to help students get

acquainted with the entrepreneurship culture. In the programs, 144 business ideas emerged by the teams set up in all cities. The TEB Little Makers at Work project launched in 2017 with the slogan “Maker Children of Today, Big Entrepreneurs of Tomorrow” traveled to ten cities where TİM-TEB Start-Up Houses are located, and got together with 3<sup>rd</sup> and 4<sup>th</sup> graders. Having made its finale at Ataşehir TİM-TEB Start-Up Houses, the project has been instrumental in providing comprehensive training under the four main headings of “3-D printers”, “Arduino”, “Coding” and “Makey Makey” to over 500 students from 72 state schools across Turkey.

**T (Commercial) Plate Number Loans**

Under the TARES (Movables Pledge Registry) system established based on the Law on Pledges over Movable Property that entered force on 1 January 2017, plate numbers owned by retail customers who are taxpayers subject to the basic system began to be disbursed general purpose loans at affordable interest rates with a maturity of 48 months.

## TEB FINANCIAL SERVICES GROUP

## TEB FAKTORİNG A.Ş.

One of the top five players in its sector, TEB Faktoring A.Ş. (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 2017, TEB Faktoring wrote TL 8.2 billion worth of business, up from the previous year's TL 7.7 billion. Total assets increased by 19% and amounted to TL 2,032,906 thousand. Additionally, the net income and total factoring receivables of the company increased by 44% and 20%, respectively, in comparison with the previous year. According to year-end 2017 figures, the company registered a 21.45% return on equity and a 1% return on assets. Based on the data released by the Association of Financial Institutions, the sector average for the return on equity was 17.0%.

While the non-performing loans ratio in the factoring sector was 3.5% in 2017, thanks to TEB Faktoring's over emphasis on risk management, the NPL ratio was 2.1%, a result below sector average and even below the budgeted figure.

In 2017, the total number of customers in TEB Faktoring's portfolio went up to 26,493. As of year-end, the company had 2,437 active customers, 16 branches and 121 employees.

TEB Faktoring ranked in the top three largest factoring companies in Turkey in terms of the export factoring business 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 2017, TEB Faktoring was named the best export factoring company with a score of 100% by FCI and has become the first and only factoring company to win the "Best Factoring Company" award 6 times in the history of the award.

With the aim of better serving its customers and enlarging the market, the company has worked on projects based on digitalization in 2016 and brought a substantial portion of them into life in 2017. This allowed risk management, increased efficiency and automation, which are the key elements of profitability. Also in 2018, the company will be putting much emphasis on digitalization and innovation.

Supply Chain Finance, another product used extensively around the world, has been in the focus of the factoring sector since 2016, and the company made investments in this product in the reporting period. A portal, which will be established under the umbrella of the Association of Financial Institutions will allow financial institutions, buyers and suppliers to interact on the same platform. The shared electronic infrastructure will enable companies, especially SMEs, to obtain financing at more favorable rates and conditions. To this end, TEB Faktoring entered into an agreement with one of Turkey's leading supply chain platforms and began making this product available for its customers.

## TEB PORTFÖY YÖNETİMİ A.Ş.

A joint venture of BNP Paribas, one of Europe's leading financial institutions, and of TEB, one of Turkey's leading banks, TEB Portföy Yönetimi A.Ş. (TEB Asset Management) has been active in the field of asset management since 1999.

As of year-end 2017, it is the 9<sup>th</sup> biggest asset management company in Turkey, whose portfolio of TL 4.8 billion worth of assets under management gave it a 3.02% share of the sector.

Under the new regulations, the Capital Markets Board of Turkey (CMB) authorized the Company to engage in asset management and investment advisory activities on 15 June 2015, and issued the authorization certificate for operations numbered PYŞ/PY.22-YD.11/524. The Company's authorization certificates for Asset Management Operations dated 03 January 2000 and Investment Advisory dated 12 May 2004 have been revoked as of the said date.

The primary field of activity of the company is to set up and manage mutual funds subject to the Capital Market Law and the provisions of applicable legislation. In addition, the company manages the private pension funds of BNP Paribas Cardif Pension, manages the assets of institutional and individual clients by determining the optimum breakdown of financial instruments that suit their risk profiles in the capacity of proxy under the asset management agreement, and offers asset management and investment advisory service to funds set up abroad.

As of December 2017, TEB Asset Management was an asset management company with an extensive international distribution network and it:

- Controlled a 4.34% share, worth a total of TL 2.18 billion, of the mutual funds market;
- Controlled a 4.9% share of the actively-managed investment funds market;
- Had a total of TL 24 million worth of assets under management in its discretionary portfolio management business line;
- Had a total of TL 117 million worth of assets under management in its institutional asset management service business line;

- Controlled a 2.75% share, worth a total of TL 2.14 billion, of the pension funds market;
- Had a total of TL 315 million worth of assets under management in its international funds business line.

The synergies that 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 185 million are invested mainly in the equities of companies established in Turkey. TEB Asset Management also manages the Japan-based Turkey Equity Mother Fund, whose assets amount to about TL 130 million. These two plus the TL 190 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.

Under the implementation principles that will enter force as of 1 January 2018, pension companies will be allowed to have no more than 40% of their funds that they have set up managed by the same asset management company. Taking advantage of this requirement, TEB Asset Management held contacts with pension companies potentially aligned with the Group's vision and strategy to manage the pension funds they incorporated and entered into new partnerships in order to diversify the institutional portfolios under its management throughout 2017.

Having made use of 2017 as a year devoted to "simplification" of the mutual funds it has incorporated, TEB Asset Management decreased the number of funds from 23 to 21 and made relevant changes to the remaining set of funds to ensure managerial and operational optimization.

In addition, TEB Asset Management captured a good acceleration in new customer acquisition in 2017 in keeping with its target of



growing in the area of institutional asset management.

#### **In 2018**

In 2018, TEB Asset Management will continue to introduce new products in keeping with its innovative approach to business. Putting much emphasis on digitalization, the company's plans include the construction of a new website and development of a mutual funds application for smart phones. In addition, robo-

advisory services are planned to be offered for the customers' selection of mutual funds within the scope of a joint project with TEB.

In the forthcoming period, TEB Asset Management will continue 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 YATIRIM MENKUL DEĞERLER A.Ş.

Having started its operations in 1996, TEB Yatırım Menkul Değerler A.Ş. (TEB Investment) is engaged in capital market transactions under the Capital Market Law and the provisions of applicable legislation.

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

TEB Investment is also licensed to provide introducing 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 services:

- Brokerage services
- Client Facilitation
- Investment advisory services
- Issuance Intermediation Services (DCM/ECM)
- Brokerage custody services (Limited custody services)
- Introducing brokerage services.

TEB Investment serves its clients at home and abroad with an extensive lineup of products and services through a variety of service channels that address the particular needs of different investor profiles. Accordingly, the company provides different client groups with the investment and trading services (equities, derivatives, mutual funds, bonds & bills, repo, etc.) as well as corporate finance and research services according to their requirements, and also intermediation services in debt issues and acquisitions to companies in the field of corporate finance.

Being a bank's intermediary institution, TEB Investment derives its primary advantage

against the increasing competition in the sector from the research infrastructure at its disposal, which backs its extensive and efficient marketing network. TEB Investment also boasts being a company recognized with a number of awards in research in recent years.

TEB Investment distinguishes itself in the sector by virtue of:

- Experienced human resources capable of effectively serving both individual and institutional 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 collaborates with several units of the BNP Paribas Group. The company cooperates particularly in research, electronic trading and customer acquisition activities concerning Institutional Intermediation Services and commodity custody transactions for corporations. There is intense collaboration also in Retail and Private Banking particularly concerning investment advisory, digitalization and new customer acquisition. Joint work is intended to be carried out regarding forex and structured products in the period ahead.

TEB Investment recognizes that digitalization , which has gained speed due to the accelerated consolidations in the aftermath of the recent CMB regulations coupled with the trends in technology will modify the sector's structure and business conduct. Carefully considering this fact, the company implemented the strategies it has formulated and concentrated on enriching the customer experience through service diversification in different segments.

As the first step of achieving these targets, transformation initiatives were launched in 2017 in a bid to create a customer experience that puts effective employment of technology and research in the forefront, and to rebuild TEB Investment into a more efficient company with a higher level of digitalization.

During the reporting period, work was carried out on new services with a particular focus on

structured products and digital platforms, which are planned to be introduced in the period ahead. The preparations for the introduction of forex and corporate bonds, in particular, are at their final stages.

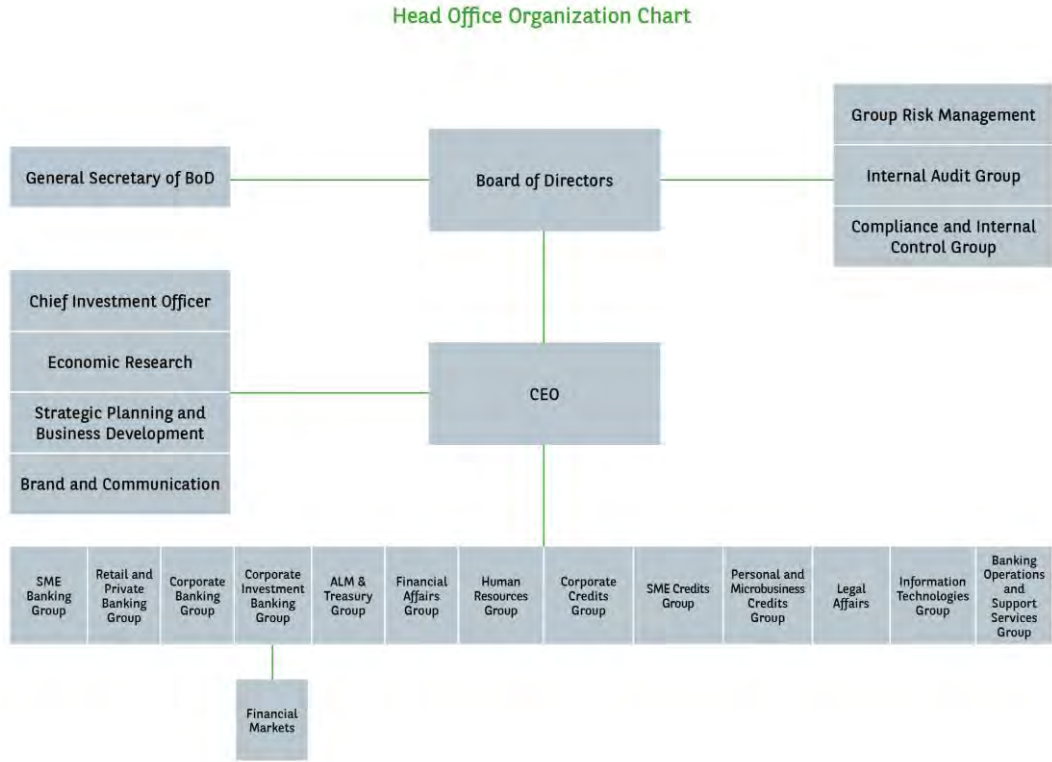
TEB Investment is one of the few companies maintaining a good balance in the delivery of its extensive intermediation and research services to individual and institutional

investors, alike. The company ranked 12<sup>th</sup> with 3.7% share of the market for its trading volume worth TL 107,056 million in Borsa İstanbul Equity Market.

TEB Investment ranks 3<sup>rd</sup> in Borsa İstanbul Derivatives Market with a 9.9% market share secured with a trading volume of TL 165,749 million.

## SECTION 2 - INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### HEAD OFFICE ORGANIZATION CHART



## BOARD OF DIRECTORS

## Chairman and Members of the Board of Directors

Name-Surname	Title
Yavuz Canevi	Chairman
Dr. Akın Akbaygil	Deputy Chairman
Ümit Leblebici	Executive Member and CEO
Jean-Paul Sabet	Deputy Chairman
Alain Georges Auguste Fonteneau	Member
Ayşe Aşardağ	Member and Deputy Chairman of the Audit Committee
Yvan L.A.M. DeCock	Member and Member of the Audit Committee
Sabri Davaz	Member and Member of the Audit Committee
Jacques Roger Jean Marie Rinino	Member and Chairman of the Audit Committee
Özden Odabaşı	Member
Xavier Henri Jean Guilmineau	Member
François Andre Jesualdo Benaroya (*)	Member

\* Pascal Jean Fischer resigned effective 13 December 2017, and François Andre Jesualdo Benaroya has been appointed to fill the vacated membership effective 17 January 2018.

Yavuz Canevi, Chairman	
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
1996-present	TEB A.Ş., Chairman of the Board of Directors
June 1995-present	IKV, Member of the Board
2001-2013	TEB Holding A.Ş., Board Member
2001-2010	Hedef Alliance A.Ş., 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
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
1960-1976	Ministry of Finance Georgia State University, USA, Faculty Member
1966-1969	University of Southern California (USC), USA, MA Economics
1956-1960	Ankara University, Faculty of Political Science, Department of Public Finance and Economics



<b>Dr. Akin Akbaygil, Deputy Chairman</b>	
1988-present	TEB A.Ş., Deputy Chairman
2017-present	Ekonomi Yatırımlar LTD. Director
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
2008-2017	TEB A.Ş., Audit Committee Deputy Chairman
2005-present	TEB Faktoring A.Ş., Chairman
2005-2017	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
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
1989-2005	TEB Mali Yatırımlar A.Ş., Deputy Chairman
1986-1989	İlkesan Yatırım ve Geliştirme Board Member
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 CEO</b>	
July 2017-present	DEİK Board Member
June 2014-present	Banks Association of Turkey, Deputy Chairman
September 2013-present	TEB A.Ş., Executive Board Member and CEO
February 2013-September 2013	TEB A.Ş., Deputy General Manager
2001-2013	TEB A.Ş. Assistant General Manager, ALM and Treasury Group
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

<b>Jean-Paul Sabet, Deputy Chairman</b>	
January 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
October 2014-present	Bank Gospodarki Zywnosciowej S.A., Board Member
April 2013-present	JSC "UkrSibbank", Board Member, Ukraine
August 1998-present	LDC, Member of Audit Committee, France
2013-2015	BNP Paribas Polska SA, Chairman of the Audit Committee, Poland
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>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
April 2009-present	Chairman of the Supervisory Board of BMCI, Morocco
2009-2013	Member of the Board of Directors of SAE, BNP Paribas Egypt
March 1995-present	BNP Paribas/IRB (International Retail Banking) CFO IRB
October 2009-present	UKRSIBBANK, Member of Audit Committee, Ukraine
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
1973-1979	University of Paris
1971-1975	Université François-Rabelais De Tours / Economic Sciences

<b>Ayşe Aşardağ, Member and Deputy Chairman of the Audit Committee</b>	
March 2017-present	TEB A.Ş., Deputy Chairman of the Audit Committee
2016-present	TEB Faktoring A.Ş., Deputy Chairman
2016-2017	TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2012-2017	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

<b>Yvan L.A.M. De Cock, Member and Member of the Audit Committee</b>	
September 2016-present	BNP Paribas Fortis, Assistant General Manager
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
2011-September 2016	BNP Paribas Fortis, Head of Corporate and Public Banking
2012-present	BNP Paribas Fortis Factoring Director
2011-2013	TEB Holding A.Ş., Board Member
2011-present	Fortis Private Equity Belgium Director
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. Delcredere Dienst
1978-1982	Lawyer at Winderickx and Associates
1983-1986	HUB-EHSAL, Master of Finance
1974-1977	Katholieke Universiteit Leuven, Master of Law

<b>Sabri Davaz, Member and Member of the Audit Committee</b>	
February 2017-present	TEB Sh.A., Board Member
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
2000-2011	BRSA Chief Sworn Bank Auditor BRSA Vice Chairman BRSA Consultant
1985-2000	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

<b>Jacques Roger Jean Marie Rinino, Member and Chairman of the Audit Committee</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
2001-2014	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-present	BNP Paribas Group Head
1977-1980	BNP Paribas, Export and Project Finance Department
1970-1974	DESS (Master 2) Paris University, Pantheon-Sorbonne, France

**Özden Odabaşı, Member**

March 2017-present	TEB A.Ş., Board Member
1998-2016	The Economy Bank N.V., CEO
1997-1998	FB Finansbank Suisse S.A., CEO
1994-1997	Finansbank Holland N.V.
1987-1993	Finansbank A.Ş., Marketing Director/Assistant General Manager
1986-1987	BNP-Akbank A.Ş., Marketing Manager
1984-1986	Citibank N.A. İstanbul, Customer Representative/Marketing Manager
1983-1984	Mobil Oil Türk A.Ş., Internal Control Assistant Manager
1981-1982	Northern Illinois University, MBA
1980-1981	Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration, Master's Degree
1976-1980	Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration, Bachelor's Degree

**Xavier Henri Jean Guilmineau, Member**

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
1996-1997	Lille 1 University, Business Administration, Certificate of Competency, Diploma of Specialized Higher Education
1989-1993	National School of Engineering in Agriculture and Food Industries, BS Degree in Agricultural and Food Industries
1987-1990	Nancy 1 University, Technology University Degree in Applied Food and Biological Industries
1983-1986	Nantes Academy, Secondary School Baccalaureate Diploma in Math and Natural Sciences

<b>Pascal Jean Fischer, Member</b>	
2015– December 2017	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>François Andre Jesualdo Benaroya, Member</b>	
January 2018-present	TEB A.Ş., Board Member
October 2017-present	BNP Paribas –IRB, Eastern Europe President/Turkey
July 2014-September 2017	BGZ BNP Paribas (Poland), Vice Chairman of the Board
November 2011-June 2014	BNP Paribas –IRB, Head of Retail
November 2007-October 2011	UKRSIBBANK BNP Paribas Ukrain, Vice Chairman of the Board
August 1992-January 1994	Republic of France National Institute of Statistics and Economic Studies / National School of Statistics and Economic Administration
September 1989-July 1992	Republic of France Polytechnic School / Engineering



## EXECUTIVE MANAGEMENT

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

Ümit Leblebici	Executive Member and CEO	
Gökhan Mendi	Senior Assistant General Manager	Retail and Private Banking Group
Turgut Boz	Senior Assistant General Manager and Deputy General Manager	SME Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager	Financial Control (Affairs) Group
Dr. Nilsen Altıntaş	Assistant General Manager	Human Resources Group
Gökhan Özdil	Assistant General Manager	Corporate Credits Group
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 Group
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
Tuğrul Özbakan	Assistant General Manager	Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager	Corporate Banking

## Managers of Internal Systems

Hakan Tıraşın	Head of Internal Audit
Nimet Elif Akpınar	Chief Risk Officer
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

## Ümit Leblebici, Executive Member and CEO

July 2017-present	DEİK Board Member
June 2014-present	Banks Association of Turkey, Deputy Chairman
September 2013-present	TEB A.Ş., Executive Board Member and CEO
February 2013-September 2013	TEB A.Ş., Deputy General Manager
2001-2013	TEB A.Ş. Assistant General Manager, ALM and Treasury Group
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

<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
June 2013-present	Bankalararası Kart Merkezi AŞ. Board Member
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 Inc. Plc. London, Head of Business Development
1998-1999	Citibank N.A., Istanbul, Credit Cards Marketing Director
1996-1998	Citibank N.A., Istanbul, 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
October 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 Group</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, Financial Affairs Group
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

<b>Gökhan Özdil, Assistant General Manager, Corporate Credits Group</b>	
September 2017-present	TEB Faktoring A.Ş., Board Member
March 2016-March 2017	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>	
August 2017-present	TEB Sh. A. Board Member
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

**Melis Coşan Baban, Chief Legal Advisor, Board General Secretary, Assistant General Manager**

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
1981-1989	Istanbul American Robert College

**Mehmet Ali Cer, Assistant General Manager, Information Technologies Group**

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
February 2011- November 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

**Kubilay Güler, Assistant General Manager, Banking Operations and Support Services**

2017-present	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. Vice Chairman
2014-present	ICC, Head of Security Committee
2013-2017	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

<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 Assistant Manager
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, Master
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 Open Markets Operations, Manager
1995-1996	CBRT 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, ALM & Treasury Group
2013-2015	TEB A.Ş., Group Director, ALM & Treasury Group
2008-2013	TEB A.Ş., Director, ALM
2007-2008	TEB Portföy Yönetimi, Assistant General Manager, DPM and Fund Management
June 2007-July 2007	TEB A.Ş. Financial Markets Director
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., General Secretary
1989-1992	TEB A.Ş., Inspector
1973-1989	Akbank, Branch Manager and Inspector
1972-1977	Istanbul Academy of Economics and Business Administration

<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 Tüketici Finansmanı 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 Institute of Political Sciences-MBA
1996-2000	Ankara University, Faculty of Political Sciences, Department of Business Administration

<b>Nimet Elif Akpınar, Head of Group Risk Management</b>	
July 2017-present	TEB A.Ş. Head of Group Risk Management
2017 Temmuz'dan bu yana	TEB Yatırım Menkul Değerler A.Ş., Board Member
2010-2017	TEB A.Ş., Credit Risk Director
2003-2010	TEB A.Ş. Operational Risk-BASEL II and Credit Risk Supervisor/ Credit Risk Manager
2000-2003	TEB A.Ş. Credit Allocation Supervisor
1995-2000	TEB A.Ş. Inspector /Assistant Inspector
1991-1995	İstanbul University, Faculty of Economics, Department of Economics (English)

## COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş

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

As of 31.12.2017 the Board of Directors have accepted 179 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. Akın 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. Akın AKBAYGİL, Vice Chairman of the Board of Directors

**Deputy Chairman**

Jacques Roger Jean Marie RININO, Board Member

**Members**

Özden ODABAŞI, Board Member  
Xavier Henri Jean GUILMINEAU, Board Member  
General Manager

**Alternate Members**

Sabri Davaz, Board Member  
Ayşe Aşardağ, Board Member  
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**

Ayşe AŞARDAĞ, Board Member

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

**Members**

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

Committee meets at least every three months.

**CORPORATE GOVERNANCE COMMITTEE**

Responsibilities of the 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 CANEVLİ, Chairman of the Board of Directors

**Members**

Jacques Roger Jean Marie RININO, Board Member  
Xavier Henri Jean GUILMINEAU, Board Member  
Yvan L.A.M. DE COCK, Board Member  
Sabri DAVAZ, 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 meets bi-weekly or as required.

**NEW PRODUCT COMMITTEE**

Responsibilities of the 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**

Assistant General Manager of Product Owner Segment

**Members**

Assistant General Manager of Product Owner Segment (Deputy Chairman of the Committee)  
Data Management Director  
Core Banking Operations Director  
Business Process Group Director  
Business Solutions Director  
Information Security and Quality Director  
Head of Legal Affairs, Secretary of the Board  
Contracts, Legal Counseling and Projects Director  
General Accounting Director  
Group Chief Risk Officer (and/or manager delegated according to the role)  
Executive Tax Director  
Customer and Product Safety Director  
Representative of Compliance Division  
Customer Rights Coordination 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

General Manager

#### Deputy Chairman

Group Chief Risk Officer

#### Members

ALM & Treasury Assistant General Manager  
 Financial Affairs Assistant General Manager  
 Financial Markets Assistant General Manager  
 Financial Markets Trading Director  
 ALM Director  
 Treasury Director  
 Market, Liquidity, Counterparty Risk and  
 Balance Sheet Analysis Director

Committee that meets on a monthly basis or as required

**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 2017 and 31 December 2016 were as follows:

	<b>31.12.2017</b>	<b>31.12.2016</b>
Share in total cash loans	0.39%	0.15%
Share in total non-cash loans	2.12%	1.79%
Share in total cash and non-cash loans	0.82%	0.54%

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 3, of the "Annual Report" and was also included in the financial statements as of 31 December 2017 and Section 5, Article VII.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 ANONİM ŞİRKETİ	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 ÜRETİM PAZARLAMA VE TİCARET ANONİM ŞİRKETİ	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)	CORTEX
BNP PARIBAS SECURITIES SERVICES	SOFTWARE (OTHER)	ABS CUSTODY SOFTWARE CONTRACT
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	CALL CENTER	UPDATE ADDRESS SEARCH SERVICE
WEBHELP 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 ANONİM ŞİRKETİ	OPERATIONAL SERVICES	LEGAL PROSECUTION COLLECTION SEARCH
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)	CAMPAIGN MANAGEMENT TOOL LICENSE AND IMPLEMENTATION AGREEMENT
ETCBASE YAZILIM VE BİLİŞİM TEKNOLOJİLERİ A.Ş.	SOFTWARE (BANKING)	SOFTWARE
FINANCIAL ENGINEERING ASSOCIATES, INC.	SOFTWARE	FINALYSE SOFTWARE AGREEMENT
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	SOFTWARE (BANKING)	SWIFT ALLIANCE SYSTEM
FOREKS BİLGİ İLETİŞİM HİZ. A.Ş.	SOFTWARE	SERVICE FACILITATION
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 DİĞİTAL 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 TEKNOLOJİ HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	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 SERVICES	PRACTICE DEVELOPMENT, TECHNICAL 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	SECURE LOGIN SOFTWARE MAINTENANCE FOR THE INTERNET BRANCH
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.	SOFTWARE	REAL-TIME CAMPAIGN MANAGEMENT PROGRAM AGREEMENT
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.	SOFTWARE	INTELLICA REAL/ACTUAL TIME SERVICES
KARTNET BİLGİSAYAR SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES	CAPv 2.1 MAINTENANCE AND REPAIRING SERVICES AGREEMENT
KARTNET BİLGİSAYAR SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES	POS NETWORK MAINTENANCE AGREEMENT
KEY YAZILIM ÇÖZÜMLERİ A.Ş.	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. A.Ş.	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 INTEGRATION AND MAINTENANCE SUPPORT SYSTEM
MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİCARET A.Ş. KARBİL YAZILIM VE BİLİŞİM TEKNOLOJİLERİ TİC. 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
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)	POZİTRON MOBILE BANKING AGREEMENT
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 (SYSTEM)	GVP MAINTENANCE AGREEMENT
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş. SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. 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 SERVICES
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	OPERATIONAL	PRACTICE DEVELOPMENT,

LTD. ŞTİ.	SERVICES	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
DİEBOLD NİXDORF TEKNOLOJİ ANONİM ŞİRKETİ	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
DATA MARKET BİLGİ HİZ. LTD. ŞTİ.	OPERATIONAL SERVICES	SERVICE PROCUREMENT AGREEMENT
İNFİNA YAZILIM A.Ş.	SOFTWARE	FUND OPERATIONS AND COLLECTIVE CUSTODY AGREEMENT
32 BİT BİLG.HİZM.SN.VE TC.LTD.ŞTİ.	SOFTWARE	OTASS INTEGRATION SOFTWARE MAINTENANCE
PANAROMA BİLİŞİM TEKNOLOJİLERİ SANAYİ VE TİCARET A.Ş.	OPERATIONAL SERVICES	PAYMENT RECORDING DEVICE INSTALLATION AND SERVICE AGREEMENT
32 BİT BİLG. HİZM.SAN. VE TİC. LTD. ŞTİ.	YAZILIM	EXCHANGE RATE BROADCASTING DEVELOPMENT SERVICE PROCUREMENT
ONUR TEKNİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SUTEK SU TEKNOLOJİLERİ VE POMPA SİST. PAZ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
KOÇKAN YAPI MALZ. TİC. VE SAN A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
KARABAĞLAR MOBİLYA LPG GAZI DAY. TÜK. MAL. VE KUY. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
AZURA DAY. TÜK. MAL. TEKS. GIDA TUR. İNŞ. İTH. İHR. PAZ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
TAŞ-KAR DAY. TÜK. MAL. BEYAZ EŞ. TAM YED. PAR. BÜRO. MLZ. İNŞ. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
KUTUP ISITMA SOĞUTMA GIDA SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
TİNK EĞİTİM HİZMETLERİ VE DANIŞMANLIK ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(TINK)
VARDAR DAY. TÜK. MAD. SAR. TUR. İTH. İHR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
NİSAN ELEKTRİKLİ EV GEREÇLERİ TEKSTİL ELEK. KOZM. OTO YAY. TİC. PAZ. A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
BİEV DAYANIKLI TÜKETİM ÜRÜN. MOB. TEKS. KONF. ELEK. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
ASKARACA DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
BAYER ISI SİSTEMLERİ YAPI MÜHENDİSLİK TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
AS ELK. VE MAK. SİS. İNŞ. SERVİS VE BAKIM İŞL. TAŞ. PET. ÜR. TRZ. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)

ÖZ DAYANIKLI TÜK. ML. MOB. TRZ. İNŞ. NAK. İTH. İHR. PAZ. GID. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
BODRUM ÇÖZÜM MÜH. İSİT. SOĞ. SİS. İNŞ. TAAH. İTH. İHR. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
MERMER DAY. TÜK. ELEK. TUR. İNŞ. SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
GÖKALP GRUP MEKANİK DOĞALGAZ TESİSAT MÜH. İNŞ. SANAYİ VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
KARAASLAN DAYANIKLI TÜKETİM MALLARI SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
SİNGER HASAN DAYANIKLI TÜK. MAL. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
JERİYAN MÜHENDİSLİK İNŞ. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İLARKO)
ER-PA İNŞ. TURZ. TELEF. OTO VE YED. PAR. GIDA VE HAY. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
ORUÇOĞLU DAYANIKLI TÜKETİM MALLARI TEKSTİL İNŞAAT SANAYİ VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
MAKRO İKLİMLENDİRME VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
VERDE MÜH. İNŞ. DIŞ TİC. PAZ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
TÜRKÜN YAPI VE TESİSAT MALZEMELERİ SAN. VE TİC. A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÖNDERLER TESİSAT İNŞAAT TAAHHÜT HAFRİYAT SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ES TEKNİK MÜHENDİSLİK DOĞALGAZ İKLİMLENDİRME SANAYİ VE TİCARET LİMİTED	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
LAPATYA YURT HALI MOBİLYA DEKOR. DAY. TÜK. MAM. İNŞ. SAN. VE PAZ. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
BOTES KLİMA TAAHHÜT SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ERCANLAR DAY. TÜK. MAL. KIR. TUR. TİC. SAN. LTD. ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
DEMAY ELEKTROMEKANİK TEKNİK SİS. MAD. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ONTA MÜH. MEK. İKLİM. İNŞ. TAAH. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
NASA NEM YAPI ELEMANLARI VE TİC. A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ME-NA MÜHENDİSLİK MÜŞAVİRLİK TAAH. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
MET MEKANİK TESİSAT TİC. VE TURİZM LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÖZGEN İSİ İNŞAAT PROJE TİCARET VE SANAYİ LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
GÖLKENT MÜHENDİSLİK DOĞALGAZ İNŞAAT ENERJİ SANAYİ VE TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
TOKCAY MAKİNA SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ŞANIVAR TEKNİK MALZEME MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)



HAN ISI İNŞ. İTH. İHR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ALPAZ DAYANIKLI TÜKETİM MALLARI SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
AYDIN AYAK. TUR. VE SPOR FAAL. ELEK. İMAL. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
ALENSİ AL. EN. SİS. IS. SOĞ. İNŞ. VE TAH. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
GARANTİ SU BOBİNAJ DALGIÇ POMPA SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
GÜMÜŞCÜ ELEKTRONİK DAY. TÜK. MAL. PAZ. İNŞ. GİD. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
GALERİ YANKI DAY. TÜK. MAL. İNŞ. TAAH. TUR. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
MGS ISITMA SOĞUTMA DOĞAL GAZ İNŞAAT SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ZENİKS MÜHEN DOĞA ASAN. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ATALAY MÜH. ISI SİSTEMLERİ ÜRETİM SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ERGÜVENOĞLU İNŞ. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
C.E.S. COŞKUN MÜH. İNŞ. ELEK. DAY. TÜK. MAL. VE GIDA TİC. İLET. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
GAS TERM MÜH. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ALDEMİR ISITMA VE SOĞUTMA TES. TİC. TAAH. VE MÜH. HİZM. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
GÜRSOY MÜHENDİSLİK SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÇAĞDAŞ ISI VE END. MAM. PAZ. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÖZ ENGİN DOĞALGAZ MÜH. HİZ. İNŞ. TAAH. TAR. MAK. VE TES. İM. AK. NAK. SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÜZEL DAY. TÜK. MAL. MOB. NAK. MÜT. İNŞ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(İNDESİT)
SAYĞIN MÜHENDİSLİK TAAHHÜT İNŞ. TUR. DOĞ. SİST. DEM. ÇEL. EN. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ÜN-SAL MAKİNE MÜHENDİSLİK TAAHHÜT SERVİS VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
İRFAN POMPA MOTOR NAKİL VASIT MAK. İNŞ. TUR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
EZER TESİSAT TAAHHÜT VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
HT LİFT ASANSÖR MÜH. DOĞALGAZ PRO. İNŞ. TAAH. İÇ VE DIŞ TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
ISISAN ISITMA VE KLİMA SAN. A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
TÜRKOĞLU İKLİMLENDİRME SİSTEMLERİ TAS. REK. İNŞ. TAH. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
KARLI İKLİMLENDİRME MÜHENDİSLİK LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
İSTANBUL MS. MÜH. AS. DOĞ. GAZ PET. SİH. TES. VE ISI SİS. DEN. HİZ. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
YÜKSEK DAYANIKLI TÜKETİM MALZ. TİC.	OPERATIONAL	POINT OF SALE CREDIT(DAIKIN)

VE PAZ. LTD. ŞTİ.	SUPPORT	
EKİM ISITMA SOĞUTMA KLİMA SİS.İNŞ.TUR.VE TİC.SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
İKLİMCİ MÜHENDİSLİK İKLİMLENDİRME SİSTEMLERİ SANAYİ VE TİCARET LİMİTED	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ÖZMEN DAYANIKLI TÜKETİM MALLARI İNŞ. GIDA NAK. TUR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ÖRSA İNŞAAT YAPI MALZEMELERİ TURİZM TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
BOSS MÜHENDİSLİK SANAYİ VE TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ARGE ISITMA VE SOĞUTMA SİSTEMLERİ İNŞ. MÜH. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ARNA MÜHENDİSLİK MEKANİK İNŞ. TAAH. İKLİMLENDİRME SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
EKOTEK KLİMA MEKANİK TESİSAT SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
TEMPUS İKLİMLENDİRME SİSTEMLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
NARMANLAR DAY. TÜK. MAL. İNŞ. AKAR. OTO. TUR. TARIM. HAY. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
BRD MOTOR İNŞAAT OTOMOTİV GIDA VE TURİZM SANAYİ TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
YETGİNLER DAY. TÜKETİM. MAM. KUY. OTOMOTİV SAN. VE TİC. LTD.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
İSTANBUL MOTOSİKLET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
DAYTONA MOTORLU ARAÇLAR KAFE İŞLETMECİLİĞİ SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
ŞİŞMAN MOTORSİKLET BİSİKLET İTH. İHR. İNŞ. TAAH. TUR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
GÜLCE MOTOR VE DAYANIKLI TÜK. MALZ. PAZ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
GAZİANTEP MOTOR SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
AYDIN MOTORLU ARAÇLAR SANAYİ VE TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
MERCAN TELEFON ULA. ELEKTRO. İNŞ. TAR. VE HAY. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(MERCAN TELEKOM)
TETAŞ ELEKTRONİK SANAYİ VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(TETAŞ)
LAM MÜHEN. ISI SİSTEM. İNŞT. TİC. VE SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
KLİMADOR MÜHENDİSLİK VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
TROİA MOTORLU ARAÇLAR İNŞAAT TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
TURANOĞLU KARA DENİZ VASITALARI VE YAN SAN. İNŞ. TUR. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
SERKAN DAY. TÜK. MAL. TEK. SERV. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
MOTOÇARŞI MOTORLU ARAÇLAR SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
DAVARCI MÜH. MİM. İNŞ. TUR. NAK. TAAH. TİC. SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)

TAŞYÜREK MOTORLU ARAÇLAR TİCARET VE PAZARLAMA TURİZM LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
KILIÇKAYA İKLİMLENDİRME VE DAY. TÜK. MAL. GIDA TUR. İNŞ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
BAYDAR MOTOSİKLET BİSİKLET SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
CANDAŞ MÜH. İNŞ. TAAH. SAN. VE TURİZM TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ALTES MÜH. MAK. İNŞ. DOĞALGAZ TES. TAAH. DAY. TÜK. MAL. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(ALARKO)
MERSİN 3A MÜHENDİSLİK TAAHHÜT PROJE VE TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
KARADAYI DAYANIKLI TÜKETİM MALLARI MOBİLYA REK. İNŞ. TUR. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(YAMAHA)
GÖKÇEK ENDÜSTRİ ÜRÜNLERİ TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(DAIKIN)
ÖZMERT MOT. BİS. TARIM ARA. YET. PAR. SER. İNŞ. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(SUZUKİ)
ORTA TURİZM VE OTOM. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(SUZUKİ)
ALSANCAK OTO İNŞAAT SANAYİ VE TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(SUZUKİ)
TEKYILDIZ BİSİKLET MOT. ARAÇ. DERİ MAM. TEKS. GIDA SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(SUZUKİ)
TURCAN EĞLENCE TUR. VE REKLAMCILIK İŞLETMELERİ TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT(SUZUKİ)

## 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 106.7 million in total has been set aside in the Bank's 2017 financial statements as provision for performance bonuses and sales premiums. Slated for payment in 2018, the amount splits as TL 90 million to be paid depending on the performances of the employees during the year and TL 16.7 million as sales premium in line with the sales realized by sales staff in 2017. 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 16.4 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 laws, regulations, TEB Policies 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
- 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 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 Meeting convened on 27 March 2017, a decision was adopted to pay Independent Board Member Alain Georges August Fonteneau a monthly gross remuneration of TL 6,000 in consideration for his role as an independent board member until the expiration of his such capacity, and not to pay an attendance fee to other Board members in consideration of their such roles.

During 2017, any and all rights, interests and remunerations paid to our Board members and senior executives amounted to TL 34,280,610 TL, and travel, accommodation and entertainment expenses amounted to TL 1,846,158 TL.

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.

**REMARKS ON INDEPENDENT AND PUBLIC AUDITS**

In 2017 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 Banking Regulation and Supervision Agency (BRSA), Central Bank of the Republic of Turkey (CBRT), Undersecretariat of Treasury and the Ministry of Customs and Trade.

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

4,419 lawsuits worth TL 11,832,011 in total were brought against the Bank during 2017. A total of 33,523 lawsuits brought in 2016 and previous years are currently in litigation. A provision of TL 56,673,762 had been set aside for these lawsuits as at 31 December 2017.

**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 30,142,850. 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 2017.

**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 2017. 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.

In 2017 there were no legal transactions, which were carried out at the direction of the controlling companies so as to benefit the controlling companies' subsidiaries. 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.

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.

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 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 the prospective managers of the bank within TEB itself and make use of the group's own human resources when filling vacancies,
- Develop performance evaluation and reward system in a way that as 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 Development

Focusing on the career development of its employees, TEB mostly makes managerial level appointments among the employees of the bank. In 2017, 84 Senior Managers and 12 Directors were promoted while 506 employees with non-managerial titles were promoted to higher positions. Additionally 208 were transferred to functionally different positions.

In line with the objective and transparent communication principle of TEB, vacancies in both the BNP Paribas and the TEB groups have been announced to all employees throughout the bank and the group companies, which has given all employees equal opportunity to apply to vacant positions. At the same time, TEB employees have been continued to benefit from international career opportunities. In 2017, Career Committees have been organized with the participation of employee representatives and promotion proposals were openly discussed in these platforms.

Exams have been carried out both for promotions of the branches' operational staff and reassignments of them to sales positions. During reassignment processes, both exams and interviews have been carried out in order to make an objective assessments.

Human Resources Business Partners team, who are competent in their field, gives consultancy to all the TEB employees for their careers and ensures them to be assessed for the best-fit vacant positions

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, 1,078 employees have received mentoring in TEB.

## Talent Management and Talent Development Plans

Under the heading of Talent Management processes, in 2017, 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.

Talent Development Programs have been redesigned according to the talents' experiences and managerial levels. The main purpose of these programs is to support the development of leadership skills for each level, and prepare the talents for their future roles.

Within this framework, 207 HIPOs, classified as 39 Young Talents, 78 Emerging Talents, and 90 Star Talents, took part in the two-year Talent Development Program that is enriched with rotation, e-learning, classroom training, interactive workshops, mentoring programs and experience-sharing meetings. In addition, 680 HIPERs attended four professional and personal development programs on average within the frame of their individual development plans.

In 2017, 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

The annual cordial event, TEB Talent Day that has been bringing together the talents on a new theme since 2009, puts innovation on the center stage, serves to nurture the talents, promote internal recognition and foster relationships. TEB Talent Day 2017 had adopted the theme "The World is in BETA - Are you ready?"

## Global Talent Management

The grid form created to identify global talents within the scope of "Leaders for Tomorrow" program that has been initiated by BNP Paribas Group Global Talent Management was integrated with the TEBFlow system, upon which evaluations for identifying global talents began to be performed through the system.

Global talents are also presented with the opportunity to take part in BNP Paribas Global Talent Development Programs. In 2017, 68 talents in total participated in global talent programs.

Within the scope of the IRB's international program "Learn From Each Other", 24 Global Young Talents from BNP Paribas's operations in six countries, namely, France, Italy, Luxembourg, Morocco, Ukraine and Poland, were hosted at the Bank in 2017. While the Global Young Talents had the opportunity to gain an insight into the Turkish Banking Sector and TEB during their visits, they also took part in various field visits and on-the-job trainings. 24 young talents sent from Turkey captured the chance to have this experience in the above-mentioned countries.

## TEB Idea Sharing Platform: TEB Fikirbazlar

The Idea Sharing Platform: TEB Fikirbazlar project, designed to build a bridge between generation Y young TEB professionals and the senior management, to ensure that they jointly develop projects employing the Design Thinking Methodology, and thus to maximize interaction between the different generations along with mutual idea sharing opportunities, was launched in April 2016. The platform matches one Usta Fikirbaz (senior) with three Genç Fikirbaz (junior), who get together during a six-to-eight month period to mutually share their knowledge and experience about a jointly identified topic, and employ the design thinking methodology to produce and bring a project to finalization. During this timeframe, they meet at least once a month to work on their projects. At the end of the program, the projects are presented to the senior management of TEB and the chosen ones are adapted within the Bank. The first group of TEB Fikirbazlar presented eight projects to the Executive Committee in February 2017, and work is in progress to implement the best five among them.

27 Genç Fikirbaz have been selected from among the applications collected for the 2017-

2018 period and the new term will begin in January 2018.

### 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 2017 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

Digitalization of human resources practices has continued in 2017. Within this framework;

- New-generation solutions in the learning experience were provided by investing personalized e-learning and in mobile simulations that support the same in 2017.
- TEB Digital Kampüs, which has more than 1,000 contents and 10,000 users, has continued to serve for TEB Employees with its new interface and mobile support. My development, which is an e-learning platform of BNP Paribas, has also started to provide global trainings in 2017.
- An application, that is created via Facebook App on TEB Career and that let young talents discover their skills, has been developed and launched.
- The application, that allows candidates to see open positions and apply these positions directly on Facebook account, has been launched.

- Mobile versions and search engine optimizations of all HR websites have been put into use for mobile devices.
- HR continued to contact internal and external candidates through digital channels including Online Interview, Webinar, and e-Exam modules.
- Within the scope of HR Data Quality initiative, more than 430,000 data have been analyzed and standardized in one year.
- The HR Chatbot project, which will provide easy and quick access to internal employees and the external potential target audience, has reached the pilot phase.
- HR Mobile App project, which will allow TEB employees to access Self-Serve HR channels and reach mobility opportunities instantly in a customized way from their mobile phones, has reached the pilot phase.

### 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 2017. 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 acts as a Change Management leader on strategic projects undertaken in the Bank.

TEB, which aims to create the "Great Place to Work" for its employees and aims to become the bank preferred by the employees in the sector, has carried out many successful projects since the "Great Place to Work Project" launched at the end of 2012. One of the most important elements that lead TEB to success in this project is the adoption and ownership of the goal of becoming the great place by all TEB management and the steps taken by the management in a sincere manner. TEB leads the way in the sector with

setting up the Employee Sounding Board consisting of 600 representatives from all organizational groups at the Bank. The platform conveys all the feedback of employees to the Human Resources Group and Management. Furthermore, it conveys the actions that have been taken in parallel to these feedbacks to the entire Bank. The Employees Sounding Board 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 great 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 Employees Sounding Board 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 survey results. They have already formed their action plans and these action plans are being followed up with 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 "Taking everything into account, I would say this is a great place to work", the question that is used as the indicator of the overall perception score, increased 25 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 11 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 worldwide institutes 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 2017. As a result, TEB has managed to receive the Top Employer Turkey and Top Employer Europe Certificates for 5 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 2017, 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 Joyful World, My Volunteer World and My Healthy World and in 2017, 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 2017, the following events have been organized;

- “HR Only Us MeetingsHR Café Face to Face (İK Bizbize) Meetings” where the results of the employee surveys are shared with the head office and regions, questions and proposals are received and answered.
- “Leaders’ Cafe” 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 Football Festival which enable employees have a good time and build a team spirit,
- TEB Koruncuk Choir Concerts,
- “Make a Wish - Let’s Keep the Children Warm” Social Responsibility Project

## TEB Bulletins

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

Special e-bulletins after the events which contains important messages for employees.

## 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 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 early 2017.

## TEB Sports Academy

Inhouse sports tournaments and events are organized as ways of protecting employee health, strengthening team spirit and an “Us” awareness, increasing employees’ engagement and commitment and creating social benefits as an expression of social responsibility. For much the same reason, employees are also encouraged to take part in external sports leagues and tournaments to representing the company.

The highlights of TEB Sports Academy activities in 2017 are briefly summarized below:

- TEB Football Tournament and Corporate Football League
- Corporate Games Basketball League
- Corporate Volleyball League & Corporate Games Volleyball League
- İstanbul, Runatolia and İznik Marathons
- Istanbul Tennis Champions Cup and Interbanks Tennis Tournament
- Pilates classes.

TEB Football Team came fourth among 15 teams in the Corporate Football League 2017, while TEB Women’s and Men’s Volleyball Teams both won the championship in Corporate Games 2017, giving us the joy of a double title.

Furthermore, TEB Men’s Volleyball Team earned the world champion title in the World Corporate Games 2017 held in Houston, whereas TEB Women’s Volleyball Team clinched the second spot.

TEB Tennis Team ranked first in its division in the Interbank Tennis Championship 2017.

TEB Running Team, on the other hand, was given the Corporate Games 2017 Sports Champions Award, and garnered five medals in total in men and women categories.

At the Corporate Games 2017, TEB Running Team was also honored with the Gentleman Organization of the Year Award and Sport for



Life Award, which is granted to organizations that secure the highest participation in the Games.

### TEB Club Activities

TEB Club organizes activities in areas of interest for company employees that are intended to bring them together outside the workplace as well. The most active clubs are the TEB Band, TEB Classical Music Choir, TEB Photography Club.

### HR Café Face to Face (İK Bizbize) Meetings

In 2017, TEB Human Resources Group came together with 5,000 employees in 47 HR Café Face to Face (İK Bizbize) meetings held with all Headquarter and Regional employees. The scope of these meetings as follows:

- sharing the results of the employee survey conducted throughout the year,
- explaining the actions taken in line with the surveys to all those in the Bank and
- receiving feedbacks from employees and answering all questions clearly.

### Social Responsibility Activities

TEB employees regularly take part in the marathons organized in Turkey and volunteer for sports events organized by Adım Adım Organization 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. In the charity marathons that it has taken part since 2008, TEB has earned the top place in the following categories and was recognized as the “Most Kind Hearted Company” from among the companies operating in the financial services sector that ran for a charitable cause\*:

- Number of Charity Runs
- Number of Volunteer Runners
- Number of Donors Reached by TEB Runners

- Amount of Funds Raised by TEB Runners (TL)

Among 492 organizations from any sector that ran for a charitable cause, TEB ranked among the “Top 10 Most Kind Hearted Companies” in the following categories\*:

- Number of Charity Runs
- Amount of Funds Raised by TEB Runners (TL)

\* These results are based on the 2008-2017/April data of Adım Adım (Step by Step) Platform.

Having run for the benefit of Koruncuk Foundation (Turkish Foundation for Children in Need of Protection) at Vodafone İstanbul Marathon 2017, TEB Running Team ranked first among all participating organizations in the “Social Responsibility Awareness” category, while TEB volunteers took place among the top 15 heroes in terms of fundraising.

In addition, TEB employees fulfilled the winter clothing needs of more than 3,500 children across Turkey with the “Let’s Keep the Children Warm” campaign launched within the scope of TEB’s social responsibility initiative, Make a Wish. Launched in 2015, the initiative reached 400 children in its first year.

In addition, within the scope of the “Dream Up” program carried out in cooperation with the BNP Paribas Foundation, TEB has provided regular music education to children aged 8-14 living in the Koruncuk Foundation Children’s Village by professional music instructors, and a children’s choir was formed.

Having reached 39 children at the time, the Children’s Choir continued to receive education from October 2016 until May 2017, and they gave a concert at the TEB Head Office Building to an audience consisting of the Foundation’s representatives and TEB employees.

Within the scope of Dream Up, a three year program that will span through the years 2015-2018, the third year activities of the choir commenced in October 2017. Within this frame 36 children in the care of Koruncuk Foundation received choir education.



## 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 2017, 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 Intrepreneurship 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 - mindset.

### TEB In-House Entrepreneurship Program

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

With TEB Hackathons, 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, as well as supporting them with training and mentoring to turn their ideas into lucrative businesses.

TEB intrepreneurship program has been an important activity initiative that feeds Start up Banking and TEB Private Banking Angel Investment Platform both of which TEB initiated to support the entrepreneurship ecosystem in Turkey.

In 2017, in the third year of TEB's intrepreneurship program, more than 330

project applications were received from employees with entrepreneurial spirit.

### Annual TEB Innovation Summit

10<sup>th</sup> Annual TEB Innovation Summit have been organized with the participation of Worldwide keynote speakers, TEB Employees and TEB customers.

The themes of the "Annual Innovation Meetings" by years are given below:

2017: The World is in BETA: Are you ready?

2016: Redesigned Banking with the Codes of the New Generation

2015: Agile Innovation/ Agile Organization Be Agile, Get Results

2014: Smart Simplicity Think Simple, Think Outside the Box

2013: Innovation for the Changing Consumer Trends

2012: Next Generation Banking in the Digital World

2011: Customer Experience Excellence Innovation in Customer Experience

2010: Innovation from Future to Today

2009: Winning in Turbulent Times Through Innovation Overcoming Tough Times with Innovation

2008: Open Innovation

2017 theme was "The World is in BETA: Are you ready?", local and foreign speakers who are leading names in the sector pointed out that nothing is ever finalized in terms of product/service development that will cater to customer expectations, and underlined the importance of understanding the fact that the world is in BETA phase. In addition, creative employees who conveyed their ideas through the Sparkle (Kıvılcım) Portal and Internal Innovation Competitions, as well as customers, university students, new graduates and technology startups that were placed in the "Innovation Competition" were presented their awards.

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.icaticikar.com](http://www.icaticikar.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 TEB 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. Throughout 2017, 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" (İcat Çıkar) 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, 383 innovation and improvement ideas from TEB employees have been brought to life and 47 projects are underway.

### **University/Campus Activities - Internship and Young Talent Acquisition Programs**

During 2017, TEB Human Resources Group designed campus activities according to the needs and expectations of young talents in an effort to attract them to TEB and got together with them on various platforms.

TEB HR interacted with more than 5,000 students through promotion activities, company presentations, career days, executive talks, elevator pitches and case selection processes held on the campuses of İstanbul Technical, Koç, Galatasaray, Boğaziçi, Middle East Technical, Anadolu, Bilkent, Yıldız Technical, İstanbul, Marmara, Özyeğin, Bilgi, 9 Eylül, Çukurova, Hacettepe Universities, TOBB University of Economics and Technology, Osmangazi, Akdeniz, Süleyman Demirel, Trakya, Ege, and Karadeniz Technical Universities.

Throughout the academic semester, TEB took part in four Elevator Pitches, 38 Case Studies, two Virtual Career Fairs, 14 special sessions, three Innovative Idea Campuses, 10 different Career Days, and sponsored six events. Campus Ambassadors from different business units, senior executives or recently-graduated young TEB professionals took part in all of these gatherings, providing the students with the experience in areas they needed.

In this academic semester, TEB initiated a new implementation whereby students could take the "Innovation Meter", a personality test in the form of a Facebook app, on the iPads that they could use in the foyers and stand areas. This enabled the utilization of digital platforms while allowing for the results to be evaluated together with TEB professionals.

TEB Innovation Campus is a program designed to acquaint junior- and senior-year university students with a work environment enriched with training programs in innovation and entrepreneurship, and in which innovation and creativity are promoted and rewarded; the program also provides them with the opportunity to get together with TEB mentors and senior executives. Out of 200 students that took part in Elevator Pitches and Case Studies in 2017, the most successful 60 attended the Innovation Campus and those with an outstanding performance were offered to take part in the shortcut traineeship program.

12 students have been selected for shortcut traineeship, which is a project-based program that runs through June to September and junior year students from the major universities of Turkey are accepted through a special recruitment process. At the end of the three-month internship, the students make their project presentations and those who are found to be successful are offered part-time jobs at TEB. Those who cannot sustain a part time job due to their academic schedules are offered a job at TEB through a pre-contract upon their graduation.

366 students across Turkey took part in 2017 compulsory summer internship program for universities.

Within the scope of compulsory internship for trade vocational high schools for 2017-2018 winter period, 179 high school students started their internship across Turkey.

### 2017 TEB Innovation Awards

In 2017, TEB won the BNP Paribas Group Innovation Award with its "LEXUS" project.

Istanbul Stage of the "BNP Paribas International Hackathon" was organized by TEB, which the event held simultaneously in 10 countries, where financial software developing startups compete. The champion of Turkey competed against the champions of other countries in the finals that took place in December.

### 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 2017, a total of 9,127 TEB employees took part in classroom trainings. There were 39,571 attendees to classroom trainings, 561 attendees to on-the-job training and 125,088 attendees to e-learning trainings. TEB's own instructor personnel provided 56% of all in-house training.

During 2017, the following programs were held within the frame of the Bank's Training and Development strategies and goals:

- Orientation, Basic Training Programs, on the job trainings and mandatory trainings for the new recruits were organized and 1,040 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, BNPP Paribas) as well.
- In addition to the already existing SME Consultancy, Expertise, Micro business Consultancy, Retail (Banking) Family Consultancy, Agriculture Expertise, Corporate Banking, Private Banking, Banking Operations, Human Resources and Branch Management Academies, CIB Academy was opened in 2017.
- Classroom courses in English continued and 61 employees took advantage of this opportunity in 2017.
- BNPP and Local Regulatory training programs continued.
- 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 were constantly renewed and SPK license remained a prerequisite for inclusion in the promotion and assessment process. Besides the classroom trainings, mobile trainings, which employees can use 24/7 and take trial tests, were carried on.

- The mandatory trainings of BNPP Group were made available to target group employees. These trainings are: Code of Conduct, International Financial Sanctions and Embargoes, Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism, Market Abuse, US CFTC Swap Dealer, AEOL, Volcker Rule and the French Banking Law, Know Your Data. The exams within the scope of the Roosevelt Project have been completed by the relevant employees.
- Financial Learning Map has been prepared as a different approach to thoroughly communicate the focus areas of the Bank and the factors that affect profitability in the field , and training was given to the targeted group. Accordingly, 260 moderators received training, who then facilitated the attendance of all branch managers and all RMs in the program.
- Branch Managers' Profitability Training Programs were handed over to branch managers so that they can form their own branch strategy in line with the strategy of the Bank.
- Under the Customer-Centricity Project, the content of the Profitability Training was designed so as to address the portfolios, and "Portfolio-Focused Profitability Training" began to be offered. In addition, Customer-Centricity Training programs began to be developed for all RMs, Branch, Transaction Officers and Security Staff.
- In the evolving banking world, the service model is also being reshaped, as well as products and tools; in parallel, business processes and procedures also change. Accordingly, "Standardization in Customer Services" training programs have been designed with the purpose of communicating the current information about the processes, implementations, business conduct that are revamped through regulations or improvements, and providing the same services in all Branches. 880 employees attended these programs.
- Training programs have been developed for the employees who will serve in the "TEB Practical Branches", the Bank's new branch model, and related employees attended these programs.
- The content of the Ensuring Perfect Customer Experience at the Call Center training have been customized for TEB by an expertise training company. While 188 employees have already taken the training, the program is in progress so as to ensure that all call center agents will receive the training.
- Corporate Banking Role-Based Upskilling Program has been prepared. Designed in line with the 2020 Transformation Strategies the Bank and of the Corporate Banking Group, the program intends to upgrade the knowledge and skills of all roles serving in Corporate Branches.
- Training programs on the implementation of the Design Thinking Methodology have been rolled out across the Bank.
- Traditional In-House Instructors Meeting took place with the participation of 216 instructors. Awards were handed for 20 Most Successful In-House Instructors and 5 Most Successful TEB MASTERS.

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

**Distinguished shareholders, customers and employees,**

In 2017, TEB's total assets went up by 8% to reach TL 85.8 billion in the January-December period, while the Bank booked TL 1,068.8 million in net profit. Loans, which make up the most important indicator of TEB's support to the economy and its customers, accounted for 74% of its total assets in 2017. Nearly half of the loans worth TL 63.3 billion in total were disbursed to the SMEs, the engine of the Turkish economy.

Having put emphasis on risk management and asset quality in 2017 as it does every year, TEB's non-performing loans ratio in the reporting period was registered as 3.02%. In the same period, the Bank's total deposits augmented by 12% to TL 55.6 billion. Maintaining its stable growth along with its robust capitalization, TEB's shareholders' equity increased by 16% to reach TL 9 billion, while capital adequacy ratio was a strong 16.12%, well above the targeted ratio of 12%.

TEB's support to the national economy has been ongoing, and the bank achieved a differentiated and specialized position in foreign trade, backed also by the global service network of BNP Paribas. Through significant advantages and facilities offered to multinationals in cash management, the Bank kept developing cash management implementation for its global customers requiring a single global solution for their operations that may be scattered all around the world.

Besides supporting the real economy, TEB undertakes initiatives in major social and environmental issues as a requisite of its corporate social responsibility. This approach compels paying due regard to environmental, social and governance risks in certain sensitive sectors and products, while respecting sustainable development principles. In other words, this approach means that today's needs are to be satisfied without injuring the

ability to satisfy the needs of the future generations.

In a period of greater significance acquired by the market conditions and regulatory requirements, TEB continued to render service to its customers by setting itself high standards with respect to compliance also in 2017.

The Bank continued to give priority to Alternative Distribution Channels as evidenced by the migration of transactions performed from branches to digital channels, and the customer-centricity goal of being a digital and agile bank by 2020s has been maintained with the contribution of all employees.

The transformation program of TEB continues rapidly employing an innovative approach targeted at key points with the objective of achieving effective results. Efficient, digital and elegant customer interfaces are being utilized. These are combined with processes that put customer-centricity, efficiency, agile methods and initiatives aimed at empowering the employees that will own this transformation in their focal points, as well as advanced and digitalized business and distribution models.

In our day when everything has become digitalized, cyber security has become ever more important; hence, while IT security infrastructures have been upgraded, the Bank's employees were given training which ensured higher awareness of the topic.

We hereby present the operating results and financial statements of TEB for 2017 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

TÜRK EKONOMİ BANKASI A.Ş. PROFIT DISTRIBUTION TABLE FOR THE YEAR 2017 (TL)		
1.	Paid-in / Issued Capital	2,204,390,000.00
2.	Total legal reserves (According to Legal Records)	295,040,803.13
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	1,312,930,369.12
4.	Taxes to be paid (-)	(244,092,081.92)
5.	Net profit for the period ( = )	1,068,838,287.20
6.	Losses related to the Previous Years (-)	0
7.	Primary Legal Reserve (-)	(53,441,914.36)
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	1,015,396,372.84
9.	Donations made within the year ( + )	-
10.	Net distributable profit (including donations)	-
11.	First Dividend to Shareholders	100,000,000.00
	- Cash	100,000,000.00
	- Share Dividend	0.00
	- Total	100,000,000.00
12.	Dividend distributed to the holders of the privileged share	0.00
13.	Dividend distributed to	0.00
	- The Members of Board of Directors	
	- Employees	
	- Other than Shareholders	
14.	Dividend distributed to the holders of redeemed share certificates	0.78
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)	0.00
19.	EXTRAORDINARY RESERVES	915,396,371.97
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	100,000,000.78	0	9.85	0.05	4.54
	B	0	0	0	0	0
	TOTAL	100,000,000.78	0	9.85	0.05	4.54

When evaluating the dividend payouts made by the Bank to the shareholders, due regard is paid to macroeconomic conditions and financial stability, as well as to the Bank's total shareholders' equity, its quality and the Bank's long-term strategies and goals. Dividend payouts are carried out following the decision to be passed by the Board of Directors in accordance with the aforementioned evaluations, subject to the clearance from the

Banking Regulation and Supervision Agency and from the Bank's General Assembly. The General Assembly of Shareholders was yet to convene as of the date of the announcement of the 2017 Annual Report. Upon obtaining the necessary legal approvals and approval of the General Assembly, it is planned to pay the shareholders a profit share in the amount of TL 100 million.



### 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 2017.

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, 4 Assistant Group Heads, 4 Audit Managers, 3 Supervisor Auditors, 2 Senior Auditors, 26 Auditors, 7 Authorized Assistant Auditors, 29 Assistant Auditors, 2 Senior IT Auditors, 1 IT Auditor, 1 IT Assistant Auditor, 1 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 2017 audit activities, 214 branches were audited.

In addition to branch audits, inspections were conducted in a total of 36 different areas: 25 at the Head Office, 7 at subsidiaries, 4 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, Finance and Treasury Transactions Control Department and Control Design and Remote Monitoring Department 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 activities of the Legislation Division are carried out in accordance with the requirements of applicable legislation and the Group's guidelines.

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 2017, the Audit Committee met 50 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, to set up the internal control system of the same scope between the Bank and Group companies and to fulfil other liabilities in accordance with the Banking Regulation.

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 2017 went up by 13% to TL 1,069 million and the Bank posted a RoE of 13.4% in line with its strategies focused on profitability and productivity.

While the Bank's total assets grew by 8% to TL 85,758 in 2017, total lending also expanded around 12% and reached TL 63.3 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 15.8 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 46.8 billion and accounted for 74% of the Bank's performing loans portfolio.

As at end 2017, TEB converted the entirety of the deposits it has collected into loans and finished the year with a loans/deposits ratio of 114%. Time deposits volume that covers a substantial portion of the Bank's funding need went up 9% and the ratio of total deposits to balance sheet liabilities was registered as 65%. On the other hand, demand deposits also reached TL 9.50 billion, making a significant contribution to the Bank in terms of funding cost.

Having renewed its syndicated loan on 7 September 2017, TEB signed a loan agreement with the participation of 25 international banks for the purpose of supplying a syndicated loan in the amount of EUR 385 million and USD 85 million with 367-days maturity, and for USD 75 million with a maturity of 2 years and 30 days.

For the 367-day maturity portion of the syndicated loan, the interest cost was Euribor plus 0.85% and LIBOR plus 0.95%, respectively. All-in cost of the facility with a term of 2 years and 30 days, which will be used to finance general foreign trade, is LIBOR + 1.90%.

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 2.16 billion were offered in domestic markets:

- a 148-day bond with a nominal value of TL 302.9 million in May 2017;
- a 153-day bond with a nominal value of TL 189.3 million in June 2017;
- a 119-day bond with a nominal value of TL 202.5 million in July 2017;
- a 111-day bond with a nominal value of TL 142.5 million in August 2017;
- a 111-day bond with a nominal value of TL 450 million in October 2017;
- a 106-day bond with a nominal value of TL 370.3 million in November 2017;
- a 105-day bond with a nominal value of TL 199.1 million in November 2017;
- a 168-day bond with a nominal value of TL 7.7 million in November 2017;
- a 112-day bond with a nominal value of TL 300 million in December 2017.

## 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:

	2017
<b>Moody's Investor Services:</b>	
Foreign Currency Deposit	Ba2/NP
Outlook	Negative
Revised Loan Valuation	ba1
<b>Fitch Ratings:</b>	
<b>Foreign Currency</b>	
Long-term	<b>BBB-</b>
Short-term	F3
Outlook	Stable
<b>Turkish Lira</b>	
Long Term	<b>BBB-</b>
Short-term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Individual Rating	bb+
Support Points	2

## DONATIONS

Date	Receipient	Amount
03.01.2017	Elif Parlakay/January 2017 scholarship	750.00
03.01.2017	Sabri Talha Parlakay/January 2017 scholarship	750.00
03.01.2017	Kerem Mert Dalkılıç/January 2017 scholarship	1,000.00
03.01.2017	Elif Zeynep Dalkılıç/January 2017 scholarship	1,000.00
03.01.2017	Yiğit Eren Dalkılıç/January 2017 scholarship	1,000.00
03.01.2017	Ahmet İbre/January 2017 scholarship	1,000.00
03.01.2017	Yusuf İbre/January 2017 scholarship	1,000.00
03.01.2017	Neshir Aras/January 2017 scholarship	250.00
17.01.2017	Turkish Education Foundation	200.00
17.01.2017	Adana Chamber of Commerce Social Services and Education Foundation	50.00
25.01.2017	Turkish Education Foundation	100.00
25.01.2017	Turkish Education Foundation	100.00
30.01.2017	Scholarship	23,716.26
30.01.2017	Turkish Education Foundation	100.00
30.01.2017	Turkish Education Foundation	500.00
31.01.2017	Istanbul Foundation for Culture and Arts	18,989.50
31.01.2017	Turkish Education Foundation	100.00
31.01.2017	Turkish Education Foundation	600.00
01.02.2017	Elif Parlakay/February 2017 scholarship	750.00
01.02.2017	Sabri Talha Parlakay/February 2017 scholarship	750.00
01.02.2017	Kerem Mert Dalkılıç/February 2017 scholarship	1,000.00
01.02.2017	Elif Zeynep Dalkılıç/February 2017 scholarship	1,000.00
01.02.2017	Yiğit Eren Dalkılıç/February 2017 scholarship	1,000.00
01.02.2017	Ahmet İbre/February 2017 scholarship	1,000.00
01.02.2017	Yusuf İbre/February 2017 scholarship	1,000.00
01.02.2017	Neshir Aras/February 2017 scholarship	250.00
01.02.2017	Tuna Çelik/February 2017 scholarship	250.00
07.02.2017	Turkish Education Foundation	70.00
08.02.2017	Turkish Education Foundation	400.00
08.02.2017	Turkish Education Foundation	250.00
08.02.2017	Turkish Education Foundation	40.00
13.02.2017	Turkish Education Foundation	50.00
13.02.2017	Turkish Education Foundation	70.00
14.02.2017	Turkish Education Foundation	100.00
16.02.2017	Turkish Education Foundation	350.00
16.02.2017	Turkish Education Foundation	50.00
17.02.2017	Turkish Education Foundation	200.00
20.02.2017	Turkish Education Foundation	100.00
24.02.2017	Turkish Education Foundation	100.00
27.02.2017	Turkish Education Foundation	100.00

TÜRK EKONOMİ BANKASI 2017 ANNUAL REPORT

27.02.2017	Darüşşafaka Society	10,000.00
01.03.2017	Turkish Education Foundation	250.00
02.03.2017	Elif Parlakay/March 2017 scholarship.	750.00
02.03.2017	Sabri Talha Parlakay/March 2017 scholarship	750.00
02.03.2017	Kerem Mert Dalkılıç/March 2017 scholarship	1,000.00
02.03.2017	Elif Zeynep Dalkılıç/March 2017 scholarship	1,000.00
02.03.2017	Yiğit Eren Dalkılıç/March 2017 scholarship	1,000.00
02.03.2017	Ahmet İbre/March 2017 scholarship	1,000.00
02.03.2017	Yusuf İbre/March 2017 scholarship	1,000.00
02.03.2017	Neshir Aras/March 2017 scholarship	250.00
02.03.2017	Tuna Çelik/March 2017 scholarship	250.00
06.03.2017	Turkish Education Foundation	50.00
09.03.2017	Turkish Education Foundation	200.00
13.03.2017	Turkish Education Foundation	50.00
14.03.2017	Association for Supporting Contemporary Life	100.00
17.03.2017	Turkish Education Foundation	50.00
20.03.2017	Aegean Contemporary Education Foundation	50.00
20.03.2017	Turkish Education Foundation	100.00
20.03.2017	Aegean Contemporary Education Foundation	50.00
20.03.2017	Turkish Education Foundation	90.00
24.03.2017	Turkish Education Foundation	100.00
24.03.2017	Turkish Education Foundation	200.00
29.03.2017	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	50.00
29.03.2017	Association for Supporting Contemporary Life	100.00
30.03.2017	Antalya Bar	3,000.00
03.04.2017	Elif Parlakay/April 2017 scholarship	750.00
03.04.2017	Sabri Talha Parlakay/April 2017 scholarship	750.00
03.04.2017	Kerem Mert Dalkılıç/April 2017 scholarship	1,000.00
03.04.2017	Elif Zeynep Dalkılıç/April 2017 scholarship	1,000.00
03.04.2017	Yiğit Eren Dalkılıç/April 2017 scholarship	1,000.00
03.04.2017	Ahmet İbre/April 2017 scholarship	1,000.00
03.04.2017	Yusuf İbre/April 2017 scholarship	1,000.00
03.04.2017	Neshir Aras/April 2017 scholarship	250.00
03.04.2017	Tuna Çelik/April 2017 scholarship	250.00
07.04.2017	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	200.00
10.04.2017	Turkish Education Foundation	650.00
17.04.2017	Turkish Education Foundation	200.00
17.04.2017	Turkish Education Foundation	100.00
18.04.2017	Turkish Education Foundation	50.00
19.04.2017	Turkish Education Foundation	50.00
20.04.2017	Turkish Education Foundation	100.00
20.04.2017	Turkish Education Foundation	200.00

TÜRK EKONOMİ BANKASI 2017 ANNUAL REPORT

20.04.2017	Turkish Education Foundation	100.00
20.04.2017	The Foundation for Children with Leukemia	100.00
21.04.2017	Turkish Education Foundation	100.00
21.04.2017	Turkish Education Foundation	100.00
21.04.2017	Turkish Education Foundation	100.00
25.04.2017	Turkish Education Foundation	30.00
25.04.2017	Turkish Education Foundation	200.00
25.04.2017	The Foundation for Children with Leukemia	100.00
26.04.2017	Turkish Education Foundation	200.00
28.04.2017	Turkish Education Foundation	100.00
02.05.2017	Elif Parlakay/May 2017 scholarship	750.00
02.05.2017	Sabri Talha Parlakay/May 2017 scholarship	750.00
02.05.2017	Kerem Mert Dalkılıç/May 2017 scholarship	1,000.00
02.05.2017	Elif Zeynep Dalkılıç/May 2017 scholarship	1,000.00
02.05.2017	Yiğit Eren Dalkılıç/May 2017 scholarship	1,000.00
02.05.2017	Ahmet İbre/May 2017 scholarship	1,000.00
02.05.2017	Yusuf İbre/May 2017 scholarship	1,000.00
02.05.2017	Neshir Aras/May 2017 scholarship	250.00
02.05.2017	Tuna Çelik/May 2017 scholarship	250.00
17.05.2017	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	100.00
18.05.2017	Turkish Education Foundation	100.00
22.05.2017	Turkish Education Foundation	600.00
24.05.2017	Turkish Education Foundation	50.00
12.06.2017	Turkish Education Foundation	100.00
12.06.2017	Turkish Education Foundation	100.00
12.06.2017	Turkish Education Foundation	250.00
14.06.2017	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	40,500.00
15.06.2017	Turkish Education Foundation	300.00
16.06.2017	Turkish Education Foundation	400.00
16.06.2017	Turkish Education Foundation	70.00
19.06.2017	Turkish Education Foundation	100.00
22.06.2017	Turkish Education Foundation	100.00
23.06.2017	Turkish Education Foundation	325.00
28.06.2017	Turkish Education Foundation	250.00
06.07.2017	Turkish Education Foundation	200.00
17.07.2017	Association for Supporting Contemporary Life	100.00
17.07.2017	Turkish Education Foundation	75.00
18.07.2017	Turkish Education Foundation	100.00
19.07.2017	Turkish Education Foundation	200.00
02.08.2017	Turkish Education Foundation	125.00
03.08.2017	Turkish Education Foundation	200.00
03.08.2017	Turkish Education Foundation	100.00

TÜRK EKONOMİ BANKASI 2017 ANNUAL REPORT

04.08.2017	Turkish Education Foundation	100.00
07.08.2017	Turkish Education Foundation	100.00
08.08.2017	Turkish Education Foundation	100.00
15.08.2017	Turkish Education Foundation	200.00
17.08.2017	Turkish Education Foundation	750.00
17.08.2017	Turkish Education Foundation	75.00
17.08.2017	Turkish Education Foundation	70.00
17.08.2017	Turkish Education Foundation	60.00
18.08.2017	Turkish Education Foundation	150.00
22.08.2017	Turkish Education Foundation	200.00
23.08.2017	Turkish Education Foundation	200.00
24.08.2017	Turkish Education Foundation	100.00
25.08.2017	Sarıyer Municipality for the restoration of Şehit Üsteğmen Ali Büyükdicle School	51,459.69
28.08.2017	Turkish Education Foundation	300.00
28.08.2017	Turkish Education Foundation	250.00
18.09.2017	İzmit Insurance Sports Club	100.00
19.09.2017	Turkish Education Foundation	50.00
22.09.2017	Turkish Education Foundation	80.00
26.09.2017	Turkish Education Foundation	80.00
29.09.2017	Turkish Education Foundation	70.00
04.10.2017	Ramazan Aksu	43,776.15
09.10.2017	Şehit Üstğ. Ali Büyükdicle Special Training Practice School	32,925.54
11.10.2017	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	50.00
12.10.2017	Turkish Education Foundation	100.00
13.10.2017	Turkish Education Foundation	50.00
13.10.2017	Turkish Education Foundation	100.00
18.10.2017	Elif Parlakay/September 2017 scholarship	750.00
18.10.2017	Sabri Talha Parlakay/September 2017 scholarship	750.00
18.10.2017	Kerem Mert Dalkılıç/September 2017 scholarship	1,000.00
18.10.2017	Elif Zeynep Dalkılıç/September 2017 scholarship	1,000.00
18.10.2017	Yiğit Eren Dalkılıç/September 2017 scholarship	1,000.00
18.10.2017	Ahmet İbre/September 2017 scholarship	1,000.00
18.10.2017	Yusuf İbre/September 2017 scholarship	1,000.00
18.10.2017	Buse Aras/September 2017 scholarship	750.00
18.10.2017	Neshir Aras/September 2017 scholarship	500.00
18.10.2017	Tuna Çelik/September 2017 scholarship	250.00
18.10.2017	Elif Parlakay/October 2017 scholarship	750.00
18.10.2017	Sabri Talha Parlakay/October 2017 scholarship	750.00
18.10.2017	Kerem Mert Dalkılıç/October 2017 scholarship	1,000.00
18.10.2017	Elif Zeynep Dalkılıç/October 2017 scholarship	1,000.00
18.10.2017	Yiğit Eren Dalkılıç/October 2017 scholarship	1,000.00
18.10.2017	Ahmet İbre/October 2017 scholarship	1,000.00

TÜRK EKONOMİ BANKASI 2017 ANNUAL REPORT

18.10.2017	Yusuf İbre/October 2017 scholarship	1,000.00
18.10.2017	Buse Aras/October 2017 scholarship	750.00
18.10.2017	Neshir Aras/October 2017 scholarship	500.00
18.10.2017	Tuna Çelik/October 2017 scholarship	250.00
18.10.2017	Turkish Education Foundation	200.00
18.10.2017	Cyprus Turkish Education Foundation	150.00
19.10.2017	Antalya Contemporary Education and Culture Foundation	100.00
25.10.2017	Turkish Education Foundation	120.00
26.10.2017	Turkish Education Foundation	200.00
27.10.2017	Turkish Education Foundation	100.00
27.10.2017	Turkish Education Foundation	150.00
30.10.2017	Turkish Education Foundation	150.00
30.10.2017	Turkish Education Foundation	25.00
01.11.2017	Elif Parlakay/November 2017 scholarship	750.00
01.11.2017	Sabri Talha Parlakay/November 2017 scholarship	750.00
01.11.2017	Kerem Mert Dalkılıç/November 2017 scholarship	1,000.00
01.11.2017	Elif Zeynep Dalkılıç/November 2017 scholarship	1,000.00
01.11.2017	Yiğit Eren Dalkılıç/November 2017 scholarship	1,000.00
01.11.2017	Ahmet İbre/November 2017 scholarship	1,000.00
01.11.2017	Yusuf İbre/November 2017 scholarship	1,000.00
01.11.2017	Buse Aras/November 2017 scholarship	750.00
01.11.2017	Nehir Aras/November 2017 scholarship	500.00
01.11.2017	Tuna Çelik/November 2017 scholarship	250.00
02.11.2017	Turkish Education Foundation	200.00
02.11.2017	Turkish Education Foundation	100.00
03.11.2017	Turkish Education Foundation	250.00
06.11.2017	Association for Supporting Contemporary Life	100.00
07.11.2017	Antalya Contemporary Education and Culture Foundation	100.00
07.11.2017	Cyprus Turkish Education Foundation	75.00
07.11.2017	Cyprus Turkish Education Foundation	75.00
07.11.2017	Cyprus Turkish Education Foundation	75.00
08.11.2017	Turkish Education Foundation	200.00
10.11.2017	Turkish Education Foundation	100.00
13.11.2017	Turkish Education Foundation	50.00
20.11.2017	Adana Bar	2,000.00
24.11.2017	Turkish Education Foundation	600.00
24.11.2017	Turkish Education Foundation	100.00
29.11.2017	Turkish Education Foundation	50.00
04.12.2017	Elif Parlakay/December 2017 scholarship	750.00
04.12.2017	Sabri Talha Parlakay/December 2017 scholarship	750.00
04.12.2017	Kerem Mert Dalkılıç/December 2017 scholarship	1,000.00
04.12.2017	Elif Zeynep Dalkılıç/December 2017 scholarship	1,000.00
04.12.2017	Yiğit Eren Dalkılıç/December 2017 scholarship	1,000.00



04.12.2017	Ahmet İbre/December 2017 scholarship	1,000.00
04.12.2017	Yusuf İbre/December 2017 scholarship	1,000.00
04.12.2017	Buse Aras/December 2017 scholarship	750.00
04.12.2017	Nehir Aras/December 2017 scholarship	500.00
04.12.2017	Tuna Çelik/December 2017 scholarship	250.00
06.12.2017	Turkish Education Foundation	50.00
07.12.2017	Turkish Education Foundation	100.00
11.12.2017	Turkish Education Foundation	150.00
11.12.2017	Turkish Education Foundation	100.00
11.12.2017	Turkish Education Foundation	100.00
12.12.2017	Turkish Education Foundation	200.00
12.12.2017	Turkish Education Foundation	200.00
12.12.2017	Turkish Education Foundation	300.00
14.12.2017	Kadıköy Vocational and Technical Anatolian High School Parent-Teacher Association	20,000.00
14.12.2017	RECKITT BENCKISER	2,498.60
15.12.2017	Cyprus Turkish Education Foundation	75.00
20.12.2017	İzmir Atatürk Science High School	300.00
20.12.2017	Akdeniz University	21,240.00
20.12.2017	Turkish Education Foundation	50.00
22.12.2017	Koç University	120,000.00
26.12.2017	Turkish Education Foundation	100.00
27.12.2017	Turkish Education Foundation	200.00
28.12.2017	Üsküdar District Governorship 3. Selim Primary School grant of 4 assets	200.00
28.12.2017	Eyüp District Governorship Hacı Arif Primary School grant of 17 assets	420.00
28.12.2017	Fatih District Governorship Vedide B.P. Primary School grant of 90 assets	1,970.00
28.12.2017	K.deniz Ereğli Cumhuriyet Primary School grant of 9 assets	250.00
28.12.2017	Mithatpaşa Vocational and Technical High School grant of 62 assets	1,380.00
28.12.2017	Çeşme District Governorship Mehmet Akpınar Primary School grant of 3 assets	80.00
28.12.2017	Kastamonu Cide Üçağlı Primary School grant of 21 assets	955.00
28.12.2017	Kocaeli University Faculty of Medicine grant of 88 assets	1,410.00
28.12.2017	Adana District Governorship Öğr. Zeynep Erdoğan Primary School grant of 98 assets	1,570.00
28.12.2017	Beykoz District Governorship Police Directorship grant of 31 assets	760.00
28.12.2017	Gönen Chief Public Prosecutor's Office grant of 1 asset	35.00
28.12.2017	İstanbul University Faculty of Veterinary Science grant of 89 assets	1,875.00
28.12.2017	İskenderun District Governorship grant of 90 assets	1,495.00
28.12.2017	Mamak District Governorship B.gazi Vocational and Technical High School grant of 79 assets	1,240.00
28.12.2017	Gönen Chief Public Prosecutor's Office grant of 1 asset	300.00
28.12.2017	Isparta Governorship Bağlar Secondary School grant of 4 assets	125.00
28.12.2017	Tuzla District Governorship Çağrıbey Primary School grant of 105 assets	3,105.00

TÜRK EKONOMİ BANKASI 2017 ANNUAL REPORT

28.12.2017	Manavgat District Governorship Çakış Secondary School grant of 2 assets	10.00
28.12.2017	Çankaya Municipality grant of 1 asset	35.00
28.12.2017	Tuzla Kaşif Kalkavan High School grant of 110 assets	3,260.00
28.12.2017	Düzköy District Governorship Nazım Kayhan High School grant of 11 assets	295.00
28.12.2017	Isparta Governorship Yılmaz Şener Primary School grant of 14 assets	1,400.00
28.12.2017	Üsküdar District Governorship 3. Selim Primary School grant of 16 assets	480.00
28.12.2017	Sancaktepe District Governorship Paşaköy Primary School grant of 98 assets	2,840.00
28.12.2017	Eyüp District Governorship Şht. Murat Karakuş Secondary School grant of 40 assets	1,175.00
28.12.2017	Demokrasi Secondary School Çankaya grant of 11 assets	230.00
28.12.2017	Hayme Hatun Primary School-Karapürçek Primary School grant of 29 assets	700.00
28.12.2017	Hamitler TOKİ Vocational and Technical Anatoilan High School grant of 39 assets	1,035.00
28.12.2017	Çekmeköy County Board of Election grant of 4 assets	120.00
28.12.2017	İstanbul University Faculty of Veterinary Science grant of 144 assets	4,220.00
28.12.2017	Kadılar Neighborhood Governorship grant of 1 assets	200.00
28.12.2017	Akdeniz University Hasan Ünal Vocational School of Higher Education grant of 130 assets	3,975.00
28.12.2017	İskitler Vocational and Technical Anatoilan High School grant of 91 assets	2,210.00
28.12.2017	Şükrü Naili Paşa Secondary School grant of 45 assets	845.00
28.12.2017	Başakşehir State Hospital grant of 59 assets	980.00
28.12.2017	Şükrü Naili Paşa Secondary School grant of 88 assets	1,400.00
28.12.2017	Ümraniye Police Station grant of 10 assets	225.00
28.12.2017	Osmangazi Primary School grant of 59 assets	1,775.00
28.12.2017	Atıl Uzelgöl Home for the Aged Rehabilitation Center grant of 49 assets	835.00
28.12.2017	Bolluca Turkish Textile Foundation Secondary School grant of 61 assets	3,005.00
28.12.2017	Başakşehir Fuat Sezgin Primary School grant of 19 assets	305.00
28.12.2017	Akşehir Municipality grant of 2 assets	50.00
28.12.2017	Çarşamba Count Police Headquarters grant of 4 assets	70.00
28.12.2017	Kocaeli University Faculty of Medicine grant of 62 assets	1,410.00
29.12.2017	Ümraniye Police Station grant of 1 asset	100.00
29.12.2017	Kaptan Ahmet Erd. İmam Hatip Secondary School grant of 129 assets	3,285.00
29.12.2017	Çakış Secondary School grant of 70 assets	1,690.00
29.12.2017	Çiftlik District Governorship Directorate of National Education grant assets	1,625.00
29.12.2017	Isparta Şube Bahçelievler Secondary School grant of 101 assets	2,210.00

## FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD

(TL thousand)	31.12.2013	2013-2012 change	31.12.2014	2014-2013 change	31.12.2015	2015-2014 change	31.12.2016	2016-2015 change	31.12.2017	2017-2016 change
Liquid Assets	7,135,898	4.04%	9,820,075	37.62%	11,237,316	14.43%	15,237,022	35.59%	13,489,109	-11.47%
Securities	5,205,234	10.56%	4,717,696	-9.37%	4,673,796	-0.93%	4,668,068	-0.12%	5,558,278	19.07%
Loans	38,134,957	28.46%	45,392,210	19.03%	53,212,833	17.23%	56,363,829	5.92%	63,290,777	12.29%
Other Assets	2,932,539	28.65%	3,061,908	4.41%	2,836,397	-7.37%	3,458,471	21.93%	3,420,065	-1.11%
<b>Total Assets</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>	<b>85,758,229</b>	<b>7.56%</b>
Demand Deposits	5,424,318	25.00%	5,496,770	1.34%	6,981,476	27.01%	7,628,600	9.27%	9,504,405	24.59%
Time Deposits	28,863,656	18.36%	33,941,791	17.59%	37,414,384	10.23%	42,204,058	12.80%	46,072,311	9.17%
Funds Borrowed	9,633,738	53.96%	12,604,468	30.84%	15,919,560	26.30%	16,596,691	4.25%	15,186,301	-8.50%
Other Liabilities	4,200,478	12.22%	5,045,881	20.13%	4,683,098	-7.19%	5,498,640	17.41%	5,975,535	8.67%
Equity (Exl, profit)	4,751,390	10.25%	5,280,419	11.13%	6,079,371	15.13%	6,857,602	12.80%	7,950,838	15.94%
Net Income	535,048	7.88%	622,560	16.36%	882,453	41.75%	941,799	6.73%	1,068,839	13.49%
<b>Total Liabilities</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>	<b>85,758,229</b>	<b>7.56%</b>
NPL Ratio	%2.25	0.11%	%2.43	0.18%	%2.28	-0.15%	%3.08	0.80%	%3.02	-0.06%
Return on Equity	%11.57	-0.56%	%12.03	0.46%	%14.68	2.65%	%13.53	-1.15%	%13.38	-0.15%
Return on Assets	%1.10	-0.09%	%1.07	-0.03%	%1.31	0.24%	%1.24	-0.07%	%1.29	0.05%
Capital Adequacy Ratio	%14.23	-1.01%	%13.96	-0.27%	%13.94	-0.02%	%14.37	0.43%	%16.12	1.74%

## BRANCHES

BRANCH	ADDRESS	COUNTY	PROVINCE	TELEPHONE
<b>Ankara Branch</b>	Kazım Özalp Mahallesi, Reşit Galip Caddesi, No: 87	ÇANKAYA	ANKARA	850 204 00 06
<b>İstanbul Corporate Branch</b>	Gayrettepe Mahallesi Yener Sokak No: 1 Kat: 1/A Beşiktaş 34349	BEŞİKTAŞ	İSTANBUL	850 204 00 12
<b>Osmanbey Branch</b>	Cumhuriyet Mah. Halaskargazi Cad. No: 103B Şişli 34380	ŞİŞLİ	İSTANBUL	850 204 00 13
<b>Bakırköy Branch</b>	Cevizlik Mah, İstanbul Cad, No: 24 Bakırköy 34142	BAKIRKÖY	İSTANBUL	850 204 00 14
<b>Suadiye Branch</b>	Bağdat Cad. German Apt. 456 Suadiye	KADIKÖY	İSTANBUL	850 204 00 15
<b>Etiler Branch</b>	Etiler Mahallesi Nispetiye Cad. No: 97 Kat: 1 Beşiktaş 34337	BEŞİKTAŞ	İSTANBUL	850 204 00 16
<b>Bursa Branch</b>	Doğanbey Mahallesi Fevzi Çakmak Caddesi, No: 52/B Osmangazi 16220	OSMANGAZİ	BURSA	850 204 00 17
<b>Kozyatağı Corporate Branch</b>	Değirmen Sokak Nida Kule No: 18 Kat: 3 Kozyatağı Kadıköy 34710	KADIKÖY	İSTANBUL	850 204 00 18
<b>Denizli Branch</b>	Saraylar Mahallesi İzmir Bulvarı No: 57 Merkez 20100	MERKEZ	DENİZLİ	850 204 00 19
<b>İzmit Branch</b>	Körfez Mahallesi, Ankara Karayolu, No: 123/3	MERKEZ (İZMİT)	KOCAELİ	850 204 00 20
<b>Bayrampaşa Branch</b>	Yenidoğan Mah. Abdi İpekçi Cad. No: 4D Bayrampaşa 34030	BAYRAMPAŞA	İSTANBUL	850 204 00 22
<b>Kayseri Branch</b>	Cumhuriyet Mahallesi Turan Cad. No: 3 Melikgazi 38110	MELİKGAZİ	KAYSERİ	850 204 00 23
<b>Antalya Branch</b>	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Aptmanı No: 53/A-B Muratpaşa 07010	MURATPAŞA	ANTALYA	850 204 00 25
<b>Adana Branch</b>	Turan Cemal Beriker Bulvarı Güleç İşhanı, 23 Seyhan 01120	SEYHAN	ADANA	850 204 00 26
<b>Gaziantep Branch</b>	İncili Pınar Mah. Muammer Aksoy Bulvarı Dünya İş Merkezi 34/2	ŞEHİTKAMİL	GAZİANTEP	850 204 00 28
<b>Eminönü Branch</b>	Hobyar Mahallesi, Vakıf Hanı Sokak, No: 8 Fatih 34112	FATİH	İSTANBUL	850 204 00 29

<b>Konya Branch</b>	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Cengizhan No: 130/1 Selçuklu 42060	SELÇUKLU	KONYA	850 204 00 30
<b>Kahramanmaraş Branch</b>	Hayrullah Mahallesi Kıbrıs Meydanı 33011. Sokak No: 2 Merkez 46040	MERKEZ	KAHRAMANMARAŞ	850 204 00 31
<b>Merter Branch</b>	Osmaniye Mahallesi, Keresteciler Sitesi, Fatih Caddesi, No: 21	GÜNGÖREN	İSTANBUL	850 204 00 32
<b>Ulus Ankara Branch</b>	Anafartalar Mah. Sanayi Cad. No: 15/1-2-3-4-5-6-7 Altındağ 06050	ALTINDAĞ	ANKARA	850 204 00 34
<b>Gebze Branch</b>	Hacı Halil Mah. Zübeyde Hanım Cad. No: 33/B	GEBZE	KOCAELİ	850 204 00 35
<b>Pendik E-5 Branch</b>	Çınardere Mahallesi Gönenli Mehmet Efendi Caddesi No: 85 Pendik 34896	PENDİK	İSTANBUL	850 204 00 37
<b>Mersin Branch</b>	Camişerif Mahallesi İsmet İnönü Bulvarı No: 94A Akdeniz 33010	AKDENİZ	MERSİN	850 204 00 38
<b>Güneşli Branch</b>	Evren Mah. Koçman Cad. No: 36/B Bağcılar 34212	BAĞCILAR	İSTANBUL	850 204 00 39
<b>İzmir Branch</b>	Cumhuriyet Bulvarı 109-A	KONAK	İZMİR	850 204 0040
<b>Eskişehir Branch</b>	İki Eylül Cad. Başan Sokak No: 2	MERKEZ	ESKİŞEHİR	850 204 00 41
<b>Kalamış Branch</b>	Faruk Ayanoğlu Cad. Barış Apt. 19/1-2 Fenerbahçe	KADIKÖY	İSTANBUL	850 204 00 42
<b>Ümraniye Branch</b>	Alemdağ Cad. 194/2	ÜMRANIYE	İSTANBUL	850 204 00 43
<b>Maçka Branch</b>	Harbiye Mah. Kadırgalar Cad. No: 13A Şişli 34367	ŞİŞLİ	İSTANBUL	850 204 00 45
<b>Beylikdüzü Branch</b>	Beylikdüzü OSB Mah. Açelya Cad. No: 1/8 Beylikdüzü 34524	BEYLİKDÜZÜ	İSTANBUL	850 204 00 47
<b>Bebek Branch</b>	Cevdet Paşa Caddesi, No: 55 Bebek	BEŞİKTAŞ	İSTANBUL	850 204 00 48
<b>4. Levent Branch</b>	Emniyet Evleri Mahallesi Eski Büyükdere Caddesi No: 11/A Kağıthane 34415	KAĞITHANE	İSTANBUL	850 204 00 49
<b>Pınarbaşı Branch</b>	Ümit Mah. Kemalpaşa Cad. No: 333 B Pınarbaşı Bornova 35060	BORNOVA	İZMİR	850 204 00 50

<b>Kemalpaşa Branch</b>	Atatürk Mahallesi, İzmir Caddesi, No: 89 Kemalpaşa OSB Kemalpaşa 35177	KEMALPAŞA	İZMİR	850 204 00 51
<b>Karabağlar Branch</b>	Aşık Veysel Mahallesi Yeşillik Caddesi No: 437-441/B Karabağlar 35110	KARABAĞLAR	İZMİR	850 204 00 53
<b>Yeşilköy Branch</b>	İstasyon Caddesi Orhan Gazi Sok. No: 1 Zemin Kat Kısım A Yeşilköy Bakırköy 34801	BAKIRKÖY	İSTANBUL	850 204 00 54
<b>Trakya Corporate Branch</b>	Nur Yıldız Plaza 15 Temmuz Mahallesi Gülbahar Caddesi No: 7A Kat: 5 Güneşli/Bağcılar 34212	BAĞCILAR	İSTANBUL	850 204 00 55
<b>Kozyatağı Branch</b>	Atatürk Cad. Akdeniz Sitesi, A1 Blok, 1-2-3 Sahrayıcedit, Erenköy Kadıköy 34734	KADIKÖY	İSTANBUL	850 204 00 56
<b>Orta Anadolu Corporate Branch</b>	Simon Bolivar Cad. No: 17 Kat: 1-3 ÇANKAYA 06680	ÇANKAYA	ANKARA	850 204 00 57
<b>Marmara Corporate Branch</b>	23 Nisan Mahallesi, 75. Yıl Caddesi, No: 5A/15 Durmazlar İş Merkezi Nilüfer 16120	NİLÜFER	BURSA	850 204 00 58
<b>İkitelli Branch</b>	İkitelli Organize Sanayi Bölgesi Atatürk Bulvarı, No: 107/8 İkitelli	KÜÇÜKÇEKMECE	İSTANBUL	850 204 00 60
<b>İmes Sanayi Sitesi Branch</b>	İmes Sanayi Sitesi C Blok 301/3 Yukarı Dudullu	ÜMRANIYE	İSTANBUL	850 204 00 61
<b>Mecidiyeköy Branch</b>	Büyükdere Cad. 103/1 Mecidiyeköy	ŞİŞLİ	İSTANBUL	850 204 00 64
<b>Bursa Serbest Bölge Branch</b>	Ata Mah. Serbest Bölge Orkide Cad. No:13/1 Gemlik 16600	GEMLİK	BURSA	850 204 00 65
<b>Çarşı İzmir Branch</b>	1203/1 Sokak, No: 7 Yenişehir, Konak	KONAK	İZMİR	850 204 00 66
<b>A.O.S.B. İzmir Branch</b>	M. Kemal Atatürk Bulvarı No: 42/19 Çiğli 35620	ÇİĞLİ	İZMİR	850 204 00 67
<b>Ege Corporate Branch</b>	Cumhuriyet Bulvarı 66 Kat: 2	KONAK	İZMİR	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	850 204 00 69
<b>Private Banking Central Branch</b>	Nispetiye Cad. Dilhayat Sok. No: 8 Zemin Kat Etiler	BEŞİKTAŞ	İSTANBUL	850 204 00 70



<b>Aksaray İstanbul Branch</b>	Kemalpaşa Mah. Ordu Caddesi No: 66A Kat: 1 Fatih 34134	FATİH	İSTANBUL	850 204 00 72
<b>Antakya Branch</b>	Yavuz Selim Cad. 5. Mintika Zühtüye Ökten Çarşısı No: 1-2 Antakya Merkez 31100	MERKEZ	HATAY	850 204 00 73
<b>Avcılar Branch</b>	Mustafa Kemal Paşa Mahallesi Firuzköy Bulvarı No: 115A Avcılar 34320	AVCILAR	İSTANBUL	850 204 00 74
<b>Aydın Branch</b>	Kurtuluş Mahallesi Adnan Menderes Bulvarı No: 40B/B Efeler 09020	EFELER	AYDIN	850 204 00 75
<b>Bahçeşehir Branch</b>	Bahçeşehir 2. Kısım Mahallesi Süzer Bulvarı No: 13 Başakşehir 34488	BAŞAKŞEHİR	İSTANBUL	850 204 00 76
<b>Balıkesir Branch</b>	Hisariçi Mahallesi Örücüler Caddesi No: 14/C Merkez 10100	MERKEZ	BALIKESİR	850 204 00 77
<b>Beşiktaş Branch</b>	Ortabahçe Cad. No: 2	BEŞİKTAŞ	İSTANBUL	850 204 00 78
<b>Beşyüzevler Branch</b>	Barbaros Hayrettin Paşa Mah. Eski Edirne Asfaltı Cad. No: 224B Gaziosmanpaşa 34520	GAZİOSMANPAŞA	İSTANBUL	850 204 00 79
<b>İskenderun Branch</b>	Çay Mahallesi, Atatürk Bulvarı, No: 25A İskenderun 31300	İSKENDERUN	HATAY	850 204 00 85
<b>Girne Bulvarı Branch</b>	Girne Bulvarı No: 140 Karşıyaka 35580	KARŞIYAKA	İZMİR	850 204 00 86
<b>Altıyol Branch</b>	Söğütlüçeşme Caddesi No: 124/126 A	KADIKÖY	İSTANBUL	850 204 00 87
<b>Karadeniz Ereğli Branch</b>	Orhanlar Mah. Arifağa, Yalı Cad. No: 36 Ereğli	EREĞLİ	ZONGULDAK	850 204 00 88
<b>Malatya Branch</b>	Niyazi Mahallesi Çevre Yolu Sokak (Buhara Bulvarı) Caddesi No: 195 Merkez 44100	MERKEZ	MALATYA	850 204 00 89
<b>Samsun Branch</b>	Kale Mahallesi Kaptanağa Sok. No: 4/B İlkadım 55030	MERKEZ	SAMSUN	850 204 00 90
<b>Trabzon Branch</b>	Kemerkaya Mah. Kahramanmaraş Caddesi No: 35A Ortahisar 61030	ORTAHİSAR	TRABZON	850 204 00 91
<b>Uşak Branch</b>	İsice Mah. İsmetpaşa Cad. No: 67/B Merkez 64100	MERKEZ	UŞAK	850 204 00 92
<b>Zeytinburnu Branch</b>	Prof. Muammer Aksoy Cad. No: 85	ZEYTİNBURNU	İSTANBUL	850 204 00 93

<b>Altunizade Branch</b>	Kısıklı Cad. No: 19 Altunizade	ÜSKÜDAR	İSTANBUL	850 204 00 95
<b>Davutpaşa Branch</b>	Maltepe Mah. Davutpaşa Cad. No: 101 DK: 230-231-232- 352 Topkapı Zeytinburnu 34010	ZEYTİNBURNU	İSTANBUL	850 204 00 96
<b>Şehitkamil Gaziantep Branch</b>	Budak Mahallesi Gazi Muhtarpaşa Bulvarı No: 44/D Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	850 204 00 97
<b>Bayramyeri Branch</b>	Enver Paşa Caddesi, No: 26	MERKEZ	DENİZLİ	850 204 00 98
<b>Bornova Branch</b>	Manavkuyu Mahallesi Mustafa Kemal Caddesi 132/1A Bayraklı 35535	BAYRAKLI	İZMİR	850 204 01 00
<b>Gaziosmanpaşa Ankara Branch</b>	Uğur Mumcu Cad. 76/A Gaziosmanpaşa	ÇANKAYA	ANKARA	850 204 01 01
<b>Marmaris Branch</b>	Tepe Mahallesi Ulusal Egemenlik Caddesi No: 24 Marmaris 48700	MARMARİS	MUĞLA	850 204 01 02
<b>Nilüfer Branch</b>	İhsaniye Mahallesi İzmir Yolu Caddesi No: 118 A Nilüfer 16130	NİLÜFER	BURSA	850 204 01 03
<b>Meşrutiyet Caddesi Branch</b>	Meşrutiyet Mahallesi, Meşrutiyet Caddesi No: 11 B	ÇANKAYA	ANKARA	850 204 01 05
<b>Bodrum Branch</b>	Türk Kuyusu Mahallesi, Kıbrıs Şehitleri Caddesi, No: 65/A-65/B Bodrum 48400	BODRUM	MUĞLA	850 204 01 06
<b>Manavgat Branch</b>	Eski Hisar Mahallesi Demokrasi Bulvarı Öğrekçi Plaza No: 73/Z02-Z03 Manavgat 07600	MANAVGAT	ANTALYA	850 204 01 07
<b>Alanya Branch</b>	Atatürk Cad. 42/A Alanya 07400	ALANYA	ANTALYA	850 204 01 08
<b>Çorlu Branch</b>	Kazimiye Mahallesi, Salih Omurtak Caddesi, No: 22/B	ÇORLU	TEKİRDAĞ	850 204 01 09
<b>Caddebostan Branch</b>	Bağdat Cad. No: 273 Göztepe Kadıköy 34728	KADIKÖY	İSTANBUL	850 204 01 10
<b>Kazasker Branch</b>	Şemsettin Günaltay Cad. No: 109/A Erenköy	KADIKÖY	İSTANBUL	850 204 01 11
<b>Levent Çarşı Branch</b>	Çarşı Caddesi No: 22 1.Levent	BEŞİKTAŞ	İSTANBUL	850 204 01 12
<b>Adapazarı Branch</b>	Tıgçılar Mahallesi, Atatürk Bulvarı, No: 27	MERKEZ	SAKARYA	850 204 01 13
<b>Manisa Branch</b>	1.Anafartalar Mahallesi Mustafa Kemal Paşa Caddesi No: 40/A Merkez 45020	MERKEZ	MANİSA	850 204 01 14

<b>Lara Branch</b>	Yeşilbahçe Mah. Metin Kasapoğlu Cad. Armada Apt. 44/4-5-6	MERKEZ	ANTALYA	850 204 01 15
<b>Afyon Branch</b>	Umurbey Mahallesi Cumhuriyet Meydanı No: 7 Merkez 03100	MERKEZ	AFYONKARAHİ SAR	850 204 01 16
<b>Atatürk Caddesi Adana Branch</b>	Kurtuluş Mahallesi Atatürk Caddesi Meryem Gizer Apartmanı No: 63/A Seyhan 01130	SEYHAN	ADANA	850 204 01 17
<b>Büsan Sanayi Sitesi Branch</b>	Fevzi Çakmak Mah. KOSGEB Caddesi No: 1/1 Karatay 42050	KARATAY	KONYA	850 204 01 18
<b>Hadımköy Branch</b>	Akçaburgaz 5. Bölge San. 1 Bulvarı 109 Hadımköy	BÜYÜKÇEKMECE	İSTANBUL	850 204 01 19
<b>Beşevler Sanayi Branch</b>	Üçevler Mahallesi Nilüfer Cad. 4 Nilüfer 16130	NİLÜFER	BURSA	850 204 01 20
<b>Maltepe İstanbul Branch</b>	Bağlarbaşı Mahallesi, Bağdat Caddesi, No: 477	MALTEPE	İSTANBUL	850 204 01 21
<b>Sefaköy Branch</b>	Kartaltepe Mahallesi Çarşı Sokak No: 1 / Z-1 Küçükçekmece 34295	KÜÇÜKÇEKMECE	İSTANBUL	850 204 01 22
<b>Beyazıt Branch</b>	Mimar Hayrettin Mahallesi Yeniçeriler Caddesi No: 31 K: 1 Eminönü Fatih 34126	FATİH	İSTANBUL	850 204 01 23
<b>Ostim Branch</b>	Ostim Sanayi Sitesi 100. Yıl Bulvarı No: 9 Yenimahalle 06370	YENİMAHALLE	ANKARA	850 204 01 24
<b>Ortaklar Caddesi Branch</b>	Büyükdere Cad. 60/A Mecidiyeköy Şişli 34387	ŞİŞLİ	İSTANBUL	850 204 01 25
<b>Güneşli Tahsilat Veznesi Branch</b>	Yalçın Koreş Cad. No: 20 Yenibosna	BAĞCILAR	İSTANBUL	212 515 52 46
<b>Perpa Branch</b>	Okmeydanı Mah. Perpa Ticaret Merkezi A Blok 922 Kat: 7/8/9	ŞİŞLİ	İSTANBUL	850 204 01 27
<b>Diyarbakır Branch</b>	Peyas Mahallesi, Urfa Caddesi, Azizoğlu Sitesi, A Blok, Zemin Kat, No: 98/32	MERKEZ	DİYARBAKIR	850 204 01 28
<b>Maslak Branch</b>	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 14/A Sarıyer 34468	SARIYER	İSTANBUL	850 204 01 29
<b>Ortaköy Branch</b>	Yıldız Mahallesi, Çırağan Caddesi, No: 97 Ortaköy	BEŞİKTAŞ	İSTANBUL	850 204 01 30
<b>Pendik Branch</b>	Batı Mah. Ankara Cad. No: 102	PENDİK	İSTANBUL	850 204 01 31
<b>Üsküdar Branch</b>	Aziz Mahmut Hüdayi Mah. Hakimiyeti Milliye Cad. No: 50 Kat: 1 Üsküdar 34672	ÜSKÜDAR	İSTANBUL	850 204 01 32

<b>Fethiye Branch</b>	Cumhuriyet Mahallesi, Çarşı Caddesi, No: 25 Fethiye 48300	FETHİYE	MUĞLA	850 204 01 33
<b>Çiftelavuzlar Branch</b>	Bağdat Cad. Aziz Kaya İş Merkezi No: 193/A Zemin Kat A Kısım Çiftelavuzlar Kadıköy 34730	KADIKÖY	İSTANBUL	850 204 01 34
<b>Şanlıurfa Branch</b>	Atatürk Bulvarı Numune Pasajı No: 16/2-3 Haliliye 63100	HALİLİYE	ŞANLIURFA	850 204 01 35
<b>Necatibey Branch</b>	Namık Kemal Mah.Necatibey Cad. No: 23/A Kızılay	ÇANKAYA	ANKARA	850 204 01 36
<b>Kızılay Branch</b>	Gazi Mustafa Kemal Bulvarı No: 7/A Kızılay 06420	KIZILAY	ANKARA	850 204 01 38
<b>Karaköy Branch</b>	Kemankeş Karamustafapaşa Mahallesi, Necatibey Caddesi, Hacı Mahmut İş Merkezi, No: 72/A Beyoğlu	BEYOĞLU	İSTANBUL	850 204 01 39
<b>Kartal Çarşı Branch</b>	Ankara Cad. Şimşek Han No: 82 Zemin Kat	KARTAL	İSTANBUL	850 204 01 40
<b>Siteler Branch</b>	Siteler Mah. Sırma Sok. No: 1 Siteler	ALTINDAĞ	ANKARA	850 204 01 41
<b>Bolu Branch</b>	Aktaş Mah. İzzet Baysal Cad. No: 114	MERKEZ	BOLU	850 204 01 42
<b>Çekmeköy Branch</b>	Madenler Mahallesi Serencebey Cad. No: 58A Ümraniye 34776	ÜMRANIYE	İSTANBUL	850 204 01 43
<b>Çorum Branch</b>	Çepni Mah. İnönü Cad. No: 4 Merkez 19040	MERKEZ	ÇORUM	850 204 01 44
<b>Gebze Organize Sanayi Bölgesi Branch</b>	Gebze Organize Sanayi Bölgesi, Bankalar ve Çarşı Merkezi, 1600 Sokak, No: 1601-7 Gebze 41480	GEBZE	KOCAELİ	850 204 07 34
<b>Göztepe İstanbul Branch</b>	Göztepe Mahallesi Tütüncü Mehmet Efendi Caddesi No: 93/A Göztepe Kadıköy 34730	KADIKÖY	İSTANBUL	850 204 01 46
<b>Tahtakale Branch</b>	Tahtakale Mah. Tahtakale Cad. No: 55 Fatih 34116 I	FATİH	İSTANBUL	850 204 01 47
<b>Erzurum Branch</b>	Lalapaşa Mahallesi Orhan Şerifsoy Caddesi No: 27/B Yakutiye 25100	YAKUTİYE	ERZURUM	850 204 01 48
<b>Akdeniz Üniversitesi Tıp Fakültesi Branch</b>	Dumlupınar Bulvarı Akdeniz Üniversitesi Tıp Fak. Hastanesi H Blok Giriş Katı Konyaaltı 07070	KONYAALTI	ANTALYA	850 204 07 72

<b>Balgat Branch</b>	Ceyhun Atıf Karsu Cad. No: 80 Balgat	ÇANKAYA	ANKARA	850 204 01 50
<b>Heykel Branch</b>	Bursa Selçuk Hatun Mah. Ressam Şefik Bursalı Cad. No: 5 Heykel	OSMANGAZİ	BURSA	850 204 01 51
<b>İçerenköy Branch</b>	İçerenköy Mah. Çayır Cad. Özce Center İş Merkezi No: 3A/1 Ataşehir 34752	ATAŞEHİR	İSTANBUL	850 204 01 52
<b>Fatsa Branch</b>	Mustafa Kemal Paşa Mahallesi Reşadiye Cad. No: 14/A Fatsa 52400	FATSA	ORDU	850 204 01 53
<b>Didim Branch</b>	Atatürk Bulvarı, No: 113/A	DİDİM	AYDIN	850 204 01 54
<b>Kavacık Branch</b>	Çubuklu Mahallesi, Orhan Veli Kanık Caddesi No: 81/B,	BEYKOZ	İSTANBUL	850 204 01 55
<b>Yüreğir Branch</b>	Cumhuriyet Mah. 770 Sok. No: 11/A	YÜREĞİR	ADANA	850 204 01 56
<b>Çağlayan Branch</b>	Çağlayan Mahallesi, Kağıthane Caddesi, No: 141/D Kağıthane 34403	KAĞITHANE	İSTANBUL	850 204 01 57
<b>Çarşamba Branch</b>	Dr.Tevfik Türker Caddesi No: 13	ÇARŞAMBA	SAMSUN	850 204 01 58
<b>İzmir Göztepe Branch</b>	Göztepe Mahallesi Mithatpaşa Caddesi No: 984A Konak 35290	KONAK	İZMİR	850 204 01 60
<b>Elazığ Branch</b>	Hürriyet Cad. Mehmet Arslan İş Merkezi No: 35/A Merkez 23200	MERKEZ	ELAZIĞ	850 204 01 61
<b>Gazlılar Branch</b>	Tayakadın Mahallesi Celal Bayar Caddesi No: 35A Osmangazi 16040	OSMANGAZİ	BURSA	850 204 01 62
<b>Yıldız Branch</b>	Turan Güneş Bulvarı No: 17	ÇANKAYA	ANKARA	850 204 01 63
<b>Barkal Branch</b>	Şakirpaşa Mahallesi Turhan Cemal Beriker Blv. No: 249/A Seyhan 01100	SEYHAN	ADANA	850 204 01 64
<b>Garajlar Branch</b>	Bahar Mahallesi, Ulubatlı Hasan Bulvarı, A Blok No: 61C Osmangazi 16240	OSMANGAZİ	BURSA	850 204 01 65
<b>Niğde Branch</b>	Yenice Mah. Ayhan Şahenk Bulvarı No: 15/A Merkez 51200	MERKEZ	NİĞDE	850 204 01 66
<b>İvedik Branch</b>	İvedik Organize Sanayi Sit. Melih Gökçek Bulvarı Halk Yapı Koop. No: 17/22 Ostim	YENİMAHALLE	ANKARA	850 204 01 67

<b>Fethiye İnönü Bulvarı Branch</b>	Taşyaka Mahallesi İnönü Bulvarı No: 82/A Fethiye 48300	FETHİYE	MUĞLA	850 204 01 68
<b>Kayseri Sanayi Branch</b>	Anbar Mahallesi 14. Cadde No: 20 Zemin Kat	MELİKGAZİ	KAYSERİ	850 204 01 70
<b>Konyaaltı Branch</b>	Konyaaltı Cad. Sıtkı Göksoy Apt. No: 40/5	MERKEZ	ANTALYA	850 204 01 72
<b>Alanya Mahmutlar Branch</b>	Mahmutlar Mahallesi Barbaros Caddesi No: 98B/A Alanya 07450	ALANYA	ANTALYA	850 204 01 73
<b>Kemer Branch</b>	Yeni Mahalle Dörtüol Bulvarı No: 25/B	KEMER	ANTALYA	850 204 01 74
<b>Bağcılar Branch</b>	İstanbul Cad. No: 12/B	BAĞCILAR	İSTANBUL	850 204 01 76
<b>Akçaabat Branch</b>	Orta Mahallesi, İnönü Caddesi No: 119 -119 A	AKÇAABAT	TRABZON	850 204 01 77
<b>Topçular Branch</b>	Rami Kışla Cad. Koçbay İş Merkezi No: 25/B 7-8 Topçular	EYÜP	İSTANBUL	850 204 01 78
<b>Des Sanayi Branch</b>	Dudullu Organize Sanayi Bölgesi DES Sanayi Sitesi 1.Cadde No: 3/4 Ümraniye 34775	ÜMRANIYE	İSTANBUL	850 204 01 79
<b>Mega Center Branch</b>	Kocatepe Mahallesi Yağ İşkelesi Caddesi Mega Center C.51 Blok No: 25/A Bayrampaşa 34045	BAYRAMPAŞA	İSTANBUL	850 204 01 80
<b>Samsun Sanayi Branch</b>	Yenimahalle Mahallesi 28. Sokak No: 23/1 Canik 55080	CANİK	SAMSUN	850 204 01 81
<b>Ordu Branch</b>	Şarkıye Mah. Süleyman Felek Cad. No: 93C Altınordu 52000	ALTINORDU	ORDU	850 204 01 82
<b>Acıbadem Branch</b>	Acıbadem Caddesi, No: 164/4	ÜSKÜDAR	İSTANBUL	850 204 01 83
<b>Teksan Branch</b>	Teksan Sanayi Sitesi Ankara Karayolu 10. Km. İdari Bina	MERKEZ	ESKİŞEHİR	850 204 01 84
<b>Çanakkale Branch</b>	Kemalpaşa Mah. Çarşı Cad. No: 113	MERKEZ	ÇANAKKALE	850 204 01 85
<b>Gaziosmanpaşa İstanbul Branch</b>	Merkez Mahallesi Eyüp Yolu No: 4 Gaziosmanpaşa 34245	GAZİOSMANPAŞA	İSTANBUL	850 204 01 86
<b>Kurtköy Branch</b>	Şeyhli Mahallesi Ankara Caddesi No: 217 A Pendik 34890	PENDİK	İSTANBUL	850 204 01 87
<b>Antalya Etiler Branch</b>	Etiler Mahallesi 851 Sokak No: 2 Muratpaşa 07010	MURATPAŞA	ANTALYA	850 204 01 88



<b>Büyükçekmece Branch</b>	19 Mayıs Mahallesi Nutuk Caddesi No: 48A/1 Büyükçekmece 34500	BÜYÜKÇEKMECE	İSTANBUL	850 204 01 89
<b>Edremit Branch</b>	Cumhuriyet Meydanı Cumhuriyet Plaza No: 1/C Zemin Kat Edremit 10300	EDREMIT	BALIKESİR	850 204 01 90
<b>Sincan Branch</b>	Atatürk Mahallesi, Ankara Caddesi, No: 44/A Sincan 06930	SİNCAN	ANKARA	850 204 01 91
<b>Salihli Branch</b>	Atatürk Mahallesi Belediye Caddesi No: 93-95	SALİHLİ	MANİSA	850 204 01 92
<b>Gemlik Branch</b>	Hamidiye Mahallesi, İstiklal Caddesi, No: 31	GEMLİK	BURSA	850 204 01 93
<b>Sultanbeyli Branch</b>	Mehmet Akif Mahallesi Fatih Bulvarı No: 244/B Sultanbeyli 34920	SULTANBEYLİ	İSTANBUL	850 204 01 94
<b>Rize Branch</b>	Yeniköy Mah. Tefik İleri Cad. No: 18	MERKEZ	RİZE	850 204 01 95
<b>Suburcu Branch</b>	Çukur Mahallesi Suburcu Caddesi No: 11/A Şahinbey 27400	ŞAHİNBEY	GAZİANTEP	850 204 01 96
<b>İstoç Branch</b>	Mahmutbey Mahallesi 17. Yol Sokak No: 132/A İSTOÇ Bağcılar 34218	BAĞCILAR	İSTANBUL	850 204 01 97
<b>Samsun Çiftlik Branch</b>	19 Mayıs Mahallesi İstiklal Caddesi No: 57 İlkadım 55030	İLKADIM	SAMSUN	850 204 01 98
<b>Çınar Branch</b>	15 Mayıs Mahallesi Gazi Mustafa Kemal Bulvarı No: 145/B Pamukkale 20150	PAMUKKALE	DENİZLİ	850 204 01 99
<b>İzmir Çankaya Branch</b>	Fevzipaşa Bulvarı No: 59/A-B Çankaya Konak 35210	KONAK	İZMİR	850 204 02 00
<b>Sarıyer Branch</b>	Sarıyer Merkez Mahallesi, Yeni Mahalle Cad. No: 19	SARIYER	İSTANBUL	850 204 02 01
<b>Florya Branch</b>	Şenlik Mah. Florya Asfaltı No: 86 Zemin Kat Kısım A Florya Bakırköy 34153	BAKIRKÖY	İSTANBUL	850 204 02 02
<b>Manisa Sanayi Branch</b>	75. Yıl Mahallesi Bahri Saritepe Caddesi No: 53/A Yunusemre 45030	YUNUSEMRE	MANİSA	850 204 02 03
<b>Akdeniz Sanayi Branch</b>	Şafak Mah. 5009 Sokak Akdeniz Sanayi Sitesi 36. Blok No: 114 Kepez 07224	KEPEZ	ANTALYA	850 204 02 04
<b>Lüleburgaz Branch</b>	Kocasinan Mahallesi İstanbul Caddesi No: 12/ Z01 Lüleburgaz 39750	LÜLEBURGAZ	KIRKLARELİ	850 204 02 05

<b>Saydam Caddesi Branch</b>	Sucuzade Mah.Saydam Cad. No: 42 Seyhan 01030	SEYHAN	ADANA	850 204 02 06
<b>İzmir 1. Sanayi Branch</b>	Mersinli Mahallesi, 2822 Sokak No: 63 Konak 35170	KONAK	İZMİR	850 204 02 08
<b>Laleli Branch</b>	Mimar Kemalettin Mahallesi Mesih Paşa Cad. No: 54 Daire : 1 Laleli Fatih 34130	FATİH	İSTANBUL	850 204 02 10
<b>Aliğa Branch</b>	İstiklal Cad.No: 35/B	ALİAĞA	İZMİR	850 204 02 11
<b>Bankalar Caddesi Branch</b>	Bereketzade Mah.Bankalar Cad. No: 28B	BEYOĞLU	İSTANBUL	850 204 02 12
<b>Edirne Branch</b>	Mithatpaşa Mahallesi Talatpaşa Caddesi No: 155 Merkez 22100	MERKEZ	EDİRNE	850 204 02 13
<b>Gültepe Branch</b>	Ortabayır Mahallesi Talatpaşa Caddesi No: 82 C Gültepe Kağıthane 34410	KAĞITHANE	İSTANBUL	850 204 02 14
<b>Van Branch</b>	Şerefiye Mahallesi Mareşal Fevzi Çakmak Caddesi No: 14/B Merkez 65040	MERKEZ	VAN	850 204 02 15
<b>Balçova Branch</b>	Onur Mah. Ata Cad. No: 48/A Balçova 35330	BALÇOVA	İZMİR	850 204 02 16
<b>Gölcük Branch</b>	Amiral Sağlam Caddesi No: 12/B	GÖLCÜK	KOCAELİ	850 204 02 17
<b>Tuzla OSB Branch</b>	Tuzla Mermeciler Organize Sanayi Bölgesi 5. Sokak No: 2 Tuzla 34953	TUZLA	İSTANBUL	850 204 02 18
<b>Valikonağı Branch</b>	Teşvikiye Mahallesi, Valikonağı Caddesi, No: 66 Şişli 34365	ŞİŞLİ	İSTANBUL	850 204 02 19
<b>İstanbul Ulus Branch</b>	Nispetiye Mahallesi Ahmet Adnan Saygun Caddesi No: 22D Beşiktaş 34340	BEŞİKTAŞ	İSTANBUL	850 204 02 20
<b>Demirciler Sitesi Branch</b>	Seyitnizam Mahallesi Demirciler Sitesi 2. Cadde No: 81 Zeytinburnu 34015	ZEYTİNBURNU	İSTANBUL	850 204 02 21
<b>Avçılar Borusan Branch</b>	Firuzköy Yolu, No: 21, Borusan Oto	AVCILAR	İSTANBUL	212 412 02 48
<b>Tümsan Sanayi Sitesi Branch</b>	İkitelli Caddesi İmsan Küçük Sanayi Sitesi E-Blok No:10 Kat: 1 İkitelli Küçükçekmece 34303	KÜÇÜKÇEKMECE	İSTANBUL	850 204 02 23
<b>Tekirdağ Branch</b>	Hükümet Caddesi, No: 94	MERKEZ	TEKİRDAĞ	850 204 02 24

<b>Zafer Sanayi Branch</b>	Demirkol Sok.No: 2 Selçuklu	SELÇUKLU	KONYA	850 204 02 25
<b>Ümitköy Branch</b>	Çay Yolu Mahallesi 8.Cadde No:45 Çankaya 06530	ÇANKAYA	ANKARA	850 204 02 26
<b>Sakarya Caddesi Branch</b>	Cumhuriye Mahallesi, Sakarya-1 Caddesi, No: 37	MERKEZ	ESKİŞEHİR	850 204 02 27
<b>İmsan Branch</b>	İkitelli Caddesi İmsan Küçük Sanayi Sitesi E- Blok No :10 İkitelli Küçükçekmece 34303	KÜÇÜKÇEKMECE	İSTANBUL	850 204 02 28
<b>Menemen Branch</b>	Mermerli Mahallesi Mithatpaşa Caddesi No: 55 Menemen 35661	MENEMEN	İZMİR	850 204 02 29
<b>Gimat Branch</b>	Mehmet Emin Erdoğan İş Merkezi Macun Mahallesi Bağdat Cad. No: 93/25-26-27-28	YENİMAHALLE	ANKARA	850 204 02 30
<b>Bostanlı Branch</b>	Bostanlı Mahallesi Cemal Gürsel Caddesi No: 526/B Karşıyaka 35590	KARŞIYAKA	İZMİR	850 204 02 31
<b>Maltepe Çarşı İstanbul Branch</b>	Altayçeşme Mahallesi, Atatürk Caddesi No: 41/604	MALTEPE	İSTANBUL	850 204 07 73
<b>Şirinevler Branch</b>	Meriç Sokak Ünal İş Merkezi No: 13/3 Zemin Kat Şirinevler Bahçelievler 34188	BAHÇELİEVLER	İSTANBUL	850 204 02 33
<b>Bahçelievler İstanbul Branch</b>	İzzettin Çalışlar Caddesi, No: 40	BAHÇELİEVLER	İSTANBUL	850 204 02 34
<b>Cihangir Branch</b>	Kuloğlu Mahallesi, Sıraselviler Caddesi,No: 158/A Beyoğlu 34433	BEYOĞLU	İSTANBUL	850 204 02 35
<b>Tuzla Branch</b>	İçmeler Mahallesi, Mazhar Sokak No: 21A Tuzla 34947	TUZLA	İSTANBUL	850 204 02 36
<b>Tarsus Branch</b>	Şehit Mustafa Mahallesi Atatürk Bulvarı No: 7/A Tarsus 33500	TARSUS	MERSİN	850 204 02 37
<b>Yeşilhisar Branch</b>	Fevzioğlu Mahallesi İstasyon Caddesi No: 10 A Yeşilhisar 38800	YEŞİLHISAR	KAYSERİ	850 204 07 64
<b>Şaşmaz Branch</b>	Bahçekapı Mahallesi, 2488. Cadde. No: 4-A	ETİMESGUT	ANKARA	850 204 02 39
<b>Aksaz Branch</b>	Aksaz Deniz Üs Komutanlığı, Aksaz	MARMARİS	MUĞLA	850 204 02 40
<b>Avcılar Çarşı Branch</b>	Merkez Mahallesi, Reşitpaşa Caddesi, No: 41	AVCILAR	İSTANBUL	850 204 02 41
<b>Değirmendere Trabzon Branch</b>	Sanayi Mahallesi Devlet Karayolu Caddesi No: 85A Ortahisar 61030	ORTAHISAR	TRABZON	850 204 02 42

<b>Isparta Branch</b>	Kutlubey Mahallesi 106 Cadde Halısarayı Apartmanı G Blok Dış Kapı No: 2-G İç Kapı No: 1	MERKEZ	İSPARTA	850 204 02 43
<b>Gebze E5 Branch</b>	Osman Yılmaz Mahallesi, İstanbul Caddesi, No: 74/A	GEBZE	KOCAELİ	850 204 02 44
<b>İnönü Caddesi Malatya Branch</b>	Şıkşık Mahallesi İnönü Caddesi No: 91/A	MERKEZ	MALATYA	850 204 02 45
<b>Sivas Branch</b>	Atatürk Caddesi No: 15	MERKEZ	SİVAS	850 204 02 47
<b>Çeşme Branch</b>	İsmet İnönü Mahallesi 2001 Sokak No: 74/A Çeşme 35930	ÇEŞME	İZMİR	850 204 02 48
<b>Ödemiş Branch</b>	Akincılar Mahallesi, Gazi Caddesi, No: 32/1 Ödemiş 35750	ÖDEMiŞ	İZMİR	850 204 02 49
<b>Yeniköy Branch</b>	Yeniköy Mahallesi Köybaşı Caddesi No: 51 Yeniköy Sarıyer 34464	SARIYER	İSTANBUL	850 204 02 51
<b>Etimesgut Branch</b>	İstasyon Mahallesi İstasyon Caddesi Tüzün Sokak No: 8/7	ETİMESGUT	ANKARA	850 204 02 52
<b>Tire Branch</b>	Cumhuriyet Meydanı, No: 05	TİRE	İZMİR	850 204 02 53
<b>Nuruosmaniye Branch</b>	Alemdar Mah. Nuruosmaniye Cad. No: 12/1 Fatih 34110	FATİH	İSTANBUL	850 204 02 54
<b>Mezitli Branch</b>	Menderes Mahallesi, Gazi Mustafa Kemal Bulvarı, Doğaner İş Hanı, A Blok No: 709/Aa Mezitli	MERKEZ	MERSİN	850 204 02 55
<b>Güllük Branch</b>	Altındağ Mahallesi Güllük Caddesi No: 99 Muratpaşa 07050	MURATPAŞA	ANTALYA	850 204 02 56
<b>Mevlana Branch</b>	Aziziye Mahallesi, Mevlana Caddesi, No: 63 D :1	KARATAY	KONYA	850 204 02 57
<b>Muğla Branch</b>	Şeyh Mahallesi İsmet İnönü Caddesi Dış Kapı No: 17 Menteşe 48050	MENTEŞE	MUĞLA	850 204 02 58
<b>Akhisar Branch</b>	Şehit Teğmen Ün Cad. Paşa Mahallesi No: 78 Akhisar 45200	AKHİSAR	MANİSA	850 204 02 59
<b>Konya Ereğli Branch</b>	Selçuklu Mahallesi Atatürk Caddesi Necip Pala Apt. Sit. No: 44D Ereğli 42310	EREĞLİ	KONYA	850 204 02 60
<b>Silivri Branch</b>	Piri Mehmet Paşa Mah. Başkomutan Cad. No: 4 Silivri 34570	SİLİVRİ	İSTANBUL	850 204 02 61
<b>Lefkoşa Branch</b>	Mehmet Akif Caddesi, No: 86 Köşklüçiftlik	-	LEFKOŞA / KKTC	392 229 20 40

<b>Gazimağusa Branch</b>	İsmet İnönü Bulvarı, No: 43 Sakarya	-	GAZİMAĞUSA / KKTC	392 365 59 20
<b>Girne Branch</b>	Bedrettin Demirel Caddesi, No: 12/12B Girne	-	GİRNE / KKTC	392 815 85 10
<b>İnegöl Branch</b>	Sinanbey Mahallesi, Nuri Doğrul Caddesi, No: 19 İnegöl 16400	İNEGÖL	BURSA	850 204 02 66
<b>Kastamonu Branch</b>	Cebrail Mahallesi Plevne Caddesi No: 52 A-B Merkez 37200	MERKEZ	KASTAMONU	850 204 02 68
<b>Adana Mobilyacılar Branch</b>	Güzelevler Mah. Mobilyacılar Sitesi Meşe Cad. No: 18 A Kısım Yüreğir 01310	YÜREĞİR	ADANA	850 204 02 69
<b>Giresun Branch</b>	Şeyhkeramet Mahallesi Gazi Caddesi No:2 Merkez 28200 Giresun	MERKEZ	GİRESUN	850 204 02 70
<b>Kuyumcukent Branch</b>	29 Ekim Caddesi, No: 1, Kuyumcukent, Atölye Bloğu, Zemin/1.Kat, 5. Sokak, No: 19 Yenibosna	BAHÇELİEVLER	İSTANBUL	850 204 02 71
<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	850 204 02 72
<b>Burdur Branch</b>	Özgür Mahallesi, Gazi Caddesi, No: 88	MERKEZ	BURDUR	850 204 02 73
<b>Uncalı Branch</b>	Uncalı Mahallesi Uncalı Caddesi No: 63 Konyaaltı 07070	UNCALI	ANTALYA	850 204 02 75
<b>Şirinyer Branch</b>	Menderes Caddesi, No: 288/B	BUCA	İZMİR	850 204 02 76
<b>Biga Branch</b>	İstiklal Mahallesi İstiklal Caddesi No: 106-108 İç Kapı No: 1 Biga 17200	BİGA	ÇANAKKALE	850 204 02 77
<b>Kaynarca Branch</b>	Fevzi Çakmak Mah. Tevfik İleri Cad. No: 111 Pendik 34899	PENDİK	İSTANBUL	850 204 02 78
<b>Gaziemir Branch</b>	Akçay Caddesi, No: 169/A	GAZİEMİR	İZMİR	850 204 02 79
<b>Yıldırım Branch</b>	Duaçınarı Mahallesi, Ankara Caddesi, No: 153/A	YILDIRIM	BURSA	850 204 02 80
<b>Adıyaman Branch</b>	Yenipınar Mahallesi, Atatürk Caddesi, No: 31	MERKEZ	ADİYAMAN	850 204 02 81
<b>Aspendos Corporate Branch</b>	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No: 53/A-B Asma Kat Muratpaşa 07010	MURATPAŞA	ANTALYA	850 204 02 82

<b>Karabük Branch</b>	Bayır Mahallesi Menderes Caddesi No: 2/B Merkez 78100	MERKEZ	KARABÜK	850 204 02 83
<b>Çerkezköy Branch</b>	Gazi Osman Paşa Mahallesi, Atatürk Caddesi, No: 5	ÇERKEZKÖY	TEKİRDAĞ	850 204 02 84
<b>Ankara 4. Kolordu Branch</b>	4. Kolordu Komutanlığı, Samsun Yolu Üzeri,	MAMAK	ANKARA	850 204 02 85
<b>Akşehir Branch</b>	Meydan Mahallesi, İnönü Caddesi, No: 72/A	AKŞEHİR	KONYA	850 204 02 86
<b>Düzce Branch</b>	Camikebir Mahallesi, İstanbul Caddesi No: 13/B	MERKEZ	DÜZCE	850 204 02 87
<b>Erenler Sanayi Branch</b>	Erenler Mahallesi, Sakarya Caddesi, No:306/A	ERENLER	SAKARYA	850 204 02 88
<b>Çorlu Çarşı Branch</b>	Cemaliye Mahallesi Saray Caddesi No: 2 Çorlu 59860	ÇORLU	TEKİRDAĞ	850 204 02 89
<b>Hopa Branch</b>	Merkez Kuledibi Mahallesi Cumhuriyet Meydanı No: 1/A Hopa 08600	HOPA	ARTVİN	850 204 02 90
<b>Karacabey Branch</b>	Tavşanlı Mahallesi Bursa Caddesi Necmi Akkuş Sitesi No: 31 A/5 Karacabey 16700	KARACABEY	BURSA	850 204 02 91
<b>Turgutlu Branch</b>	Altay Mahallesi, Atatürk Bulvarı, No: 163	TURGUTLU	MANİSA	850 204 02 92
<b>Fener Branch</b>	Çağlayan Mahallesi Barınaklar Bulvarı A. Atmaca Apt. B Blok No: 3/A-B Muratpaşa 07230	MURATPAŞA	ANTALYA	850 204 02 93
<b>Keşan Branch</b>	Büyük Cami Mahallesi, Cumhuriyet Meydanı, No: 8 Keşan 22800	KEŞAN	EDİRNE	850 204 02 94
<b>Arnavutköy Branch</b>	Cebeci Mahallesi ,Eski Edirne Asfaltı No: 748 Asma Kat Sultançifliği 34270 Sultangazi	SULTANGAZİ	İSTANBUL	850 204 07 18
<b>Konak Branch</b>	Konak Mahallesi, Cumhuriyet Bulvarı, No: 34 Konak 35250	KONAK	İZMİR	850 204 02 96
<b>Hürriyet Branch</b>	Soğukkuyu Mahallesi 1. Hürriyet Caddesi No: 24-26B Osmangazi 16160	OSMANGAZİ	BURSA	850 204 02 97
<b>Demirtaş Branch</b>	Panayır Mahallesi, Yeni Yalova Yolu Caddesi, No: 455/F	OSMANGAZİ	BURSA	850 204 02 98
<b>Kuyubaşı Branch</b>	Fahrettin Kerim Gökay Cad. No: 122/1 Zemin Kat A Kısım Göztepe Kadıköy 34722	KADIKÖY	İSTANBUL	850 204 03 02



<b>Ofis Branch</b>	Kooperatifler Mahallesi Akkoyunlu Bulvarı No: 19/B Yenışehir 21100	YENİŞEHİR	DİYARBAKIR	850 204 03 03
<b>Anamur Branch</b>	Esentepe Mahallesi, Atatürk Bulvarı, No: 8/B	ANAMUR	MERSİN	850 204 03 04
<b>İzmit Sanayi Sitesi Branch</b>	Sanayi Mahallesi, Fırat Sokak, No: 16/A	İZMİT	KOCAELİ	850 204 03 06
<b>Keçiören Branch</b>	Güçlükaya Mahallesi, Kızlar Pınarı Caddesi, No: 53/A Keçiören 06310	KEÇİÖREN	ANKARA	850 204 03 08
<b>Kazım Karabekir Branch</b>	Kazım Karabekir Caddesi, No: 72/9-10-90-91	ALTINDAĞ	ANKARA	850 204 03 09
<b>Yalova Branch</b>	Rüstempaşa Mahallesi, Çeşme Sokak, No: 2/1 Merkez 77200	MERKEZ	YALOVA	850 204 03 10
<b>Tunalı Hilmi Branch</b>	Remzi Oğuz Mahallesi, Tunalı Hilmi Caddesi, No: 68/A Kavaklıdere	ÇANKAYA	ANKARA	850 204 03 11 13
<b>Sarıçam Branch</b>	Akincılar Mahallesi, Kozan Caddesi, No: 185/A	YÜREĞİR	ADANA	850 204 03 12
<b>Bekirpaşa Branch</b>	28 Haziran Mahallesi Turan Güneş Caddesi No: 301 A İzmit 41060	İZMİT	KOCAELİ	850 204 03 13
<b>Bodrum Gümbet Branch</b>	Merkez Mahallesi, Atatürk Bulvarı No: 203/A1-A3 Konacık- Bodrum 48480	BODRUM	MUĞLA	850 204 03 14
<b>Kestel Branch</b>	Ahmet Vefik Paşa Mahallesi, Gazi Caddesi, No: 6/A	KESTEL	BURSA	850 204 03 15
<b>Erzincan Branch</b>	Atatürk Mahallesi, Nerim Tombul Caddesi, No:12/Z2-Z3 Merkez 24002	MERKEZ	ERZİNCAN	850 204 03 16
<b>Borusan İstinye Branch</b>	Derbent Yolu, Balabandere Neslihan Caddesi, No: 1, İstinye	SARIYER	İSTANBUL	850 204 03 17
<b>Antalya Toptancı Hali Branch</b>	Güneş Mahallesi Yeni Toptancı Hal Kompleksi B2/1 Blok No: 1 Kepez 07260	KEPEZ	ANTALYA	850 204 03 18
<b>Toptancılar Çarşısı İzmir Branch</b>	1202/2 Sokak, No: 66 Yenişehir	KONAK	İZMİR	850 204 03 19
<b>Tuzla Deniz Harp Okulu Branch</b>	Tuzla Deniz Harp Okulu Komutanlığı Sosyal Tesisleri	TUZLA	İSTANBUL	850 204 03 20
<b>Nazilli Branch</b>	Altıntaş Mahallesi, 129 Sokak, No: 2	NAZİLLİ	AYDIN	850 204 03 21
<b>Hatay İzmir Branch</b>	İnönü Caddesi, No: 229/B Karabağlar 35361	KARABAĞLAR	İZMİR	850 204 03 22

<b>Merzifon Branch</b>	Hocasüleyman Mahallesi, Yokuşbaşı Caddesi No:13 Merzifon 05300	MERZİFON	AMASYA	850 204 03 23
<b>Körfez Branch</b>	Kuzey Mahallesi, Cahit Zarifoğlu Caddesi, No: 53/B	KÖRFEZ	KOCAELİ	850 204 03 26
<b>Mardin Branch</b>	13 Mart Mahallesi, Vali Ozan Caddesi, 82/B Artuklu 47200	ARTUKLU	MARDİN	850 204 03 27
<b>Batman Branch</b>	Gap Mahallesi, Turgut Özal Bulvarı Babil Plaza No: 316 E-F Merkez 72070	MERKEZ	BATMAN	850 204 03 28
<b>Yenibosna Branch</b>	Yenibosna Merkez Mahallesi Yıldırım Beyazıt Caddesi No: 210A Bahçelievler 34197	BAHÇELİEVLER	İSTANBUL	850 204 03 29
<b>Serik Branch</b>	Yeni Mahalle, Hürriyet Caddesi No: 6-8	SERİK	ANTALYA	850 204 03 30
<b>Kumluca Branch</b>	Merkez Mahallesi Gödene Cad. No: 18 Kumluca 07350	KUMLUCA	ANTALYA	850 204 03 31
<b>Bafra Branch</b>	Hacınabi Mahallesi, Tekel Caddesi, No: 40 Bafra 55400	BAFRA	SAMSUN	850 204 03 33
<b>Fatih Branch</b>	Ali Kuşçu Mah. Macar Kardeşler Cad. No: 34 Fatih 34083	FATİH	İSTANBUL	850 204 03 35
<b>Esenyurt Branch</b>	İnönü Mahallesi, Doğan Araslı Bulvarı, No: 124/C	ESENYURT	İSTANBUL	850 204 03 36
<b>Şirehanı Branch</b>	İsmetpaşa Mahallesi, İnönü Caddesi, No: 217/7 Şahinbey 27010	ŞAHİNBEY	GAZİANTEP	850 204 03 37
<b>Ankara Zırlı Birlikler Branch</b>	Çay Yolu Mahallesi 8. Cadde No: 45 A Kısım Çankaya 06530	ÇANKAYA	ANKARA	850 204 02 26
<b>Kırklareli Branch</b>	Karakaş Mahallesi, Fevzi Çakmak Bulvarı, No: 41	MERKEZ	KIRKLARELİ	850 204 03 39
<b>Soma Branch</b>	Kurtuluş Mahallesi, Fatih Caddesi, No:10	SOMA	MANİSA	850 204 03 40
<b>Çengelköy Branch</b>	Çengelköy Mah. Çengelköy Caddesi No:59 Çengelköy Üsküdar 34680	ÜSKÜDAR	İSTANBUL	850 204 03 41
<b>Çetin Emeç Branch</b>	Ehlibeyt Mahallesi, Ceyhun Atuf Kansu Caddesi, No: 126/E	ÇANKAYA	ANKARA	850 204 03 42
<b>Sarıgazi Branch</b>	İnönü Mah. Ankara Cad. No: 63/A Sancaktepe	SANCAKTEPE	İSTANBUL	850 204 03 43
<b>Mithatpaşa Branch</b>	Cumhuriyet Mahallesi, Mithatpaşa Caddesi, No: 28/B	ÇANKAYA	ANKARA	850 204 03 44

<b>4. Sanayi Branch</b>	129 Sokak, No: 1/E 4. Sanayi Sitesi	BORNOVA	İZMİR	850 204 03 45
<b>Bucak Branch</b>	Oğuzhan Mah. Cumhuriyet Cad. No: 20/A	BUCAK	BURDUR	850 204 03 47
<b>Alemdar Branch</b>	Alemdar Caddesi, Ömerağa Mahallesi, No:19	İZMİT	KOCAELİ	850 204 03 48
<b>Tuzla Piyade Okulu Branch</b>	Piyade Okulu Komutanlığı	TUZLA	İSTANBUL	850 204 03 50
<b>Bandırma Branch</b>	İnönü Caddesi, No: 68/A	BANDIRMA	BALIKESİR	850 204 03 51
<b>Metropol Mersin Branch</b>	Mesudiye Mahallesi Kuvayi Milliye Caddesi No: 84/B Akdeniz 33060	AKDENİZ	MERSİN	850 204 03 52
<b>Yeniköy Antalya Branch</b>	Yeniköy Mahallesi, Atatürk Caddesi, No: 476 Döşemealtı	DÖŞEMEALTI	ANTALYA	850 204 03 53
<b>Aksaray Branch</b>	Hamidiye Mahallesi 761/Şehit Ali Mutlu Sokak No: 1/1 Merkez 68100	MERKEZ	AKSARAY	850 204 03 54
<b>Torbalı Branch</b>	Tepeköy Mahallesi Ağalar Caddesi No: 16 A-B	TORBALI	İZMİR	850 204 03 56
<b>Güneydoğu Anadolu Corporate Branch</b>	Mücahitler Mah. Gazi Muhtarpaşa Bulvarı No: 48 Kat : 6 A Kısım Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	850 204 03 58
<b>Çukurova Corporate Branch</b>	Çınarlı Mahallesi Atatürk Caddesi No: 15 Kat: 1 A Kısım 01120 Seyhan	SEYHAN	ADANA	850 204 03 59
<b>Altıparmak Branch</b>	Cemal Nadir Caddesi, No: 47, Kat: 1 Altıparmak	OSMANGAZİ	BURSA	850 204 03 63
<b>Orhangazi Branch</b>	Muradiye Mahallesi, Turist Yolu Caddesi, No: 51	ORHANGAZİ	BURSA	850 204 03 69
<b>Zekeriyaköy Branch</b>	Vişne 2 Mahallesi, 4. Cadde, Kapalıçarşı, No: 27-15 Zekeriyaköy	SARIYER	İSTANBUL	850 204 03 70
<b>Küçüksu Branch</b>	Saray Mahallesi Küçüksu Caddesi No: 60/1A Ümraniye 34768	ÜMRANIYE	İSTANBUL	850 204 03 77
<b>Kars Branch</b>	Merkez Mahallesi, Kazım Paşa Cad. No: 117	MERKEZ	KARS	850 204 03 78
<b>Kırıkkale Branch</b>	Yenidoğan Mahallesi, Cumhuriyet Cad. No: 8/A	MERKEZ	KIRIKKALE	850 204 03 79
<b>Harbiye Branch</b>	Cumhuriyet Cad. No: 123 B Harbiye Şişli 34373	ŞİŞLİ	İSTANBUL	850 204 03 80

<b>Montrö Branch</b>	Şair Eşref Bulvarı No: 23/A 35210 Çankaya-Konak	KONAK	İZMİR	850 204 03 81
<b>Çankaya Ankara Branch</b>	Simon Bolivar Cad. No: 17 06680 Çankaya	ÇANKAYA	ANKARA	850 204 03 82
<b>Şişli Meydan Branch</b>	19 Mayıs Mah. Halaskargazi Cad. No: 212A Şişli 34381	ŞİŞLİ	İSTANBUL	850 204 03 83
<b>Bursa Organize Sanayi Branch</b>	Organize San. Bölgesi, Ali Osman Sönmez Bulv. Bankalar Cad. 16159 Nilüfer	NİLÜFER	BURSA	850 204 03 84
<b>Mersin Çamlıbel Branch</b>	Kültür Mahallesi 103. Cadde No: 62 33100 İçel	MERKEZ	MERSİN	850 204 03 85
<b>Antalya Muratpaşa Branch</b>	Tahıl pazarı Mah. Şarampol Cad. Ömer Melli İş Hanı No: 86A Muratpaşa 07040	MURATPAŞA	ANTALYA	850 204 03 87
<b>Denizli Saraylar Branch</b>	Saraylar Mahallesi 459 Sokak No: 7/9 20100	MERKEZ	DENİZLİ	850 204 03 88
<b>Erenköy Branch</b>	Caddebostan Mahallesi, Ethem Efendi Caddesi, No: 13/1 Kadıköy 34728	KADIKÖY	İSTANBUL	850 204 0389
<b>Sirkeci Branch</b>	Ankara Caddesi No: 48 Sirkeci Fatih 34112	FATİH	İSTANBUL	850 204 03 91
<b>Yıldız Posta Branch</b>	Gayrettepe Mah., Yener Sok. No: 1	BEŞİKTAŞ	İSTANBUL	850 204 03 92
<b>Bakırköy Meydan Branch</b>	İncirli Cad. Teyyareci Nurettin Sokak No: 18 34145 Bakırköy	BAKIRKÖY	İSTANBUL	850 204 03 93
<b>Karşıyaka Branch</b>	Cemal Gürsel Caddesi No: 200/A Karşıyaka 35600	KARŞIYAKA	İZMİR	850 204 03 94
<b>Bornova Çarşı Branch</b>	Mustafa Kemal Cad. No: 11-A/B Bornova 35040	BORNOVA	İZMİR	850 204 03 98
<b>Beykent Üniversitesi Branch</b>	T.C. Beykent Üniversitesi Ayazağa Kampüsü, Ayazağa Mahallesi, Hadımkoru Caddesi, No: 19A Sarıyer 34485	SARIYER	İSTANBUL	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	850 204 04 02
<b>Güneşli Çarşı Branch</b>	Bağlar Mahallesi Atatürk Caddesi No: 6-1 Bağcılar 34209	BAĞCILAR	İSTANBUL	850 204 04 04
<b>Kayseri Çarşı Branch</b>	Cumhuriyet Mah. Millet Cad. No: 26 Melikgazi 38110	MELİKGAZİ	KAYSERİ	850 204 04 05

<b>Maslak Sanayi Branch</b>	Ayazağa Mahallesi Büyükdere Caddesi No: 257/C Sarıyer 34485	SARIYER	İSTANBUL	850 204 04 06
<b>Beylikdüzü E-5 Branch</b>	Barbaros Hayrettin Paşa Mah. Şehitler Cad. Beymahall Sit. No: 5 B/1 Esenyurt 34522	ESENYURT	İSTANBUL	850 204 04 07
<b>Keresteciler Sitesi Branch</b>	M. Nesih Özmen Mahallesi Merter Tekstil Merkezi Pelit Sokak No: 1 Güngören 34173	GÜNGÖREN	İSTANBUL	850 204 04 08
<b>Gaziantep İncilipınar Branch</b>	Değirniçem Mahallesi Gazi Muhtar Paşa Bulvarı No: 13 A Şehitkamil 27090	ŞEHİTKAMİL	GAZİANTEP	850 204 04 09
<b>Demetevler Branch</b>	Demet Lale Mahallesi İvedik Cad. 127/B Yenimahalle 06200	YENİMAHALLE	ANKARA	850 204 06 70
<b>Gebze Çarşı Branch</b>	Hacı Halil Mah. Cumhuriyet Meydanı No: 3/2 Gebze 41400	GEBZE	KOCAELİ	850 204 04 11
<b>Eskişehir İki Eylül Caddesi Branch</b>	İstiklal Mah. İki Eylül Cad. No: 50/B Odunpazarı 26010	ODUNPAZARI	ESKİŞEHİR	850 204 04 13
<b>Çarşı İzmit Branch</b>	Ömerağa Mahallesi Hürriyet Caddesi No: 91 İzmit 41300	İZMİT	KOCAELİ	850 204 04 16
<b>Narlidere Branch</b>	Çamtepe Mah. Mithatpaşa Cad. No: 277-279 Narlıdere 35320	NARLIDERE	İZMİR	850 204 07 03
<b>Sefaköy Halkalı Caddesi Branch</b>	Teyfikbey Mahallesi Halkalı Caddesi No: 134/A Küçükçekmece 34295	KÜÇÜKÇEKMECE	İSTANBUL	850 204 04 18
<b>Karya Bodrum Branch</b>	Kıbrıs Şehitleri Cad. Emniyet Müdürlüğü Yanı Ataman İş Mrk. C Blk. Bodrum 48400	BODRUM	MUĞLA	850 204 04 19
<b>Şanlıurfa Sarayönü Caddesi Branch</b>	Yusufpaşa Mahallesi Sarayönü Caddesi No: 131 Haliliye	HALİLİYE	ŞANLIURFA	850 204 04 23
<b>Sanayi Mahallesi Branch</b>	Sanayi Mah. Sultan Selim Cad. No: 22/22A/22B Kağıthane 34415	KAĞITHANE	İSTANBUL	850 204 04 24
<b>Mustafa Kemal Branch</b>	Mustafa Kemal Mahallesi, 2120 Caddesi No: 4 A Çankaya 06530	ÇANKAYA	ANKARA	850 204 04 26
<b>Mecidiyeköy Çarşı Branch</b>	Büyükdere Caddesi Alba İş Hanı No: 67/71 34387 Mecidiyeköy-Şişli	ŞİŞLİ	İSTANBUL	850 204 04 27
<b>Batı Ataşehir Branch</b>	Barbaros Mahallesi Halk Caddesi No: 47/1 Ataşehir 34746	ATAŞEHİR	İSTANBUL	850 204 06 74

<b>Fındıkzade Branch</b>	Haseki Sultan Mahallesi Kızılcama Caddesi No: 15 Fatih 34096	FATİH	İSTANBUL	850 204 04 30
<b>Bostancı E5 Branch</b>	İçerenköy Mahallesi Değirmenyolu Caddesi No: 21/1 Ataşehir 34752	ATAŞEHİR	İSTANBUL	850 204 04 31
<b>Boğaziçi Corporate Branch</b>	Büyükdere Cad. Şarlı İş Merkezi No: 103 K: 3 Mecidiyeköy-Şişli	ŞİŞLİ	İSTANBUL	850 204 04 32
<b>Haznedar Bahçelievler Branch</b>	Bahçelievler Mahallesi Naci Kasım Sokak No: 2/1A Bahçelievler 34180	BAHÇELİEVLER	İSTANBUL	850 204 04 34
<b>Ataşehir Branch</b>	Atatürk Mahallesi Ataşehir Bulvarı No: 14/F Özel İşyeri: 1 Ataşehir 34758	ATAŞEHİR	İSTANBUL	850 204 04 35
<b>Kapalıçarşı Branch</b>	Tavukpazarı Sokak No: 52/54 34120 Eminönü-Fatih	FATİH	İSTANBUL	850 204 04 40
<b>Maltepe E-5 Branch</b>	Altayçeşme Mahallesi Çam Sokak No: 25A Maltepe 34843	MALTEPE	İSTANBUL	850 204 04 41
<b>Mersin Çarşı Branch</b>	Camişerif Mahallesi, İstiklal Caddesi, No: 40/D Akdeniz 33060	AKDENİZ	MERSİN	850 204 04 44
<b>Adana Çarşı Branch</b>	Karasoku Mahallesi, Kızılay Cad. No: 14 01010 Seyhan	SEYHAN	ADANA	850 204 04 45
<b>Adana Toros Branch</b>	Beyazevler Mahallesi Bülent Angın Bulvarı No: 128/A Çukurova 01170	ÇUKUROVA	ADANA	850 204 04 46
<b>Mercan Branch</b>	Tahtakale Mah. Tahtakale Cad. No: 55 Kat: 3 Fatih 34116	FATİH	İSTANBUL	850 204 04 49
<b>Beyoğlu Branch</b>	Hüseyinağa Mahallesi Hamalbaşı Caddesi No: 6/A Beyoğlu 34435	BEYOĞLU	İSTANBUL	850 204 04 51
<b>Kadıköy Çarşı Branch</b>	Caferağa Mah. Mühürdar Cad. No: 22 Kadıköy 34710	KADIKÖY	İSTANBUL	850 204 04 52
<b>Ankara Ostim Branch</b>	Ostim Mahallesi 100.Yıl Bulvarı (Sanayi) Ofim İş ve Finans Merkezi No: 99/69 Zeminkat	YENİMAHALLE	ANKARA	850 204 04 53
<b>Nato Yolu Branch</b>	Tuzluçayır Mahallesi Nato Yolu Caddesi 294. Sokak No: 1/A Mamak 06620	MAMAK	ANKARA	850 204 07 16
<b>Alsancak Branch</b>	1382 Sk. 33/A Bodrum Kat Alsancak Konak 35220	KONAK	İZMİR	850 204 04 55
<b>Başkent Corporate Branch</b>	Simon Bolivar Cad. No: 17 Kat: 1-2 Çankaya 06680	ÇANKAYA	ANKARA	850 204 04 56



<b>Demirtaş Organize Sanayi Branch</b>	Demirtaş Organize Sanayi Bölgesi Mustafa Karaer Cad. No: 18 Osmangazi 16245	OSMANGAZİ	BURSA	850 204 04 57
<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	850 204 04 60
<b>Şirinyalı Branch</b>	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 80/1 Muratpaşa 07160	MURATPAŞA	ANTALYA	850 204 04 62
<b>Aksaray Ordu Caddesi Branch</b>	Kemalpaşa Mah. Ordu Caddesi No: 66A Fatih 34134	FATİH	İSTANBUL	850 204 04 63
<b>Bursa Çekirge Branch</b>	Çekirge Mahallesi Çekirge Caddesi Batıca - Bintaş Apartmanı No: 153 A Osmangazi 16070	OSMANGAZİ	BURSA	850 204 04 65
<b>Tarsus Makam Branch</b>	Şehit Mustafa Mahallesi Atatürk Cad. 33400 No: 17/A Tarsus	TARSUS	MERSİN	850 204 04 66
<b>İhlamurkuyu Branch</b>	İhlamurkuyu Mah. Alemdar Cad. No: 249/A Dudullu Ümraniye 34771	ÜMRANIYE	İSTANBUL	850 204 04 68
<b>Atrium Branch</b>	Atrium Çarşısı No: 78-80 No.lu Dükkan Ataköy Bakırköy 34156	BAKIRKÖY	İSTANBUL	850 204 04 72
<b>İkincisite Branch</b>	Ulubey Mahallesi Demirhenderek Caddesi No: 69 Altındağ 06360	ALTINDAĞ	ANKARA	850 204 04 74
<b>Kağıthane Branch</b>	Yenimahalle Mahallesi 28. Sokak No: 23/1 Canik 55080	KAĞITHANE	İSTANBUL	850 204 04 76
<b>Kuşadası Branch</b>	İsmet İnönü Bulvarı No: 59 09400 Kuşadası	KUŞADASI	AYDIN	850 204 04 77
<b>Manavgat Çarşı Branch</b>	Yukarı Hisar Mahallesi Antalya Caddesi No: 54A Manavgat 07600	MANAVGAT	ANTALYA	850 204 04 78
<b>Diyarbakır Sur Branch</b>	Bağcılar Mahallesi, Urfa Bulvarı, Baran Plaza No: 217/1 Bağlar 21050	BAĞLAR	DİYARBAKIR	850 204 04 80
<b>Kahramanmaraş Çarşı Branch</b>	Menderes Mahallesi Trabzon Bulvarı No: 53/D Dulkadiroğlu 46100	DULKADİROĞLU	KAHRAMANMARAŞ	850 204 04 86
<b>Şenesenevler Branch</b>	Bostancı Mahallesi, Emin Ali Paşa Caddesi, No: 116 A/14, Kadıköy 34744	KADIKÖY	İSTANBUL	850 204 04 87

<b>Kızıltoprak Branch</b>	Zühtüpaşa Mah. Bağdat Cad. No: 62/3 Kızıltoprak Kadıköy 34724	KADIKÖY	İSTANBUL	850 204 04 89
<b>Samsun Mecidiye Branch</b>	Hançerli Mahallesi Çifte Hamam Caddesi No: 2 İlkadım 55020	İLKADIM	SAMSUN	850 204 04 94
<b>Fethiye Likya Branch</b>	Taşyaka Mahallesi İnönü Bulvarı No: 4 4/A 4/B Fethiye 48300	FETHİYE	MUĞLA	850 204 04 96
<b>Söğütözü Branch</b>	Platin Tower Söğütözü Mahallesi Dumlupınar Bulvarı (Eskişehir yolu Üzeri) No: 94/G Çankaya 06510	ÇANKAYA	ANKARA	850 204 06 82
<b>Balıkesir Çarşı Branch</b>	Altıeylül Mahallesi, Anafartalar Caddesi No: 25/B Altıeylül 10100	ALTIEYLÜL	BALIKESİR	850 204 04 98
<b>Ulucanlar Branch</b>	Kale Mahallesi Ulucanlar Caddesi No: 44/A Altındağ 06250	Altındağ	ANKARA	850 204 04 99
<b>Laleli Çarşı Branch</b>	Mimar Kemalettin Mahallesi Sekbanbaşı Sok. No: 4/A Fatih 34130	FATİH	İSTANBUL	850 204 05 00
<b>Adapazarı Çarşı Branch</b>	Orta Mahalle Soğan Pazarı Caddesi No: 8 Adapazarı 54040	ADAPAZARI	SAKARYA	850 204 05 05
<b>Dokuz Eylül Üniversitesi Branch</b>	İnciraltı Mahallesi Mithatpaşa Caddesi Dokuz Eylül Üniversitesi İnciraltı Yerleşkesi No: 1606 2/1/1 Balçova 35330	BALÇOVA	İZMİR	850 204 07 53
<b>Afyon Kadınana Branch</b>	Ambaryolu Cad. Davulcuoğlu İş Hanı Altı No: 25 Merkez 03200	MERKEZ	AFYONKARAHİ SAR	850 204 05 10
<b>Aydın Çarşı Branch</b>	Hasan Efendi - Ramazan Paşa Mah. Hükümet Bulvarı No: 17/1 Efeler 09110	EFELER	AYDIN	850 204 05 12
<b>Bergama Branch</b>	Ertuğrul Mahallesi Park Otel Sokak No: 10 Bergama 35700	BERGAMA	İZMİR	850 204 06 97
<b>Çukurambar Branch</b>	Kızılırmak Mah. Ufuk Üniversitesi Caddesi No: 1/A Çankaya 06530	ÇANKAYA	ANKARA	850 204 05 17
<b>Uşak Çarşı Branch</b>	İsmet Paşa Caddesi No: 58 64100	MERKEZ	UŞAK	850 204 05 18
<b>Zeytinburnu Bulvar Branch</b>	Gökaltı Mahallesi 58. Bulvar Caddesi No: 49-51 Zeytinburnu 34020	ZEYTİNBURNU	İSTANBUL	850 204 05 21
<b>Hasanpaşa Branch</b>	Kurbağalıdere Caddesi No: 25 34722 Söğütözü - Kadıköy	KADIKÖY	İSTANBUL	850 204 05 23

<b>Adana Çukurova Branch</b>	Çınarlı Mahallesi Atatürk Caddesi No: 15 Seyhan 01120	SEYHAN	ADANA	850 204 05 24
<b>Topkapı Maltepe Branch</b>	Maltepe Mah. Gümüşsuyu Cad. No: 53 Dk: 21-22 Zeytinburnu 34010	ZEYTİNBURNU	İSTANBUL	850 204 05 28
<b>Bursa Atatürk Caddesi Branch</b>	Atatürk Caddesi No: 48 16020 Heykel - Osmangazi	OSMANGAZİ	BURSA	850 204 05 32
<b>Çanakkale Anafartalar Branch</b>	İsmetpaşa Mahallesi Demircioğlu Caddesi No: 24 Merkez 17000	MERKEZ	ÇANAKKALE	850 204 05 34
<b>Adana Atikop Branch</b>	Turhan Cemal Beriker Bulvarı Adana İş Merkezi A Blok No: 7 - 9 01010 Seyhan	SEYHAN	ADANA	850 204 05 35
<b>İstanbul Anadolu Corporate Branch</b>	Esentepe Mahallesi Cevizli D-100 Güney Yanyol Caddesi Dumankaya Vizyon D Blok No: 13 D/76 Kartal 34870	KARTAL	İSTANBUL	850 204 05 36
<b>Yeditepe Corporate Branch</b>	Gayrettepe Mahallesi Yener Sokak No: 1 Kat:1/B Beşiktaş 34349	BEŞİKTAŞ	İSTANBUL	850 204 05 38
<b>Beşiktaş Çarşı Branch</b>	Cihannuma Mahallesi Salih Efendi Sok. No: 7 Beşiktaş 34353	BEŞİKTAŞ	İSTANBUL	850 204 05 42
<b>İvedik Organize Branch</b>	İvedik Mahallesi 1354. Cadde (Eski 21. Cadde) No: 131 Yenimahalle 06378	YENİMAHALLE	ANKARA	850 204 05 48
<b>Denizli Sanayi Branch</b>	Saraylar Mahallesi Ahi Sinan Caddesi No:36/A Merkezefendi 20010 Denizli	MERKEZEFENDİ	DENİZLİ	850 204 05 51
<b>Kasımpaşa Branch</b>	Camiikebir Mahallesi Bahriye Caddesi Kayalar Ticaret Apt. No: 37/1-4 Beyoğlu 34440	BEYOĞLU	İSTANBUL	850 204 05 54
<b>Çiğli Branch</b>	Şirintepe Mah. Anadolu Cad. No: 778/3A Çiğli 35620	ÇİĞLİ	İZMİR	850 204 05 55
<b>Küçükbakkalköy Branch</b>	Küçükbakkalköy Mah. Serdar Sok. No: 1 D: 3 Ataşehir 34750	ATAŞEHİR	İSTANBUL	850 204 05 58
<b>Yalova İskele Branch</b>	Süleymanbey Mahallesi Cengiz Koçal Caddesi No: 22/1-4 Merkez 77200	MERKEZ	YALOVA	850 204 05 59
<b>Antalya Sanayi Branch</b>	Yükseliş Mahallesi Gazi Bulvarı No:123/1 Kepez 07025	KEPEZ	ANTALYA	850 204 05 60
<b>Alibeyköy Branch</b>	Alibeyköy Mahallesi Namık Kemal Caddesi 30/A Eyüp 34060	EYÜP	İSTANBUL	850 204 05 61

<b>Cevizli Branch</b>	Orhantepe Mah.Çınar Caddesi No: 9 34865 Cevizli-Kartal	KARTAL	İSTANBUL	850 204 05 62
<b>Koşuyolu Branch</b>	Koşuyolu Mahallesi, Koşuyolu Caddesi, No: 72 A Kadıköy 34718	KADIKÖY	İSTANBUL	850 204 05 63
<b>İmes Keyap Branch</b>	Necip Fazıl Bulvarı No: 7-9 Kat: 1 Ümraniye 34773	ÜMRANIYE	İSTANBUL	850 204 05 65
<b>Eskişehir Bağlar Branch</b>	Yenibağlar Mahallesi Üniversite Caddesi 106/A Tepebaşı 26170	TEPEBAŞI	ESKİŞEHİR	850 204 05 67
<b>Kayseri Eski Sanayi Branch</b>	Sanayi Mah. 6004. Cad. No: 49 Kocasinan 38010	KOCASINAN	KAYSERİ	850 204 05 72
<b>Yeni Adana Branch</b>	Güzelyalı Mah. Turgut Özal Bulvarı No: 90/D Edip Özalın Sitesi B Blok Altı Çukurova 01170	ÇUKUROVA	ADANA	850 204 05 73
<b>Çamdibi Branch</b>	Mersinli Mahallesi Fatih Caddesi No: 80 Konak 35170	KONAK	İZMİR	850 204 05 77
<b>Özlüce Branch</b>	Altınşehir Mahallesi, Ahmet Taner Kışlalı Cad. No: 36A/A Nilüfer 16230	NİLÜFER	BURSA	850 204 05 79
<b>Mersin Pozcu Branch</b>	İnönü ( Bahçe ) Mah. G.M.K. Bulvarı Emel Sitesi B ve C Blok No: 353/A 33140 Pozcu-Mersin	MERKEZ	MERSİN	850 204 05 84
<b>Alaşehir Branch</b>	Soğuksu Mahallesi Sekine Evren Caddesi No: 87 Alaşehir 45600	ALAŞEHİR	MANİSA	850 204 06 64
<b>Bursa Cumhuriyet Caddesi Branch</b>	Tuzpazarı Mah. Cumhuriyet Caddesi No: 114 Osmangazi 16020	OSMANGAZİ	BURSA	850 204 05 87
<b>Göktürk Branch</b>	Göktürk Merkez Mahallesi, İstanbul Caddesi, No: 30-32 Göktürk - Eyüp 34050	EYÜP	İSTANBUL	850 204 06 99
<b>Kayseri Corporate Branch</b>	Anbar Mahallesi 14. Cadde No: 20 Asma Kat 38070	MELİKGAZİ	KAYSERİ	850 204 05 93
<b>Soğanlık Branch</b>	Atatürk Caddesi No: 119 34880 Soğanlık - Kartal	KARTAL	İSTANBUL	850 204 05 96
<b>Avçılar E-5 Branch</b>	Cihangir Mahallesi E-5 Yanyol Caddesi No:239 Avçılar 34310 İstanbul	AVCILAR	İSTANBUL	850 204 05 97
<b>Diyarbakır Kayapınar Branch</b>	Selahattin Eyyubi Mahallesi Turgut Özal Bulvarı Yıldem Yapı Sitesi B Blok No: 74/A Bağlar 21080	BAĞLAR	DİYARBAKIR	850 204 05 99

<b>Elazığ Hürriyet Caddesi Branch</b>	Nail Bey Mahallesi, Vali Fahribey Caddesi, Huzur İş Merkezi, No: 1/A Merkez 23100	MERKEZ	ELAZIĞ	850 204 06 02
<b>Alanya Sanayi Branch</b>	Cumhuriyet Mah. Sanayi Girişi No: 326/A 07400 Alanya	ALANYA	ANTALYA	850 204 06 04
<b>Sultangazi Branch</b>	Cebeci Mahallesi ,Eski Edirne Asfaltı No: 748 Sultañçifliğı 34270 Sultangazi	SULTANGAZI	İSTANBUL	850 204 06 06
<b>Polatlı Topçu ve Füze Okulu Komutanlığı Branch</b>	İstiklal Mahallesi Refik Cesur Caddesi No: 1 Polatlı 06900	POLATLI	ANKARA	850 204 07 01
<b>Esenler Branch</b>	Menderes Mahallesi Atışalanı Caddesi No: 15 Esenler 34225	ESENLER	İSTANBUL	850 204 06 09
<b>Ümraniye Sanayi Branch</b>	Çakmak Mahallesi Alemdağ Caddesi No: 422 Ümraniye 34775	ÜMRANIYE	İSTANBUL	850 204 06 10
<b>Terazidere Branch</b>	Terazidere Mahallesi, Cumhuriyet Caddesi, No: 65 Bayrampaşa 34035	BAYRAMPAŞA	İSTANBUL	850 204 06 14
<b>Yenibosna Çarşı Branch</b>	Yenibosna Merkez Mahallesi Yıldırım Beyazıt Caddesi No: 210A Asma Kat Bahçelievler 34197	BAHÇELİEVLER	İSTANBUL	850 204 06 15
<b>Ankara Maltepe Branch</b>	POLSAN, Eti Mahallesi Gazi Mustafa Kemal Bulvarı No: 50 Maltepe Çankaya 06570	ÇANKAYA	ANKARA	850 204 06 16
<b>Seyrantepe Branch</b>	Seyrantepe Mahallesi İbrahim Karaoğlanoğlu Caddesi Alptekin İş Merkezi No: 101 A-B Kağıthane 34418	KAĞITHANE	İSTANBUL	850 204 06 18
<b>Söke Branch</b>	Konak Mahallesi Aydın Caddesi No: 19 Söke 09200	SÖKE	AYDIN	850 204 06 59
<b>Buca Branch</b>	Kozağaç Mahallesi Uğur Mumcu Caddesi No: 96 Buca 35390	BUCA	İZMİR	850 204 06 96
<b>Manavkuyu Branch</b>	Adalet Mahallesi Manas Bulvarı No: 20/A Bayraklı 35530	BAYRAKLI	İZMİR	850 204 06 25
<b>Dikmen Branch</b>	Ş.Mevlüt Meriç Mahallesi Dikmen Cad. No: 260/15 06460 Dikmen Çankaya	ÇANKAYA	ANKARA	850 204 06 27
<b>Adatepe Branch</b>	Altayçeşme Mahallesi Bağdat Cad. No: 287-291 Maltepe 34843	MALTEPE	İSTANBUL	850 204 06 30
<b>Zonguldak Branch</b>	Meşrutiyet Mah. Gazipaşa Cad. No: 31 Merkez 67030	MERKEZ	ZONGULDAK	850 204 06 34

<b>Rumeli Corporate Branch</b>	Target İş Merkezi E-5 Yan Yolu üzeri Haramidere mevkii K: 5 Beylikdüzü 34520	BEYLİKDÜZÜ	İSTANBUL	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	850 204 06 37
<b>Osmaniye Branch</b>	Alibeyli Mahallesi Dr Ahmet Alkan Caddesi No: 17/A Merkez 80010	MERKEZ	OSMANİYE	850 204 06 42
<b>Kütahya Branch</b>	Gazi Kemal Mahallesi Cumhuriyet Caddesi No: 77/B Merkez 43050	MERKEZ	KÜTAHYA	850 204 06 43
<b>Polatlı Branch</b>	Cumhuriyet Mahallesi Ankara Caddesi No: 5 Polatlı 06900	POLATLI	ANKARA	850 204 06 57
<b>Gezgin Branch</b>	Kennedy Cad. Yenikapı Hızlı Feribot İskelesi Fatih 34130	FATİH	İSTANBUL	533 373 32 61
<b>Tokat Branch</b>	Kabe-i Mescid Mahallesi Gaziosmanpaşa Bulvarı No: 168/A Merkez 60030	MERKEZ	TOKAT	850 204 06 51
<b>Mersin Toptancılar Sitesi Branch</b>	Mersin Toptancılar Sitesi (Mertoç) Hal Mahallesi Turgut Özal Bulvarı E Blok No: 92 Akdeniz 33020	AKDENİZ	MERSİN	850 204 06 52
<b>Libadiye Branch</b>	Cumhuriyet Mahallesi Libadiye Cad. No: 81-81 A Canan Sokak No: 1 Üsküdar 34699	ÜSKÜDAR	İSTANBUL	850 204 06 53
<b>Kıraç Branch</b>	Çakmaklı Mahallesi Hadımköy Yolu Caddesi Ufuk Plaza No: 57B Büyükçekmece 34500	BÜYÜKÇEKMECE	İSTANBUL	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	850 204 06 55
<b>Ceyhan Branch</b>	Türlübaşı Mahallesi Atatürk Caddesi No: 260 Ceyhan 01960	CEYHAN	ADANA	850 204 06 56
<b>Gönen Branch</b>	Akçaali Mahallesi Atatürk Caddesi No: 27 Gönen 10900	GÖNEN	BALIKESİR	850 204 06 60
<b>Milas Branch</b>	Hacıilyas Mahallesi Menteşe Caddesi Özler İş Hanı Karşısı No: 91 Milas 48200	MİLAS	MUĞLA	850 204 06 65



<b>Kırşehir Branch</b>	Medrese Mahallesi, M. Kemal Hotamaroğlu Sokak No: 2 Merkez 40200	MERKEZ	KIRŞEHİR	850 204 06 68
<b>Siirt Branch</b>	Bahçelievler Mahallesi Ali Çelik Caddesi No: 3-1 Merkez 56100	MERKEZ	SİİRT	850 204 06 71
<b>Lefkoşa Sarayönü Branch</b>	Girne Caddesi No: 20 Lefkoşa	-	LEFKOŞA / KKTC	392 228 02 55
<b>Denizli Çivril Branch</b>	Çatlar Mahallesi Cumhuriyet Caddesi No: 3 Çivril 20600	ÇİVRİL	DENİZLİ	850 204 06 84
<b>Çankırı Branch</b>	Yunus AVM Buğday Pazarı Mahallesi Çarşamba Pazarı Caddesi No: 4/B116-Z118-Z119 Merkez	MERKEZ	ÇANKIRI	850 204 06 73
<b>Karaman Branch</b>	Mansurdede Mahallesi Atatürk Bulvarı No: 24 D-E-F Merkez 70200	MERKEZ	KARAMAN	850 204 06 72
<b>Tekirdağ Köprübaşı Branch</b>	Çınarlı Mah. Köprübaşı Cad. Dış Kapı No: 11 İç Kapı No: Z2 Süleymanpaşa 59200	SÜLEYMANPAŞA	TEKİRDAĞ	850 204 06 76
<b>Iğdır Branch</b>	Cumhuriyet Mahallesi İbrahim Bozyel Caddesi No: 5/A Merkez 76000	MERKEZ	İĞDIR	850 204 06 78
<b>Gebze Akse Sapağı Branch</b>	Mustafapaşa Mahallesi İbrahimağa Caddesi No: 75/A Gebze 41400	GEBZE	KOCAELİ	850 204 06 83
<b>Tatvan Branch</b>	Tuğ Mahallesi Cumhuriyet Caddesi No: 156 Tatvan 13200	TATVAN	BİTLİS	850 204 06 81
<b>Bozüyük Branch</b>	Yeni Mahalle İsmet İnönü Caddesi No: 67 Bozüyük 11300	BOZÜYÜK	BİLECİK	850 204 06 86
<b>Bartın Branch</b>	Kırtepe Mahallesi Hamam Caddesi No: 5 Merkez 74100	MERKEZ	BARTIN	850 204 06 77
<b>Silifke Branch</b>	Mukaddem Mahallesi İnönü Bulvarı No: 20 A Silifke 33940	SİLİFKE	MERSİN	850 204 06 88
<b>Kadirli Branch</b>	Savrun Mahallesi Atatürk Caddesi No: 46 Kadirli 80760	KADIRLI	OSMANİYE	850 204 06 89
<b>Elbistan Branch</b>	Güneşli Mahallesi Dulkadiroğlu Caddesi No: 100/B Elbistan 46300	ELBİSTAN	KAHRAMANMARAŞ	850 204 06 85
<b>Nevşehir Branch</b>	Karasoku Mahallesi Atatürk Caddesi No: 16/B Merkez 50100	MERKEZ	NEVŞEHİR	850 204 06 94
<b>Yalıkavak Branch</b>	İnönü Caddesi No: 101/A-E Yalıkavak Bodrum 48990	BODRUM	MUĞLA	850 204 06 92
<b>Malatya Çarşı Branch</b>	Cumhuriyet Cad. No: 10 Merkez 44200	MERKEZ	MALATYA	850 204 06 90

<b>Uzunköprü Branch</b>	Muradiye Camii Mahallesi Cumhuriyet Caddesi No: 1-A Uzunköprü 22300	UZUNKÖPRÜ	EDİRNE	850 204 06 93
<b>Amasya Branch</b>	Yüzevler Mahallesi Mustafa Kemal Paşa Caddesi No: 76/A-B-1 Merkez 05100	MERKEZ	AMASYA	850 204 06 87
<b>Sinop Branch</b>	Meydankapı Mahallesi Kıbrıs Caddesi No: 4 Merkez 57000	MERKEZ	SİNOP	850 204 06 91
<b>Ünye Branch</b>	Kaledere Mahallesi Akkuş Niksar Caddesi No: 6/A Ünye 52300	ÜNYE	ORDU	850 204 06 98
<b>Yozgat Branch</b>	Medrese Mahallesi, Şeyhzade Caddesi, No: 11/B Merkez 66100	MERKEZ	YOZGAT	850 204 07 00
<b>Erdemli Branch</b>	Merkez Mahallesi, Alparslan Türkeş Bulvarı, No: 561A Erdemli 33730	ERDEMLİ	MERSİN	850 204 07 02
<b>Kepez Branch</b>	Teomanpaşa Mahallesi Yeşilırmak Caddesi 34/2 Kepez 07260	KEPEZ	ANTALYA	850 204 07 04
<b>Fethiye Seydikemer Branch</b>	Cumhuriyet Mahallesi İnönü Caddesi No: 40 Kemer Fethiye 48300	FETHİYE	MUĞLA	850 204 07 09
<b>Konya Buğday Pazarı Branch</b>	Fevzi Çakmak Mahallesi Adana Çevreyolu Caddesi No:26B- (1 İşyeri) Karatay 42050	KARATAY	KONYA	850 204 07 08
<b>Van Yüzüncü Yıl Üniversitesi Branch</b>	Yüzüncü Yıl Üniversitesi Bardakçı Mahallesi Zeve Kampüsü Tuşba 65040	TUŞBA	VAN	850 204 07 10
<b>Tokat Erbaa Branch</b>	Cumhuriyet Mahallesi Hükümet Caddesi No: 140A Erbaa 60500	ERBAA	TOKAT	850 204 07 11
<b>Kocasinan Kayseri Branch</b>	Sahabiye Mah. Ahmet Paşa Cad. No: 31-B, 31-C, 31-D, 31-E Kocasinan 38010	KOCASINAN	KAYSERİ	850 204 07 13
<b>Ayvalık Branch</b>	İsmetpaşa Mahallesi Atatürk Bulvarı Caddesi No: 109 Ayvalık 10400	AYVALIK	BALIKESİR	850 204 07 14
<b>Tavşanlı Branch</b>	Yeni Mahalle Emet Cad. No: 16/A Tavşanlı 43300	TAVŞANLI	KÜTAHYA	850 204 07 12
<b>Dudullu Branch</b>	Necip Fazıl Bulvarı No: 7-9 Ümraniye 34773	ÜMRANIYE	İSTANBUL	850 204 07 21
<b>Darica Branch</b>	Kazımkarabekir Mahallesi İstasyon Caddesi No: 509/A Darica 41700	DARICA	KOCAELİ	850 204 07 22

<b>Sarıgöl Branch</b>	Cumhuriyet Mahallesi Aşağı Koçaklar Caddesi No: 6/Z01 Sarıgöl 45470	SARIGÖL	MANİSA	850 204 07 23
<b>Saruhanlı Branch</b>	Saruhan Mah. Cumhuriyet Meydanı No: 9/2-3 Saruhanlı 45800	SARUHANLI	MANİSA	850 204 07 24
<b>Bayındır Branch</b>	Mithatpaşa Mah. Fevzi Paşa Cad. No: 23A Bayındır 35840	BAYINDIR	İZMİR	850 204 07 25
<b>Çumra Branch</b>	İzzetbey Mahallesi Yıldız Sokak No: 33A/1 Çumra 42500	ÇUMRA	KONYA	850 204 07 28
<b>Bursa Yenişehir Branch</b>	Ulucami Mahallesi Belediye Meydanı Sokak No: 15 Yenişehir 16900	YENİŞEHİR	BURSA	850 204 07 26
<b>Bayramiç Branch</b>	Camicedit Mahallesi Atatürk Caddesi No: 22 A Bayramiç 17700	BAYRAMIÇ	ÇANAKKALE	850 204 07 27
<b>Malkara Branch</b>	Camiatik Mahallesi Hürriyet Caddesi No: 25/11 Malkara 59300	MALKARA	TEKİRDAĞ	850 204 07 30
<b>Sorgun Branch</b>	Çay Mahallesi Cumhuriyet Caddesi No: 71 A Sorgun 66700	SORGUN	YOZGAT	850 204 07 31
<b>Akdeniz Üniversitesi Branch</b>	Akdeniz Üniversitesi Dumlupınar Bulvarı Olbia Çarşısı Kampüs Konyaaltı 07058	KONYAALTI	ANTALYA	850 204 07 32
<b>Hayrabolu Branch</b>	Hisar Mahallesi Şair Mehmet Mahvi Sokak No: 10/Z1 Hayrabolu 59400	HAYRABOLU	TEKİRDAĞ	850 204 07 33
<b>Çine Branch</b>	Hamidabat Mahallesi Mehmet Yavaş Caddesi TN: 20 No: 111/A Çine 09500	ÇİNE	AYDIN	850 204 07 35
<b>Boğazlıyan Branch</b>	Çarşı Mahallesi Mescit Caddesi No: 17 Boğazlıyan 66400	BOĞAZLIYAN	YOZGAT	850 204 07 38
<b>Trakya Üniversitesi Branch</b>	Kocasinan Mahallesi E5 Karayolu Caddesi No: 76/13 İç Kapı: 2 Merkez 22030	MERKEZ	EDİRNE	850 204 07 45
<b>Acıpayam Branch</b>	Yukarı Mahalle Çarşı Caddesi No: 8/A Acıpayam 20800	ACIPAYAM	DENİZLİ	850 204 07 42
<b>Kalkan Branch</b>	Kalkan Mahallesi Milli Egemenlik Caddesi No: 1/1 Kaş 07960	KAŞ	ANTALYA	850 204 07 44
<b>Zile Branch</b>	Cedid Mahallesi İstasyon Caddesi No: 13A/13B Zile 60400	ZİLE	TOKAT	850 204 07 43
<b>Mut Branch</b>	Doğancı Mahallesi Atatürk Bulvarı No: 48/A-B Mut 33600	MUT	MERSİN	850 204 07 46

<b>Geyve Branch</b>	Camikebir Mahallesi, Elvan Bey Sokak No: 66 A-1 Geyve 54700	GEYVE	SAKARYA	850 204 07 52
<b>Ege Üniversitesi Branch</b>	Kazım Dirik Mahallesi Üniversite Caddesi No: 9/47A Bornova 35100	BORNOVA	İZMİR	850 204 07 54
<b>Emirdağ Branch</b>	Yenidoğan Mahallesi Şehit Er Yüksel Yeşildağ Caddesi No: 4/1-2 Emirdağ 03600	EMİRDAĞ	AFYONKARAHİ SAR	850 204 07 55
<b>Kula Branch</b>	Camii Cedit Mahallesi Yunus Emre Caddesi No: 101/A Kula 45170	KULA	MANİSA	850 204 07 56
<b>Vezirköprü Branch</b>	Fazıl Ahmet Mahallesi, Fazıl Mustafa Paşa Caddesi, No: 65 Vezirköprü 55900	VEZİRKÖPRÜ	SAMSUN	850 204 07 60
<b>Çubuk Branch</b>	Yıldırım Beyazıt Mahallesi Ankara (1.Kısım) Bulvarı, B Blok Özdemirler Apartmanı No: 29 G-H Çubuk 06760	ÇUBUK	ANKARA	850 204 07 61
<b>Develi Branch</b>	İbrahimağa Mahallesi Cumhuriyet Caddesi Belediye İş Merkezi No: 2/1B Develi 38400	DEVELİ	KAYSERİ	850 204 07 63
<b>Menderes Branch</b>	Kasımpaşa Mahallesi Atatürk Caddesi No: 69 C Menderes 35471	MENDERES	İZMİR	850 204 07 71
<b>Ege Üniversitesi Kampüsü Branch</b>	Erzene Mahallesi, Ankara Caddesi, 172/15 B Bornova 35040	BORNOVA	İZMİR	850 204 07 74

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON  
THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ON THE BOARD OF DIRECTORS' ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH**

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

**1. Opinion**

We have audited the annual report of Türk Ekonomi Bankası A.Ş. (the "Bank") and its subsidiaries for the 1 January - 31 December 2017 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated and unconsolidated financial statements and with the information obtained in the course of independent audit.

**2. Basis for Opinion**

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Our Audit Opinion on the Full Set Consolidated and Unconsolidated Financial Statements**

We expressed an unqualified opinion in the auditor's report dated 6 February 2018 on the full set consolidated and unconsolidated financial statements for the 1 January - 31 December 2017 period.



#### **4. Board of Director's Responsibility for the Annual Report**

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, "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 Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Bank after the operating year,
  - the Bank's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Customs and Trade and other relevant institutions.



## 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 and the Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSA's. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements and with the information obtained in the course of audit.

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

Didem Demer Kaya, SMMM  
Partner

Istanbul, 28 February 2018

**SECTION 4 - UNCONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

**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 2017**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Türk Ekonomi Bankası A.Ş.

**A. Audit of the Unconsolidated Financial Statements**

**1. Opinion**

We have audited the accompanying unconsolidated financial statements of Türk Ekonomi Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2017, unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

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

**2. Basis for Opinion**

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 the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

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



Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Impairment of Loans and Receivables</b></p> <p>The Bank allocated a specific provision of TL 1,242,811 thousand and a general loan loss provision of TL 576,339 thousand for total loans and receivables of TL 63,290,777 thousand, which represents a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2017. Explanations and notes related to the provision for impairment of loans and receivables are presented in Section Three Part VII, Section Four Part II, Section Four Part X 3.1, Section Five Part I-6 and Section Five Part II-8-a) in the accompanying unconsolidated financial statements as at 31 December 2017.</p> <p>We focused on this area during our audit, while considering the size of loans and receivables and management's judgements and estimations regarding: the classification of the loans and receivables in accordance with legislation, the timely and correct identification of the loss event, and the calculation of the general loan loss and specific provision in accordance with legislation.</p>	<p>During our audit we gained an understanding of the Bank's processes, and assessed and tested the design and operating effectiveness of the relevant controls applied by the Bank with respect to identification of the loss event and the estimation of the impairment provision in line with the "Regulation on Procedures and Principles for Determination Qualifications of Loans and Other Receivables by Banks, and Provisions to be set aside", published in Official Gazette No. 26333 dated 1 November 2006.</p> <p>We assessed management's fundamental principles, together with the Bank's lending policy. In this context, we carried out a credit review on a select sample of loans and receivables with the objective of identifying whether the loss event occurred and whether the provision for impairment was recognized in a timely manner.</p> <p>We tested the appropriateness of the specific provision calculation provided for non-performing loans in accordance with the relevant legislation, including testing collateral on a sample basis to determine whether it was taken into consideration at market value multiplied by specified valuation ratios and adequately classified in the correct collateral group specified by legislation.</p> <p>In the context of the relevant legislation, we tested the appropriateness of the provisions provided for the portfolio of loans subject to general loan loss provision, in line with the relevant rules.</p>



Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Valuation of Pension Fund Obligations</b></p> <p>Explanations on the valuation of pension fund obligations are presented in Section Three Part XVII and Section Five Part II.8. ii. in the accompanying unconsolidated financial statements as at 31 December 2017.</p> <p>Employees transferred to the Bank following the business combination of the Bank and Fortis Bank A.Ş. are members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”), which was established in May 1964 under Provisional Article 20 of Social Insurance Law No: 506. As presented in Section Three Part XVI, “Explanations on Liabilities Regarding Employee Benefits”, members of the pension fund are to be transferred to the Social Security Institution (“SSI”). Following the transfer, the social rights and payments defined in the pension agreement which will be not covered by SSI will be covered by the institutions that employ the fund’s members. The Council of Ministers is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for transferrable and non-transferrable benefits. Valuing the pension obligations requires significant judgement and technical expertise in choosing appropriate assumptions. Bank management uses external actuaries to value the pension fund obligations. Valuations of pension fund liabilities include assumptions and estimates, such as transferrable social benefits, discount rates, salary increases, and economic and demographic expectations.</p> <p>During our audit, the above mentioned main assumptions and estimates used in calculations of pension fund obligations, the uncertainty of the transfer date, the technical interest rate determined by law and the significant impact on the Pension Fund’s obligation from differentiation of these assumptions were taken into consideration, and this area is considered to be a key audit matter.</p>	<p>During our audit we tested on a sampling basis the accuracy of the employee data supplied by Bank management to the external actuary firm for the purpose of valuing the Pension Fund’s obligation. In addition, we verified the existence and fair values of Pension Fund assets.</p> <p>We examined whether there were any significant changes in actuarial assumptions used in the calculation, the employee benefits provided during the period, the plan assets and liabilities and the regulations related to valuations, and tested significant changes, if any.</p> <p>Along with our actuarial expert, we assessed the reasonableness of the assumptions and valuations used by the external actuaries in the calculation of the obligation.</p>



#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, 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.

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

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

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our 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.

Didem Demir Kaya, SMMM  
Partner

Istanbul, 6 February 2018



**TEB**  
**BNP PARIBAS JOINT VENTURE**

TÜRK EKONOMİ BANKASI A.Ş.  
Head Office  
TEB Kampüs C ve D Blok Saray Mah.  
Sokullu Cad. No: 7A – 7B Ümraniye 34768 İSTANBUL  
Phone : +90 (216) 635 35 35  
Fax : +90 (216) 636 36 36  
Mersis Number: 0876004342000105  
Trade Registry Number: 189356  
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 2017**

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  
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 on Financial Position and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Financial Statements
- Other Explanations
- Independent Auditor’s Report

The accompanying audited unconsolidated financial statements, related disclosures and footnotes which are 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	Ayşe Aşardag Vice Chairman of the Audit Committee	Ümit Leblebici General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Gökhan Kazıcılar Director Responsible of Financial Reporting

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

Name-Surname/Title : Aslıhan Kaya / External Reporting Senior Manager  
Telephone Number : (0216) 635 24 51  
Fax Number : (0216) 636 36 36

<b>INDEX</b>		<b>Page Number</b>
<b>SECTION ONE</b>		
General Information		
I.	History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any	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 Bank 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 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 Bank and its Subsidiaries	3
<b>SECTION TWO</b>		
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
<b>SECTION THREE</b>		
Accounting Principles		
I.	Basis of Presentation	14
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	15
III.	Explanations on Investments in Associates, Subsidiaries and Joint Ventures	16
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	18
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	22
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	25
XXIII.	Explanations on Reporting According to Segmentation	26
XXIV.	Explanations on Other Matters	28
XXV.	Reclassifications	28
<b>SECTION FOUR</b>		
Information on Financial Structure and Risk Management		
I.	Explanations Related to Components of Shareholders' Equity	29
II.	Explanations Related to Credit Risk	36
III.	Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation	46
IV.	Explanations Related to Currency Risk	46
V.	Explanations Related to Interest Rate Risk	48
VI.	Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio	51
VII.	Explanations Related to Leverage Ratio	57
VIII.	Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	57
IX.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	58
X.	Explanations Related to Risk Management	59
<b>SECTION FIVE</b>		
Explanations and Disclosures on Unconsolidated Financial Statements		
I.	Explanations and Disclosures Related to the Assets	83
II.	Explanations and Disclosures Related to the Liabilities	99
III.	Explanations and Disclosures Related to the Off-Balance Sheet Items	108
IV.	Explanations and Disclosures Related to the Statement of Income	114
V.	Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity	120
VI.	Explanations and Disclosures Related to Statement of Cash Flows	121
VII.	Explanations and Disclosures Related to Risk Group of the Bank	122
VIII.	Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	123
IX.	Explanations and Disclosures Related to Subsequent Events	123
<b>SECTION SIX</b>		
Other Explanations		
I.	Explanations on Other Activities of Bank	124
<b>SECTION SEVEN</b>		
Independent Auditor's Report		
I.	Explanations on the Independent Auditor's Report	124
II.	Other Footnotes and Explanations Prepared by the Independent Auditors	124



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

As of 31 December 2017 and 31 December 2016 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2017		31 December 2016	
	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 2017, the 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 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess**

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Xavier Henri Jean Guilmeneau	Member of the Board of Directors	Master
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	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
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
<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 Özdi	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>		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Inspection Committee (*);</b>		
Hakan Tıraşın	Internal Audit Group	University

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

(\*\*) Pascal Jean Fischer has resigned from the Board of Directors as of 13 December 2017.

(\*\*\*) After Pascal Jean FISCHER, the member of the Board of Directors, has resigned from his duty, François Andre Jesualdo BENAROYA has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 17 January 2018, that will be presented to the approval of the first general assembly.

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 1 JANUARY TO 31 DECEMBER 2017**

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

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

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

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

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

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş.. As of 31 December 2017, the Bank has 500 local branches and 4 foreign branches (31 December 2016: 511 local branches, 4 foreign branches). As of 31 December 2017, the number of employees of the Bank is 9,464 (31 December 2016: 9,640).

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

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

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

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

None.

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

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Items
- III. Statement of 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 2017**

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

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016			
		Section 5 Note	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(I-1)	1,429,476	9,546,296	10,975,772	1,958,800	9,708,614	11,667,414
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(I-2)	1,214,439	191,765	1,406,204	1,035,676	237,298	1,272,974
2.1	Financial Assets Held for Trading		1,214,439	191,765	1,406,204	1,035,676	237,298	1,272,974
2.1.1	Government Debt Securities		346,092	114,868	460,960	189,384	13,810	203,194
2.1.2	Equity Securities		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244	846,292	223,488	1,069,780
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Equity Securities		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(I-4)	669,288	1,844,049	2,513,337	193,881	1,374,797	1,568,678
IV.	MONEY MARKET PLACEMENTS		-	-	-	2,000,930	-	2,000,930
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
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-5)	4,630,660	64,804	4,695,464	4,054,403	48,963	4,103,366
5.1	Equity Securities		24,598	32,696	57,294	20,956	20,908	41,864
5.2	Government Debt Securities		4,606,062	32,108	4,638,170	4,033,447	28,055	4,061,502
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS AND RECEIVABLES	(I-6)	51,072,386	12,218,391	63,290,777	44,734,240	11,629,589	56,363,829
6.1	Loans and Receivables		50,368,572	12,218,391	62,586,963	44,176,746	11,629,589	55,806,335
6.1.1	Loans to Risk Group of the Bank		187,843	56,681	244,524	81,279	-	81,279
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		50,180,729	12,161,710	62,342,439	44,095,467	11,629,589	55,725,056
6.2	Loans under Follow-up		1,946,625	-	1,946,625	1,771,775	-	1,771,775
6.3	Specific Provisions (-)		1,242,811	-	1,242,811	1,214,281	-	1,214,281
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(I-7)	401,854	-	401,854	361,508	-	361,508
8.1	Government Debt Securities		401,854	-	401,854	361,508	-	361,508
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-8)	-	-	-	-	-	-
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		-	-	-	-	-	-
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-Financial Investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(I-9)	115,986	-	115,986	115,986	-	115,986
10.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	(I-10)	5	-	5	5	-	5
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
XII.	FINANCIAL LEASE RECEIVABLES	(I-11)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(I-12)	85,940	1,335	87,275	195,320	-	195,320
13.1	Fair Value Hedge		4,454	-	4,454	-	-	-
13.2	Cash Flow Hedge		81,486	1,335	82,821	195,320	-	195,320
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(I-13)	271,622	-	271,622	242,037	-	242,037
XV.	INTANGIBLE ASSETS (Net)	(I-14)	519,770	-	519,770	502,712	-	502,712
15.1	Goodwill		421,124	-	421,124	421,124	-	421,124
15.2	Other		98,646	-	98,646	81,588	-	81,588
XVI.	INVESTMENT PROPERTIES (Net)	(I-15)	-	-	-	-	-	-
XVII.	TAX ASSET		69,744	-	69,744	98,947	-	98,947
17.1	Current Tax Asset		649	-	649	56,385	-	56,385
17.2	Deferred Tax Asset	(I-16)	69,095	-	69,095	42,562	-	42,562
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(I-17)	90,677	-	90,677	91,254	-	91,254
18.1	Held for Sale Purpose		90,677	-	90,677	91,254	-	91,254
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(I-18)	908,599	411,143	1,319,742	916,140	226,290	1,142,430
TOTAL ASSETS			61,480,446	24,277,783	85,758,229	56,501,839	23,225,551	79,727,390

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

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

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

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

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016			
		Section 5 Note	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-1)	33,335,127	22,241,589	55,576,716	29,200,370	20,632,288	49,832,658
1.1	Deposits from Risk Group of the Bank		563,313	1,760,695	2,324,008	734,791	1,737,251	2,472,042
1.2	Other		32,771,814	20,480,894	53,252,708	28,465,579	18,895,037	47,360,616
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-2)	874,807	83,270	958,077	787,810	154,782	942,592
III.	FUNDS BORROWED	(II-3)	176,925	12,590,087	12,767,012	148,425	12,690,631	12,839,056
IV.	MONEY MARKET BALANCES		105,206	-	105,206	1,457,750	-	1,457,750
4.1	Interbank Money Market Payables		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Payables		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements	(II-4)	105,206	-	105,206	1,457,750	-	1,457,750
V.	SECURITIES ISSUED (Net)	(II-3)	1,289,688	-	1,289,688	739,302	-	739,302
5.1	Bills		1,289,688	-	1,289,688	739,302	-	739,302
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		1,282,734	156,951	1,439,685	1,054,843	359,624	1,414,467
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE	(II-5)	594,901	4,136	599,037	843,448	3,352	846,800
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES	(II-6)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-7)	443,017	314	443,331	284,492	-	284,492
11.1	Fair Value Hedge		9,517	-	9,517	-	-	-
11.2	Cash Flow Hedge		433,500	314	433,814	284,492	-	284,492
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(II-8)	984,536	31,237	1,015,773	1,119,144	14,063	1,133,207
12.1	General Loan Loss Provisions		576,339	-	576,339	683,893	-	683,893
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Benefits		238,284	16,356	254,640	235,302	10,003	245,305
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		169,913	14,881	184,794	199,949	4,060	204,009
XIII.	TAX LIABILITY	(II-9)	229,944	-	229,944	137,780	-	137,780
13.1	Current Tax Liability		229,944	-	229,944	137,780	-	137,780
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(II-10)	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(II-11)	-	2,314,083	2,314,083	-	2,299,885	2,299,885
XVI.	SHAREHOLDERS' EQUITY	(II-12)	9,009,504	10,173	9,019,677	7,800,220	(819)	7,799,401
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		1,094,141	10,173	1,104,314	998,728	(819)	997,909
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		(41,282)	9,733	(31,549)	(51,156)	(819)	(51,975)
16.2.4	Revaluation Surplus on Tangible Assets		266,122	-	266,122	311,160	-	311,160
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)		136,153	440	136,593	30,509	-	30,509
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		730,056	-	730,056	705,123	-	705,123
16.3	Profit Reserves		4,632,637	-	4,632,637	3,645,806	-	3,645,806
16.3.1	Legal Reserves		295,041	-	295,041	247,951	-	247,951
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		4,292,924	-	4,292,924	3,081,817	-	3,081,817
16.3.4	Other Profit Reserves		44,672	-	44,672	316,038	-	316,038
16.4	Profit or Loss		1,078,336	-	1,078,336	951,296	-	951,296
16.4.1	Prior Periods Profit / Loss		9,497	-	9,497	9,497	-	9,497
16.4.2	Current Period Profit / Loss		1,068,839	-	1,068,839	941,799	-	941,799
16.5	Minority Interest	(II-13)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			48,326,389	37,431,840	85,758,229	43,573,584	36,153,806	79,727,390

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



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

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET  
ITEMS AT 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		83,268,709	73,708,197	156,976,906	64,963,649	77,799,744	142,763,393
I.	GUARANTEES	(III-1)	8,792,233	11,790,149	20,582,382	7,440,755	10,079,370	17,520,125
1.1	Letters of Guarantee		6,874,187	6,165,093	13,039,280	5,980,989	5,644,422	11,625,411
1.1.1	Guarantees Subject to State Tender Law		148,296	80,708	229,004	181,761	65,364	247,125
1.1.2	Guarantees Given for Foreign Trade Operations		397,094	428,037	825,131	340,571	362,876	703,447
1.1.3	Other Letters of Guarantee		6,328,797	5,656,348	11,985,145	5,458,657	5,216,182	10,674,839
1.2	Bank Acceptances		34	42,282	42,316	-	40,100	40,100
1.2.1	Import Letter of Acceptance		34	42,282	42,316	-	40,100	40,100
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		16,215	2,380,353	2,396,568	-	1,720,120	1,720,120
1.3.1	Documentary Letters of Credit		16,215	1,071,808	1,088,023	-	598,503	598,503
1.3.2	Other Letters of Credit		-	1,308,545	1,308,545	-	1,121,617	1,121,617
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		1,883,852	1,992,580	3,876,432	1,452,413	2,166,331	3,618,744
1.9	Other Collaterals		17,945	1,209,841	1,227,786	7,353	508,397	515,750
II.	COMMITMENTS	(III-1)	14,788,485	5,189,789	19,978,274	11,695,666	2,356,422	14,052,088
2.1	Irrevocable Commitments		14,788,485	5,189,789	19,978,274	11,695,666	2,356,422	14,052,088
2.1.1	Asset Purchase and Sale Commitments		2,396,003	4,918,206	7,314,209	491,072	1,119,328	1,610,400
2.1.2	Forward 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		4,526,858	104,211	4,631,069	4,038,561	195,532	4,234,093
2.1.5	Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		2,387,642	-	2,387,642	2,309,458	-	2,309,458
2.1.8	Tax and Fund Liabilities from Export Commitments		31,047	-	31,047	15,615	-	15,615
2.1.9	Commitments for Credit Card Limits		5,411,646	-	5,411,646	4,648,912	-	4,648,912
2.1.10	Commitments for Credit Cards and Banking Services Promotions		3,723	-	3,723	3,962	-	3,962
2.1.11	Receivables from Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		31,566	167,372	198,938	188,086	144,852	332,938
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(III-2)	59,687,991	56,728,259	116,416,250	45,827,228	65,363,952	111,191,180
3.1	Derivative Financial Instruments for Hedging Purposes		20,206,555	3,132,884	23,339,439	13,446,771	966,515	14,413,286
3.1.1	Fair Value Hedge		105,000	109,454	214,454	-	-	-
3.1.2	Cash Flow Hedge		20,101,555	3,023,430	23,124,985	13,446,771	966,515	14,413,286
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Held for Trading Transactions		39,481,436	53,595,375	93,076,811	32,380,457	64,397,437	96,777,894
3.2.1	Forward Foreign Currency Buy/Sell Transactions		7,347,221	10,000,209	17,347,430	3,976,134	6,884,317	10,860,451
3.2.1.1	Forward Foreign Currency Transactions-Buy		2,626,654	6,094,827	8,721,481	1,398,000	3,986,880	5,384,880
3.2.1.2	Forward Foreign Currency Transactions-Sell		4,720,567	3,905,382	8,625,949	2,578,134	2,897,437	5,475,571
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		26,193,704	33,097,712	59,291,416	23,142,359	42,045,891	65,188,250
3.2.2.1	Foreign Currency Swap-Buy		9,168,870	18,887,840	28,056,710	7,429,062	23,440,489	30,869,551
3.2.2.2	Foreign Currency Swap-Sell		17,024,834	11,101,734	28,126,568	15,113,297	15,578,576	30,691,873
3.2.2.3	Interest Rate Swaps-buy		-	1,554,069	1,554,069	300,000	1,513,413	1,813,413
3.2.2.4	Interest Rate Swaps-Sell		-	1,554,069	1,554,069	300,000	1,513,413	1,813,413
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,940,453	9,425,007	15,365,460	5,260,914	15,456,719	20,717,633
3.2.3.1	Foreign Currency Options-Buy		3,069,022	4,609,277	7,678,299	2,939,259	7,466,345	10,405,604
3.2.3.2	Foreign Currency Options-Sell		2,871,431	4,815,730	7,687,161	2,321,655	7,990,374	10,312,029
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	523,178	523,178	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	58,893	58,893	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	464,285	464,285	-	-	-
3.2.5	Interest Rate Futures		-	464,285	464,285	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	464,285	464,285	-	-	-
3.2.5.2	Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		58	84,984	85,042	1,050	10,510	11,560
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		174,733,321	31,338,799	206,072,120	162,286,606	27,759,611	190,046,217
IV.	ITEMS HELD IN CUSTODY		24,323,460	2,013,797	26,337,257	24,201,282	1,822,930	26,024,212
4.1	Assets Under Management		-	-	-	-	-	-
4.2	Investment Securities Held In Custody		11,442,192	775,972	12,218,164	12,344,821	674,459	13,019,280
4.3	Cheques Received for Collection		10,799,060	892,796	11,691,856	9,572,274	803,779	10,376,053
4.4	Commercial Notes Received for Collection		403,804	139,707	543,511	351,773	98,944	450,717
4.5	Other assets Received for Collection		34	205,322	205,356	309	245,748	246,057
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items under Custody		1,678,370	-	1,678,370	1,932,105	-	1,932,105
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		143,380,293	28,269,884	171,650,177	137,408,916	25,893,903	163,302,819
5.1	Marketable Securities		1,478,414	45,461	1,523,875	333,827	42,508	376,335
5.2	Guarantee Notes		57,145,326	18,710,216	75,855,542	54,964,845	17,292,637	72,257,482
5.3	Commodity		48,895	733,876	782,771	25,538	792,274	817,812
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		76,568,882	5,037,944	81,606,826	73,946,655	4,503,250	78,449,905
5.6	Other Pledged Items		8,138,776	3,742,387	11,881,163	8,138,051	3,263,234	11,401,285
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		7,029,568	1,055,118	8,084,686	676,408	42,778	719,186
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			258,002,030	105,046,996	363,049,026	227,250,255	105,559,355	332,809,610

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 2017 AND 2016**

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

**III. STATEMENT OF INCOME**

	Section 5 Note	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>7,916,379</b>	<b>7,208,135</b>
1.1 Interest Income on Loans		7,119,126	6,631,088
1.2 Interest Income on Reserve Deposits		74,537	52,008
1.3 Interest Income on Banks		65,771	28,665
1.4 Interest Income on Money Market Placements		96,877	24,197
1.5 Interest Income on Securities Portfolio		557,469	468,360
1.5.1 Held-For-Trading Financial Assets		46,962	46,312
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Available-for-sale Financial Assets		462,094	393,193
1.5.4 Held-to-maturity Investments		48,413	28,855
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		2,599	3,817
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>4,008,562</b>	<b>3,770,851</b>
2.1 Interest Expense on Deposits		3,506,446	3,222,418
2.2 Interest Expense on Funds Borrowed		327,870	277,757
2.3 Interest Expense on Money Market Borrowings		49,124	185,223
2.4 Interest Expense on Securities Issued		83,592	37,759
2.5 Other Interest Expense		41,530	47,694
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,907,817</b>	<b>3,437,284</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,059,666</b>	<b>977,715</b>
4.1 Fees and Commissions Received		1,464,743	1,326,240
4.1.1 Non-cash Loans		168,630	151,564
4.1.2 Other	(IV-12)	1,296,113	1,174,676
4.2 Fees and Commissions Paid		405,077	348,525
4.2.1 Non-cash Loans		3,091	2,479
4.2.2 Other	(IV-12)	401,986	346,046
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>19,118</b>	<b>20,742</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>(935,107)</b>	<b>(380,987)</b>
6.1 Securities Trading Gains / Losses		(29,236)	3,105
6.2 Gains / Losses on Derivative Financial Instruments		(695,236)	407,973
6.3 Foreign Exchange Gains / Losses		(210,635)	(792,065)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>457,562</b>	<b>572,769</b>
<b>VIII. TOTAL OPERATING INCOME/LOSS</b> <b>(III+IV+V+VI+VII)</b>		<b>4,509,056</b>	<b>4,627,523</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>791,220</b>	<b>1,106,846</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>2,404,905</b>	<b>2,338,714</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,312,931</b>	<b>1,181,963</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>1,312,931</b>	<b>1,181,963</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(244,092)</b>	<b>(240,164)</b>
16.1 Current Tax Provision		(308,657)	(176,761)
16.2 Deferred Tax Provision		64,565	(63,403)
<b>XVII. NET PROFIT / LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(IV-10)</b>	<b>1,068,839</b>	<b>941,799</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1 Income on Assets Held for Sale		-	-
18.2 Income on sale of associates, subsidiaries and joint ventures		-	-
18.3 Income on other discontinued operations		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Loss from Other Discontinued Operations		-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>	<b>(IV-8)</b>	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)</b>	<b>(IV-10)</b>	-	-
<b>XXIII. NET PROFIT / LOSS (XVII+XXII)</b>	<b>(IV-11)</b>	<b>1,068,839</b>	<b>941,799</b>
23.1 Group's Profit / Loss		1,068,839	941,799
23.2 Minority Interest Profit / Loss		-	-
Earnings per Share		0.4849	0.4272

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 2017 AND 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

		Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>I.</b>	<b>ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE SALE FINANCIAL ASSETS</b>	<b>21,475</b>	<b>(63,282)</b>
<b>II.</b>	<b>REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	<b>-</b>	<b>-</b>
<b>V.</b>	<b>PROFIT / LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE CHANGES)</b>	<b>136,983</b>	<b>(63,044)</b>
<b>VI.</b>	<b>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.</b>	<b>THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>31,011</b>	<b>(4,077)</b>
<b>IX.</b>	<b>DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(38,032)</b>	<b>26,181</b>
<b>X.</b>	<b>TOTAL NET PROFIT/LOSS ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>151,437</b>	<b>(104,222)</b>
<b>XI.</b>	<b>PROFIT / LOSS</b>	<b>1,068,839</b>	<b>941,799</b>
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit / Loss)	(2,617)	95,425
11.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	1,390	(5,789)
11.3	Transfer of Foreign Net Investment Hedge Operations to Income Statement	-	-
11.4	Other	1,070,066	852,163
<b>XII.</b>	<b>TOTAL PROFIT / LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>1,220,276</b>	<b>837,577</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 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	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Marketable Securities Valuation Differences	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares Obtained from Associates	Hedging Funds	Revaluation Surplus on Assets Held for Sale and Assets of Disc. Op.	Total Equity Except from Minority Shares	Minority Shares	Total Equity
<b>I. Prior Period - 01.01-31.12.2016</b>																			
<b>Beginning Balance 31.12.2015</b>		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
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>		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
Changes in Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Increase/Decrease Related to Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>	(V-a)	-	-	-	-	-	-	-	-	-	-	(50,540)	-	-	-	-	(50,540)	-	(50,540)
<b>VI. Hedging Funds (Effective Portion)</b>	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
6.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
6.2 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Tangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Intangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. The Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. The Effect of Change in Associate's Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share Premium</b>	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation Adjustment to Paid-In Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-	-	-	(3,248)	-	-	-	-	-	-	-	(3,248)	-	(3,248)
<b>XIX. Period Net Income / Loss</b>		-	-	-	-	-	-	-	941,799	-	-	-	-	-	-	-	941,799	-	941,799
<b>XX. Profit Distribution</b>		-	-	-	-	44,123	-	597,119	27,075	-	(882,453)	-	214,136	-	-	-	-	-	-
20.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	44,123	-	597,119	27,075	-	(882,453)	-	214,136	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2016</b>																			
(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	-	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 CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	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 Obtaine d from Associat es	Hedging Funds	Revaluation Surplus on Assets Held for Sale and Assets of Disc. Op.	Total Equity Except from Minority Interest	Minority Interest	Total Equity
<b>I. Current Period- 01.01-31.12.2017</b>																			
Beginning balance – 31.12.2016		2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable securities valuation differences</b>	(V-a)	-	-	-	-	-	-	-	-	-	-	20,426	-	-	-	-	20,426	-	20,426
<b>IV. Hedging Funds (Effective Portion)</b>	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Revaluation Surplus on Tangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Revaluation Surplus on Intangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign exchange differences</b>	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share premium</b>	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	-	-	298,893	(183,030)	-	-	-	(90,936)	-	-	-	24,927	-	24,927
<b>XVII. Period net income/loss</b>		-	-	-	-	-	-	-	-	1,068,839	-	-	-	-	-	-	1,068,839	-	1,068,839
<b>XVIII. Profit distribution</b>		-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2017</b>																			
(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		2,204,390	200,262	2,565	-	295,041	-	4,292,924	574,466	1,068,839	9,497	(31,549)	266,122	527	136,593	-	9,019,677	-	9,019,677

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 2017 AND 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**VI. STATEMENT OF CASH FLOWS**

	Audited Section 5 Note	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,694,459</b>	<b>1,755,433</b>
1.1.1 Interest received		7,830,650	6,331,515
1.1.2 Interest paid		(3,667,048)	(3,277,159)
1.1.3 Dividend received		19,118	20,742
1.1.4 Fees and commissions received		1,490,055	1,889,818
1.1.5 Other income		527,681	889,837
1.1.6 Collections from previously written off loans		670,787	644,667
1.1.7 Payments to personnel and service suppliers		(1,120,339)	(966,737)
1.1.8 Taxes paid		(233,871)	(338,521)
1.1.9 Others	(VI-1)	(3,822,574)	(3,438,729)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(3,461,968)</b>	<b>763,607</b>
1.2.1 Net (increase) / decrease in financial assets held for trading		(251,037)	2,730
1.2.2 Net decrease / increase in financial assets at fair value through profit or loss		-	-
1.2.3 Net increase in due from banks and other financial institutions		-	38,788
1.2.4 Net increase in loans		(7,440,092)	(3,957,911)
1.2.5 Net decrease / (increase) in other assets	(VI-1)	556,847	(279,009)
1.2.6 Net increase in bank deposits		(1,253,063)	(859,669)
1.2.7 Net increase in other deposits		5,516,577	5,409,495
1.2.8 Net (decrease) / increase in funds borrowed		(84,583)	1,266,001
1.2.9 Net increase / decrease in matured payables		-	-
1.2.10 Net increase in other liabilities	(VI-1)	(506,617)	(856,818)
<b>I. Net cash provided from banking operations</b>		<b>(1,767,509)</b>	<b>2,519,040</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(649,584)</b>	<b>(60,896)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3 Fixed assets purchases		(114,861)	(54,288)
2.4 Fixed assets sales		177	301
2.5 Cash paid for purchase of financial assets available for sale		(2,435,786)	(2,247,988)
2.6 Cash obtained from sale of financial assets available for sale		1,964,405	2,313,764
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(VI-1)	(63,519)	(72,685)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>540,206</b>	<b>460,468</b>
3.1 Cash obtained from funds borrowed and securities issued		2,061,841	1,218,270
3.2 Cash used for repayment of funds borrowed and securities issued		(1,521,635)	(757,802)
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>413,878</b>	<b>601,388</b>
<b>V. Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,463,009)</b>	<b>3,520,000</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>7,400,129</b>	<b>3,880,129</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>5,937,120</b>	<b>7,400,129</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 2017 AND 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited Current Period 31.12.2017 (*)	Audited Prior Period 31.12.2016
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,312,931	1,181,963
1.2 TAXES AND DUTIES PAYABLE (-)	244,092	240,164
1.2.1 Corporate tax (Income tax)	308,657	176,761
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	(64,565)	63,403
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>1,068,839</b>	<b>941,799</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	47,090
1.5 OTHER STATUTORY RESERVES (-)	64,565	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>1,004,274</b>	<b>894,709</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	-	848,811
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	45,898
<b>II. DISTRIBUTION OF RESERVE</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	0.4849	0.4272
3.2 TO OWNERS OF ORDINARY SHARES ( % )	48.49	42.72
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 ( % )	-	-

(\*) As of 31 December 2017 when the financial statements has been finalized, the General Assembly meeting did not performed.

(\*\*) Other taxes and duties amount is deferred tax income. (31 December 2016: Deferred tax expense)

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 2017**  
(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 2017 have no material impact on the Group’s accounting policies, financial position and performance. The amendments of TAS and TFRS which are published but not yet effective as of finalization date of financial statement, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The effects of the TFRS 16 Leases Standard, which will be effective from 1 January 2019, are evaluated by the Bank.

**Explanations on TFRS 9 Financial Instruments Standard**

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. The aim of the standard is to determine the financial reporting principles on financial assets and financial liabilities. The Bank will apply the classification, measurement and impairment requirements by adjusting the opening balance sheet and opening equity at 1 January 2018.

**Classification and measurement of financial assets**

According to TFRS 9, each financial asset will be classified as either fair value through profit or loss (“FVTPL”), amortized cost or fair value through other comprehensive income (“FVOCI”) in accordance with the business model and the contractual cash flow characteristics. The business model is determined by the Bank in terms of the manner in which assets are managed and their performance is reported. As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Compared to the classification under TAS39, the combined application of the contractual cash flow characteristics and business models as at 1 January 2018 will not have a material effect on the Bank’s equity.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**I. Basis of Presentation (continued)**

**Impairment**

Within the scope of TFRS 9, "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be Set Aside" has been published in the Official Gazette dated 22 June 2016 numbered 29750, which will be effective from 1 January 2018. As of 1 January 2018, the Bank will change the method of provisions for impairment by applying the expected credit loss model under TFRS 9. These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1:**

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

**Stage 2:**

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

**Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. Besides, the Bank will calculate deferred tax on credit losses of Stage 1 and Stage 2, and the effect of the deferred tax asset will be reflected to equity at the first time adoption. Along with the on-going works on expected credit losses under TFRS 9, it is assumed that the effect of the credit losses and related deferred tax will cause a decrease of approximately 2% on equity.

**Hedge Accounting**

TFRS 9 permits not to apply the standard's principles on hedge accounting and to continue to apply hedge accounting principles of TAS 39. The Bank will continue to comply with all principles of TAS 39 for hedge accounting based on the analyzes made so far.

**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 2017**  
(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.

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

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

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

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

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 2017**  
(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 on Derivative Financial Instruments” account.

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

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

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

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

Accrued interest on the loans are 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 2017**  
(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 Bank. Settlement date accounting requires, (a) accounting of the asset when acquired by the entity and (b) disposing of the asset out of the balance sheet on the date settled by the entity; and accounting of gain or loss on disposal as of the same date. In applying settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between the commercial transaction date and settlement date.

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 2017**  
(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 2017**  
(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 “gain / 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 2017, the Bank does not have any reverse repo transaction (31 December 2016: TL2,000,930).

As of 31 December 2017, the Bank does not have any marketable securities lending transaction (31 December 2016: 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 2017, assets held for sale and discontinued operations of the Bank are TL90,677 (31 December 2016: TL91,254). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL4,444 (31 December 2016: TL1,590) 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 2017**  
(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.

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

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

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

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 economic useful lives of the tangible fixed assets are as follows:

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

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

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

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

**XIV. Explanations on Leasing Transactions**

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

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

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

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 eventuate. Contingent assets are disclosed in the financial statements’ notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

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

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

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

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 December 2017, the Pension Fund has 1,757 employees and 1,065 pensioners (31 December 2016: 1,866 employees and 1,037 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

---

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

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

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

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

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 2017, actuarial gain amounting to TL24,335 (1 January - 31 December 2016: TL3,322 loss) was classified as "Other Comprehensive Income" and as of 31 December 2017, a total of TL58,967 (31 December 2016: TL34,632) actuarial gain 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% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

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

A 75% portion of the gains derived from the sale of immovables which have been acquired due to loans under follow-up from the Bank, participation shares, founder's shares, dividend shares and preemption rights is tax exempt (This rate is applied as 50% for immovable sales beginning from 5 December 2017). 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 (This rate is applied as 50% for immovable sales beginning from 5 December 2017), 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 (This rate is applied as 50% for immovable sales as of 5 December 2017).

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

*Deferred Tax Liability/Asset*

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

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

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

Deferred tax asset will be calculated over general loan loss provision according to TFRS 9 articles from 1 January 2018.

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 income has been presented on statement of gain and loss amounting to TL64,565 (31 December 2016: TL63,403 expense). 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	(1,049)	12,742
Cash Flow Hedge	(30,899)	12,610
Actuarial Profit or Loss	(6,084)	829
<b>Total</b>	<b>(38,032)</b>	<b>26,181</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 2017.

**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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

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

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

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

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

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

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

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



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

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

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury, ALM/ Head Office</b>	<b>Total</b>
Net Interest Income	593,597	313,267	1,051,766	1,949,187	3,907,817
Net Fees and Commissions Income and Other					
Operating Income	211,256	197,668	656,806	451,498	1,517,228
Trading Profit / Loss	(70)	25	(7,730)	(927,332)	(935,107)
Dividend Income	-	-	-	19,118	19,118
Impairment Provision for Loans and Other					
Receivables (-)	27,866	44,036	559,438	159,880	791,220
Other Operating Expenses (-)	422,359	48,763	541,258	1,392,525	2,404,905
<b>Profit before taxes</b>	<b>354,558</b>	<b>418,161</b>	<b>600,146</b>	<b>(59,934)</b>	<b>1,312,931</b>
Tax provision (-)	-	-	-	244,092	244,092
<b>Net Profit for the Period</b>	<b>354,558</b>	<b>418,161</b>	<b>600,146</b>	<b>(304,026)</b>	<b>1,068,839</b>

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

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury, ALM/ 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>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury, ALM/ 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 27 March 2017 the Bank, TL941,799 that constitutes the 2016 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, TL47,090 as Legal Reserves, TL0.76 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL0.09 (full TL) as Legal Reserves and TL45,898 as Tangible and Intangible Assets revaluation funds.

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2017, some reclassifications are made in the income statement and the statement of cash flows as of 31 December 2016.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 2017, Bank's total capital has been calculated as TL10,913,093 (31 December 2016: TL9,668,450) and capital adequacy ratio is 16.12% (31 December 2016: 14.37%). Capital adequacy ratio was 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 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	5,414,198	
Gains Recognized in Equity as per TAS	-	
Profit	1,078,336	
Current Period Profit	1,068,839	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>8,900,278</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	31,549	
Leasehold Improvements on Operational Leases	56,452	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	92,241	92,241
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>601,366</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>8,298,912</b>	

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 2017**  
(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)**

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

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 2017**  
(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)**

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

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

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 2017**  
(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>Prior Period</b>	<b>Amount related to</b>
	<b>31.12.2016</b>	<b>treatment before</b>
		<b>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	4,446,513	
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 2017**  
(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)**

	Prior 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	
<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 2017**  
(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)**

	Prior Period 31.12.2016	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	7,170	
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 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	Yes	No
Eligible at solo/ group/ group and solo	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	779.3	453.4	245.8	566.8
Par value of debt instrument (TL Currency in mil)	793.5	453.4	245.8	566.8
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	04.11.2011	20.07.2012	14.05.2012	27.06.2013
Perpetual or dated	Time	Time	Time	Time
Original maturity date	04.11.2023	20.07.2024	14.05.2024	27.06.2023
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	04.11.2018	20.07.2019	14.05.2019	27.06.2018
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	Euribor+4.75%	Euribor+4.75%	LIBOR+5.75%	Euribor+2.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	Article 8/2 (ğ)	-

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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>9,019,677</b>
Hedging Funds (effective portion)	(136,593)
Deductions Made Under Regulation	(584,172)
<b>Common Equity Tier 1 Capital</b>	<b>8,298,912</b>
Additional Tier 1 Capital	-
<b>Tier 1 Capital</b>	<b>8,298,912</b>
General Provisions	576,339
Bank's Borrowing Instruments	2,045,310
Deductions Made Under Regulation	(7,468)
<b>Total Equity</b>	<b>10,913,093</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”

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	15,389,442	15,327,804
Conditional and unconditional receivables from regional or local governments	585,021	550,868
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	5,758,527	5,269,332
Conditional and unconditional corporate receivables	36,195,351	31,761,613
Conditional and unconditional retail receivables	30,829,518	29,205,434
Conditional and unconditional secured mortgage receivables	9,291,797	10,895,068
Past due receivables	733,643	762,861
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	1,646,373	1,569,251
Investments in equities	57,294	50,150

(\*) 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.

<b>Exposure classifications</b>	<b>Prior 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	1,541,919	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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

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 2017, the receivables of the Bank from its top 100 and top 200 cash loan share in total cash loans are respectively 14.99% and 20.05%. (31 December 2016: 13.43% and 18.27%)

As of 31 December 2017, the receivables of the Bank from its top 100 and top 200 non-cash loan share are 47.82% and 58.75% respectively in the total non-cash loans. (31 December 2016: 45.73% and 59.16%)

As of 31 December 2017, 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 5.89% and 8.30% respectively. (31 December 2016: 5.26% and 7.26%)

As of 31 December 2017, the general loan loss provision related with the credit risk taken by the Bank is TL576,339 (31 December 2016: TL683,893).

**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 2017, consumer loans, business loans and agriculture loans are excluded from the internal rating system of the Bank and those loans are about 30.56% 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.

Category	Description of Category	Share in the Total % 31.12.2017	Share in the Total % 31.12.2016
1st Category	The borrower has a very strong financial structure	32.22	34.56
2nd Category	The borrower has a good financial structure	25.88	29.56
3rd Category	The borrower has an intermediate level of financial structure	34.50	28.97
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	7.40	6.91
<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 2017**

(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 (***)																	
	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 items	Receivables 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	Total
Current Period																		
Domestic	169,365	290,256	-	-	-	1,411,210	23,582,726	20,775,083	3,427,550	958,612	-	-	-	-	-	526,403	57,294	51,198,499
European Union (EU)																		
Countries	-	-	-	-	-	895,438	31,011	7,497	4,017	1,330	-	-	-	-	-	1,570	-	940,863
OECD Countries (*)	-	-	-	-	-	48,449	14	1,756	840	6	-	-	-	-	-	5,748	-	56,813
Off-Shore Banking																		
Regions (****)	236,336	-	-	-	-	9	207,620	88,731	57,760	2,130	-	-	-	-	-	159	-	592,745
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	20,702	59,233	1,314	810	1	-	-	-	-	-	-	-	82,060
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,986	-	115,986
Unallocated Assets/Liabilities (**)	-	2,982	-	-	-	268,844	11,317,108	2,243,924	91,983	33,118	-	-	-	-	-	2,328	-	13,960,287
Total	405,701	293,238	-	-	-	2,644,652	35,197,712	23,118,305	3,582,960	995,197	-	-	-	-	-	652,194	57,294	66,947,253

(\*) 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 2017**

(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 (***)																	
	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	Receivables 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	Total	
Prior Period																		
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
Total	4,919,461	212,212	-	-	-	1,784,368	29,034,087	19,545,531	4,693,268	744,819	-	-	-	-	-	650,993	41,864	61,626,603

(\*) 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 2017**  
(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:**

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 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 items	Receivables 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	Total
Current Period																				
Agriculture	-	-	-	-	-	-	650,635	1,122,211	85,272	80,422	-	-	-	-	-	5,748	-	1,774,495	169,793	1,944,288
Farming and Stockbreeding	-	-	-	-	-	-	598,041	1,105,714	84,383	78,226	-	-	-	-	-	5,748	-	1,718,850	153,262	1,872,112
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	52,594	16,497	889	2,196	-	-	-	-	-	-	-	55,645	16,531	72,176
Manufacturing	-	-	-	-	-	-	17,039,930	5,599,685	470,320	288,949	-	-	-	-	-	3	-	13,706,942	9,691,945	23,398,887
Mining and Quarrying	-	-	-	-	-	-	1,124,207	281,185	31,329	4,558	-	-	-	-	-	-	-	894,665	546,614	1,441,279
Production	-	-	-	-	-	-	15,212,420	5,298,546	430,595	282,486	-	-	-	-	-	3	-	12,539,755	8,684,295	21,224,050
Electricity, Gas and Water	-	-	-	-	-	-	703,303	19,954	8,396	1,905	-	-	-	-	-	-	-	272,522	461,036	733,558
Construction	-	-	-	-	-	-	3,260,017	1,477,482	279,655	107,938	-	-	-	-	-	-	-	3,532,948	1,592,144	5,125,092
Services	405,701	293,238	-	-	-	2,644,652	13,709,172	6,651,810	870,126	405,472	-	-	-	-	-	645,686	57,131	16,262,158	9,420,830	25,682,988
Wholesale and Retail Trade	-	-	-	-	-	-	5,299,828	3,303,935	308,213	187,682	-	-	-	-	-	820	-	6,811,926	2,288,552	9,100,478
Accommodation and Dining	-	-	-	-	-	-	1,142,026	441,391	205,419	22,940	-	-	-	-	-	-	-	905,617	906,159	1,811,776
Transportation and Telecom.	-	-	-	-	-	-	2,021,199	1,311,855	112,216	96,392	-	-	-	-	-	230	-	2,699,714	842,178	3,541,892
Financial Institutions	405,701	-	-	-	-	2,644,652	1,944,101	50,870	2,949	7,015	-	-	-	-	-	644,574	57,131	2,606,826	3,150,167	5,756,993
Real Estate and Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	2,733,017	1,117,702	210,534	81,208	-	-	-	-	-	56	-	2,046,211	2,096,306	4,142,517
Self-Employment Services	-	-	-	-	-	-	396,390	365,949	26,540	9,391	-	-	-	-	-	-	-	663,402	134,868	798,270
Educational Services	-	-	-	-	-	-	15,958	50,876	3,558	669	-	-	-	-	-	2	-	70,995	68	71,063
Health and Social Services	-	293,238	-	-	-	-	156,653	9,232	697	175	-	-	-	-	-	4	-	457,467	2,532	459,999
Other	-	-	-	-	-	-	537,958	8,267,117	1,877,587	112,416	-	-	-	-	-	757	163	10,578,731	217,267	10,795,998
Total	405,701	293,238	-	-	-	2,644,652	35,197,712	23,118,305	3,582,960	995,197	-	-	-	-	-	652,194	57,294	45,855,274	21,091,979	66,947,253

(\*) 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 2017

(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 (**)																			Investments in equities	TL (*)	FC	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 exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables 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							
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			
Total	4,919,461	212,212	-	-	-	1,784,368	29,034,087	19,545,531	4,693,268	744,819	-	-	-	-	-	650,993	41,864	38,419,252	23,207,351	61,626,603			

(\*) 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 2017**  
(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:**

<b>Current Period</b>		<b>Term To Maturity</b>			
<b>Exposure classifications</b>	<b>Up to 1 Month</b>	<b>1-3 Month</b>	<b>3-6 Month</b>	<b>6-12 Month</b>	<b>Over 1 year</b>
Conditional and unconditional exposures to central governments or central banks	309,221	3,782	2,269	-	18,837
Conditional and unconditional exposures to regional governments or local authorities	47	1,778	1,655	8,096	278,675
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	1,419,781	205,614	114,282	81,647	225,198
Conditional and unconditional exposures to corporates	6,183,447	2,188,897	2,270,131	3,898,660	9,333,917
Conditional and unconditional retail exposures	5,053,048	622,267	1,602,024	1,764,520	11,825,609
Conditional and unconditional exposures secured by real estate property	539,951	73,276	118,625	181,957	2,576,300
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	3,370	-	-	-	-
Investment in equities	41,890	-	-	15,404	-
<b>Total</b>	<b>13,550,755</b>	<b>3,095,614</b>	<b>4,108,986</b>	<b>5,950,284</b>	<b>24,258,536</b>

<b>Prior Period</b>		<b>Term To Maturity</b>			
<b>Exposure classifications</b>	<b>Up to 1 Month</b>	<b>1-3 Month</b>	<b>3-6 Month</b>	<b>6-12 Month</b>	<b>Over 1 year</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 receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	581,812	196,630	87,040	170,905	194,925
Conditional and unconditional exposures to banks and brokerage houses	5,714,482	1,573,554	1,626,250	3,545,193	7,136,661
Conditional and unconditional exposures to corporates	5,390,196	696,673	1,442,756	1,622,923	8,335,141
Conditional and unconditional retail exposures	723,360	77,080	160,181	252,748	3,376,769
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	6,261	-	-	-	-
Other receivables	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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	15,964,836	-	3,191,048	7,086,255	6,033,487	30,816,677	36,784,784	609,879	-	-	-	577,285
Exposures after												
Credit Risk Mitigation	22,691,918	-	3,021,680	7,086,255	6,073,266	24,978,936	34,044,366	536,598	-	-	-	577,285
Prior 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

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 2017**  
(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	129,231	197,073	2,661	72,111
Farming and Stockbreeding	126,393	179,124	2,419	70,905
Forestry	246	1,709	23	115
Fishery	2,592	16,240	219	1,091
Manufacturing	656,462	344,785	4,656	462,636
Mining and Quarrying	13,753	15,532	210	9,332
Production	640,316	323,162	4,364	452,088
Electricity, Gas and Water	2,393	6,091	82	1,216
Construction	174,214	231,963	3,132	105,997
Services	718,640	1,117,049	15,084	441,852
Wholesale and Retail Trade	346,678	702,789	9,490	216,259
Accommodation and Dining	38,155	206,049	2,782	22,317
Transportation and Telecom.	165,025	136,374	1,842	100,373
Financial Institutions	6,066	3,090	42	2,178
Real Estate and Rental Services	139,364	-	-	84,672
Professional Services	21,506	37,534	507	14,791
Educational Services	1,399	5,638	76	942
Health and Social Services	447	25,575	345	320
Other	268,078	965,096	13,033	160,215
<b>Total</b>	<b>1,946,625</b>	<b>2,855,966</b>	<b>38,566</b>	<b>1,242,811</b>

Prior 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>

**Information about Value Adjustment and Change in Provisions**

Current Period	31.12.2016 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments (*)	31.12.2017 Balance
Specific Provisions	1,214,281	846,493	(262,207)	(555,756)	-	1,242,811
General Provisions	683,893	14,948	(122,502)	-	-	576,339

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

Previous Period	31.12.2015 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments (*)	31.12.2016 Balance
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.

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation:**

Countries where the risk ultimately taken	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Turkey	55,637,439	405,381	56,042,820
TRNC	319,599	-	319,599
England	138,908	9	138,917
The Ivory Coast	45,817	-	45,817
Germany	32,487	-	32,487
Russia	25,157	294	25,451
Bulgaria	18,218	-	18,218
Egypt	13,110	-	13,110
Other	19,616	11	19,627

**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.

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

As of 31 December 2017, the Bank's balance sheet short position is TL10,327,088 (31 December 2016: TL10,021,057 short position), off-balance sheet long position is TL10,443,721 (31 December 2016: TL9,466,658 long position) and as a result foreign currency net long position is TL116,633 (31 December 2016: net TL554,399 short position).

The announced current foreign exchange buying rates of the Bank at 31 December 2017 and the previous five working days in full TL are as follows:

	25.12.2017	26.12.2017	27.12.2017	28.12.2017	29.12.2017	31.12.2017
USD	3.7968	3.8015	3.8166	3.7715	3.7819	3.7819
JPY	0.0335	0.0336	0.0337	0.0334	0.0336	0.0336
EUR	4.5007	4.5094	4.5414	4.4983	4.5341	4.5341

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2017 are as follows:

	Monthly Average Foreign Exchange Rate
USD	3.8321
JPY	0.0339
EUR	4.5358

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 2017**  
(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 2017, the Bank has net USD short position TL113,858 and net EUR short position TL1,251.

Current Period	EUR	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,912,930	4,714,021	1,919,345	9,546,296
Banks	180,788	924,207	739,054	1,844,049
Financial Assets at Fair Value through Profit and Loss (****)	10,065	118,827	-	128,892
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	410	53,476	10,918	64,804
Loans (**)	9,946,068	3,369,680	1,704,052	15,019,800
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	1,335	-	-	1,335
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	314,462	92,684	3,997	411,143
<b>Total Assets</b>	<b>13,366,058</b>	<b>9,272,895</b>	<b>4,377,366</b>	<b>27,016,319</b>
<b>Liabilities</b>				
Bank Deposits	4,831	-	2,583	7,414
Foreign Currency Deposits (*)	6,568,214	14,168,079	1,497,882	22,234,175
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	7,097,525	4,954,830	2,851,815	14,904,170
Securities Issued	-	-	-	-
Miscellaneous Payables	39,296	91,739	25,916	156,951
Derivative Financial Liabilities for Hedging Purposes	314	-	-	314
Other Liabilities (***)	27,784	12,525	74	40,383
<b>Total Liabilities</b>	<b>13,737,964</b>	<b>19,227,173</b>	<b>4,378,270</b>	<b>37,343,407</b>
<b>Net Balance Sheet Position</b>				
<b>Net Off-Balance Sheet Position</b>	<b>(371,906)</b>	<b>(9,954,278)</b>	<b>(904)</b>	<b>(10,327,088)</b>
Financial Derivative Assets (****)	44,990	10,424,488	(25,757)	10,443,721
Financial Derivative Liabilities (****)	8,924,989	26,256,628	863,476	36,045,093
Non-Cash Loans (*****)	8,879,999	15,832,140	889,233	25,601,372
	6,050,326	5,487,498	252,325	11,790,149
<b>Prior Period</b>				
Total Assets	12,480,627	10,484,037	3,021,818	25,986,482
Total Liabilities	15,188,792	17,419,541	3,399,206	36,007,539
Net Balance Sheet Position	(2,708,165)	(6,935,504)	(377,388)	(10,021,057)
Net Off-Balance Sheet Position	1,728,876	7,101,057	636,725	9,466,658
Financial Derivative Assets (****)	12,376,683	24,314,508	1,283,778	37,974,969
Financial Derivative Liabilities (****)	10,647,807	17,213,451	647,053	28,508,311
Non-Cash Loans (*****)	5,139,058	4,748,746	191,566	10,079,370

(\*) Precious metal accounts amounting to TL692,499 (31 December 2016: TL582,761) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL2,801,409 (31 December 2016: TL2,973,738) are included in the loan portfolio.

(\*\*\*) TL78,260 (31 December 2016: TL147,086) expense accruals from derivative financial instruments are deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL2,363,470 (31 December 2016: TL592,146) are added to derivative financial assets and TL2,554,736 (31 December 2016: TL527,182) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL62,873 (31 December 2016: TL212,807) 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.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 Liquidity Risk and Asset-Liability Committee.

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

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

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

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

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

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

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

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 2017**  
(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>							
<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.”

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

	EUR %	USD %	YEN %	TL %
<b>End of 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	-	1.50	-	4.00
Banks	(0.45)	1.25	-	12.78
Financial Assets at Fair Value Through Profit and Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.30
Held-To-Maturity Investments	-	-	-	15.49
<b>Liabilities</b>				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.28	3.09	-	6.68
	EUR %	USD %	YEN %	TL %
<b>End of 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	-	0.75	-	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
<b>Liabilities</b>				
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

**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 2017**  
(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:**

- 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":

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
TL	(400)	1,108,506	10.16%
TL	500	(1,202,872)	(11.02)%
EUR	(200)	84,388	0.77%
EUR	200	(73,357)	(0.67)%
USD	(200)	(35,905)	(0.33)%
USD	200	35,420	0.32%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>1,156,989</b>	<b>10.60%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(1,240,809)</b>	<b>(11.37)%</b>

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

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

**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 2017**  
(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) Informations 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

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

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

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 2017**  
(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)**

		Rate of "Percentage" to Be Taken into Account not Implemented Total Value(*)		Rate of "Percentage" to Be Taken into Account Implemented Total Value(*)	
Prior Period - 31 December 2016		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	Small Business Customers 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 Liabilities	-	-	-	-
18	Unsecured Liabilities	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.

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.



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 2017**  
(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	129.25% 13.10.2017	204.11% 27.10.2017	121.51% 07.10.2016	164.92% 30.12.2016
Highest Week	212.83% 15.12.2017	337.96% 15.12.2017	172.86% 02.12.2016	305.20% 07.10.2016

**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	2,039,497	8,936,275	-	-	-	-	-	10,975,772
Banks	902,218	1,611,119	-	-	-	-	-	2,513,337
Financial Assets at Fair Value Through Profit and Loss	-	155,633	119,357	373,020	649,171	109,023	-	1,406,204
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available for Assets	57,294	57,277	128,481	604,073	3,236,365	611,974	-	4,695,464
Loans (**)	-	15,293,765	3,664,480	11,313,768	25,784,535	6,530,415	703,814	63,290,777
Held-To-Maturity Investments	-	-	-	-	401,854	-	-	401,854
Other Assets	-	77,090	4,454	2,115	3,616	-	2,387,546	2,474,821
<b>Total Assets</b>	<b>2,999,009</b>	<b>26,131,159</b>	<b>3,916,772</b>	<b>12,292,976</b>	<b>30,075,541</b>	<b>7,251,412</b>	<b>3,091,360</b>	<b>85,758,229</b>
<b>Liabilities</b>								
Bank Deposits	20,549	258,821	-	-	-	-	-	279,370
Other Deposits	9,483,857	38,321,076	6,231,512	1,260,008	773	120	-	55,297,346
Funds Provided From Other Financial Institutions	-	2,755,865	2,471,250	6,861,187	678,710	2,314,083	-	15,081,095
Money Market Borrowings	-	105,206	-	-	-	-	-	105,206
Securities Issued	-	-	992,862	296,826	-	-	-	1,289,688
Miscellaneous Payables	-	1,439,685	-	-	-	-	-	1,439,685
Other Liabilities	-	1,194,573	203,968	367,718	461,104	3,026	10,035,450	12,265,839
<b>Total Liabilities</b>	<b>9,504,406</b>	<b>44,075,226</b>	<b>9,899,592</b>	<b>8,785,739</b>	<b>1,140,587</b>	<b>2,317,229</b>	<b>10,035,450</b>	<b>85,758,229</b>
<b>Liquidity Gap</b>	<b>(6,505,397)</b>	<b>(17,944,067)</b>	<b>(5,982,820)</b>	<b>3,507,237</b>	<b>28,934,954</b>	<b>4,934,183</b>	<b>(6,944,090)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(112,505)</b>	<b>(104,333)</b>	<b>230,224</b>	<b>81,010</b>	<b>(2,254)</b>	<b>-</b>	<b>92,142</b>
Financial Derivative Assets	-	19,107,247	9,546,026	16,619,829	12,584,766	396,328	-	58,254,196
Financial Derivative Liabilities	-	19,219,752	9,650,359	16,389,605	12,503,756	398,582	-	58,162,054
Non-Cash Loans	5,544,145	1,011,848	2,529,575	6,556,744	4,940,070	-	-	20,582,382
<b>Prior Period</b>								
Total Assets	3,158,212	27,993,465	3,560,007	11,429,365	22,966,731	7,868,745	2,750,865	79,727,390
Total Liabilities	7,628,599	40,825,625	9,410,319	10,259,030	614,626	2,056,583	8,932,608	79,727,390
<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

(\*) 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 TL7,128,307 (31 December 2016: TL7,824,588) are included in "Up to 1 Month" while income accrual from mark to market differences of hedged loans amounting to TL99 are included in "1-3 Months".

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 2017**  
(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 2017</b>								
Money Market Borrowings	-	105,241	-	-	-	-	(35)	105,206
Deposit	9,483,857	38,454,190	6,303,782	1,331,060	823	249	(276,615)	55,297,346
Bank Deposit	20,549	258,877	-	-	-	-	(56)	279,370
Funds Borrowed From Other Financial Institutions	-	2,876,241	2,524,394	7,387,305	713,327	2,865,579	(1,285,751)	15,081,095
<b>Total</b>	<b>9,504,406</b>	<b>41,694,549</b>	<b>8,828,176</b>	<b>8,718,365</b>	<b>714,150</b>	<b>2,865,828</b>	<b>(1,562,457)</b>	<b>70,763,017</b>
<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>

**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 2017</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	227,188	-	-	-	227,188
Cash flow hedge	1,646,639	129,974	790,267	877,696	-	3,444,576
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	2,909,601	2,026,037	2,604,450	1,079,295	6,566	8,625,949
Currency swaps-sell	11,237,673	5,104,670	8,155,829	4,060,585	185,007	28,743,764
Interest rate swaps-sell	2,459	308	4,360	13,301	3,917	24,345
Foreign currency futures-sell	-	278,665	185,620	-	-	464,285
Foreign currency options-sell	2,274,207	1,959,171	3,248,756	205,027	-	7,687,161
<b>Total</b>	<b>18,070,579</b>	<b>9,726,013</b>	<b>14,989,282</b>	<b>6,235,904</b>	<b>195,490</b>	<b>49,217,268</b>
<b>31 December 2016</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	-	-	-	-	-
Cash flow hedge	458,739	154,852	1,090,094	1,132,067	-	2,835,752
<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	16,815,704	5,801,193	5,304,480	2,968,308	11,427	30,901,112
Interest rate swaps-sell	11,897	14,263	5,956	28,876	1,050	62,042
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>20,363,221</b>	<b>10,647,264</b>	<b>13,062,707</b>	<b>5,442,327</b>	<b>70,987</b>	<b>49,586,506</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 2017**  
(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>Assets on the Balance Sheet</b>	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	84,431,610	78,877,363
2 (Assets Deducted from Core Capital)	(549,525)	(545,659)
3 Total Risk Amount for Assets on the Balance Sheet	83,882,085	78,331,704
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	1,391,857	1,012,719
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	698,335	553,161
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	2,090,192	1,565,880
<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	40,298,665	32,832,812
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	40,298,665	32,832,812
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	8,253,609	7,372,497
14 Total Risk Amount	126,270,942	112,730,396
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.54%	6.54%

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

**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.

	<b>Book Value</b>		<b>Fair Value</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>70,901,432</b>	<b>64,398,311</b>	<b>70,430,859</b>	<b>64,010,331</b>
Money Market Placements	-	2,000,930	-	2,000,930
Banks	2,513,337	1,568,678	2,513,337	1,568,678
Financial Assets Available for Sale	4,695,464	4,103,366	4,695,464	4,103,366
Held-To-Maturity Investments	401,854	361,508	403,707	364,740
Loans	63,290,777	56,363,829	62,818,351	55,972,617
<b>Financial Liabilities</b>	<b>73,492,390</b>	<b>68,583,118</b>	<b>73,829,248</b>	<b>68,792,914</b>
Bank Deposit	279,370	180,985	279,370	180,998
Other Deposit	55,297,346	49,651,673	55,603,482	49,831,899
Funds Borrowed From Other Financial Institutions (*)	15,186,301	16,596,691	15,217,023	16,626,248
Marketable Securities Issued	1,289,688	739,302	1,289,688	739,302
Sundry Creditors	1,439,685	1,414,467	1,439,685	1,414,467

(\*) 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 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.

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 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>5,085,633</b>	<b>1,098,096</b>	<b>-</b>	<b>6,183,729</b>
Financial assets at fair value through profit and loss	460,960	945,244	-	1,406,204
<i>Public sector debt securities</i>	460,960	-	-	460,960
<i>Derivative financial assets held for trading</i>	-	945,244	-	945,244
Derivative financial assets for hedging purposes	-	87,275	-	87,275
Financial assets available for sale	4,624,673	65,577	-	4,690,250
<i>Public sector debt securities</i>	4,624,673	13,497	-	4,638,170
<i>Other financial assets available for sale (*)</i>	-	52,080	-	52,080
<b>Financial Liabilities</b>	<b>-</b>	<b>1,401,408</b>	<b>-</b>	<b>1,401,408</b>
Derivative financial liabilities held for trading	-	958,077	-	958,077
Derivative financial liabilities for hedging purposes	-	443,331	-	443,331
<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>4,252,764</b>	<b>1,307,040</b>	<b>-</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	4,049,570	41,940	-	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>	-	30,008	-	30,008
<b>Financial Liabilities</b>	<b>-</b>	<b>1,227,084</b>	<b>-</b>	<b>1,227,084</b>
Derivative financial liabilities held for trading	-	942,592	-	942,592
Derivative financial liabilities for hedging purposes	-	284,492	-	284,492

(\*) All unquoted share certificates of TL5,214 which are recorded at cost since its fair value cannot be reliably estimated are not included (31 December 2016: TL11,856).

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 2017**  
(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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)	58,694,864	59,101,534	4,695,589
2	Of which Standardized Approach (SA)	58,694,864	59,101,534	4,695,589
3	Of which Internal Rating-Based (IRB) Approach	-	-	-
4	Counterparty Credit risk	1,558,203	1,933,426	124,656
5	Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,558,203	1,933,426	124,656
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	677,913	317,576	54,233
17	Of which Standardized approach (SA)	677,913	317,576	54,233
18	Of which Internal model approaches (IMM)	-	-	-
19	Operational Risk	6,784,975	5,908,529	542,798
20	Of which Basic Indicator Approach	6,784,975	5,908,529	542,798
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	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>67,715,955</b>	<b>67,261,065</b>	<b>5,417,276</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 2017**

(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	10,975,772	10,975,772	-	-	-
Financial assets held for trading	1,406,204	-	945,244	460,960	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Banks	2,513,337	2,513,337	-	-	-
Receivables from money markets	-	-	-	-	-
Financial assets available for sale (net)	4,695,464	4,695,464	-	-	-
Loans and receivables	63,290,777	63,290,777	-	-	-
Factoring receivables	-	-	-	-	-
Held to maturity investments (net)	401,854	401,854	-	-	-
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	87,275	-	87,275	-	-
Tangible assets (net)	271,622	215,170	-	-	56,452
Intangible assets (net)	519,770	-	-	-	519,770
Investment properties (net)	-	-	-	-	-
Tax assets	69,744	69,744	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	90,677	90,677	-	-	-
Other assets	1,319,742	1,309,932	-	9,810	-
<b>Total Assets</b>	<b>85,758,229</b>	<b>83,678,718</b>	<b>1,032,519</b>	<b>470,770</b>	<b>576,222</b>
<b>Liabilities</b>					
Deposits	55,576,716	-	-	-	-
Derivative financial liabilities held for trading	958,077	-	-	-	-
Loans	12,767,012	-	-	-	-
Debt to money markets	105,206	-	105,206	-	-
Debt securities in issue	1,289,688	-	-	-	-
Funds	-	-	-	-	-
Various Debts	1,439,685	-	-	-	-
Other Debts	599,037	-	-	-	-
Factoring debts	-	-	-	-	-
Debts from leasing transactions	-	-	-	-	-
Derivative financial liabilities held for hedge	443,331	-	-	-	-
Provisions	1,015,773	-	-	-	-
Tax liability	229,944	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,314,083	-	-	-	-
Equity	9,019,677	-	-	-	-
<b>Total Liabilities</b>	<b>85,758,229</b>	<b>-</b>	<b>105,206</b>	<b>-</b>	<b>-</b>

(\*) Refers to the Bank's 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.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

(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. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)**

	Carrying values of items in accordance with TAS				
	Carrying values under scope of regulatory consolidation	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	1,141,519	-	911	-
<b>Total Assets</b>	<b>79,727,390</b>	<b>75,689,781</b>	<b>3,266,030</b>	<b>204,105</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>

(\*) Refers to the Bank's unconsolidated financial statements.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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**

		Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>Current Period</b>	<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>85,758,229</b>	<b>83,678,718</b>	<b>1,032,519</b>	<b>470,770</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	105,206	-	105,206	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>85,653,023</b>	<b>83,678,718</b>	<b>927,313</b>	<b>470,770</b>
4 Off-balance sheet amounts	94,722,108	15,094,125	666,667	-
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>98,772,843</b>	<b>1,593,980</b>	<b>470,770</b>
<b>Prior Period</b>	<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>79,727,390</b>	<b>75,689,781</b>	<b>3,266,030</b>	<b>204,105</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	1,457,750	-	1,457,750	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>78,269,640</b>	<b>75,689,781</b>	<b>1,808,280</b>	<b>204,105</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 Exposure amounts considered for regulatory purposes</b>		<b>88,787,213</b>	<b>3,887,453</b>	<b>204,105</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**X. Explanations Related to Risk Management (continued)**

**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.

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**

<b>Current Period</b>	<b>Gross carrying value in unconsolidated financial statements prepared as per TAS</b>		<b>Allowances/ impairments</b>	<b>Net values</b>
	<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>		
Loans	1,946,625	62,586,963	1,242,811	63,290,777
Debt Securities	-	5,040,024	-	5,040,024
Off-balance sheet exposures	-	40,560,656	48,741	40,511,915
<b>Total</b>	<b>1,946,625</b>	<b>108,187,643</b>	<b>1,291,552</b>	<b>108,842,716</b>

<b>Prior Period</b>	<b>Gross carrying value in unconsolidated financial statements prepared as per TAS</b>		<b>Allowances/ impairments</b>	<b>Net values</b>
	<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>		
Loans	1,771,775	55,806,335	1,214,281	56,363,829
Debt Securities	-	4,423,010	-	4,423,010
Off-balance sheet exposures	-	31,572,213	48,515	31,523,698
<b>Total</b>	<b>1,771,775</b>	<b>91,801,558</b>	<b>1,262,796</b>	<b>92,310,537</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3.1.3. Changes in stock of defaulted loans and debt securities**

<b>1</b>	<b>Defaulted loans and debt securities at end of the 31 December 2016</b>	<b>1,771,775</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,416,218
3	Returned to non-defaulted status	12,936
4	Amounts written off	557,645
5	Other changes (*)	670,787
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2017 (1+2-3-4-5)</b>	<b>1,946,625</b>

(\*) Includes collections during the period.

<b>1</b>	<b>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</b>	<b>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.

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 receivables for which collection is deferred more than 90 days in accordance with the Communiqué.

- 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	2,070,232	4.11	131,076	1.08
Farming and Stockbreeding	2,012,992	4.00	114,545	0.94
Forestry	-	-	-	-
Fishery	57,240	0.11	16,531	0.14
Manufacturing	8,260,502	16.41	4,928,277	40.33
Mining and Quarrying	854,046	1.70	333,262	2.73
Production	7,230,696	14.36	4,304,834	35.23
Electricity, Gas and Water	175,760	0.35	290,181	2.37
Construction	3,136,735	6.23	774,678	6.34
Services	21,062,961	41.82	6,324,487	51.76
Wholesale and Retail Trade	12,253,016	24.33	1,839,438	15.06
Accommodation and Dining	1,035,988	2.06	941,150	7.70
Transportation and Telecom.	2,712,250	5.38	366,737	3.00
Financial Institutions	2,057,948	4.09	1,283,292	10.50
Real Estate and Rental Services	1,445,431	2.87	1,839,937	15.06
Self-Employment Services	731,743	1.45	53,869	0.44
Educational Services	87,014	0.17	61	-
Health and Social Services	739,571	1.47	3	-
Other	15,838,142	31.43	59,873	0.49
<b>Total</b>	<b>50,368,572</b>	<b>100.00</b>	<b>12,218,391</b>	<b>100.00</b>

	Prior 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".

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

- 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”.

- g) Ageing analysis of accounting past-due exposures

<b>31 December 2017</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	1,070,364	480,791	505,945	2,057,100
Consumer Loans	182,831	305,112	159,291	647,234
Credit Cards	87,178	45,607	18,847	151,632
<b>Total</b>	<b>1,340,373</b>	<b>831,510</b>	<b>684,083</b>	<b>2,855,966</b>
<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>

- h) Breakdown of restructured exposures between impaired and not impaired exposures

Not-impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	1,604,691	-	1,604,691
Consumer Loans	114,754	-	114,754
Credit Cards	75,098	-	75,098
<b>Total</b>	<b>1,794,543</b>	<b>-</b>	<b>1,794,543</b>
<b>Prior Period</b>	<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>Current Period</b>	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	13,952	5,209	8,743
Consumer Loans	16,298	5,988	10,310
Credit Cards	4,808	1,605	3,203
<b>Total</b>	<b>35,058</b>	<b>12,802</b>	<b>22,256</b>
<b>Prior Period</b>	<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 2017**  
(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 credit derivatives of which: secured amount
<b>Current Period</b>							
1 Loans	42,068,948	11,678,055	9,128,085	9,543,774	8,044,101	-	-
2 Debt securities	5,040,024	-	-	-	-	-	-
<b>3 Total</b>	<b>47,108,972</b>	<b>11,678,055</b>	<b>9,128,085</b>	<b>9,543,774</b>	<b>8,044,101</b>	-	-
4 Of which defaulted	1,768,141	80,620	65,519	97,864	4,849	-	-
	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 credit derivatives of which: secured amount
<b>Prior Period</b>							
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	-	-

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**3. Credit Risk Disclosure (continued)**

**3.3. 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.

- 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 alphanumerical 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%

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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**

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts density	
Asset classes		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	15,372,386	-	22,027,652	71,816	388,645	2%
2	Exposures to regional governments or local authorities	580,509	9,354	580,388	4,348	293,096	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	4,011,135	1,082,646	3,482,389	970,884	2,055,877	465%
7	Exposures to corporates	24,444,256	18,942,824	22,177,451	10,732,778	31,983,279	97%
8	Retail exposures	27,809,715	12,539,446	22,136,890	2,837,952	18,727,671	75%
9	Exposures secured by residential property	6,943,533	365,715	6,943,534	142,721	2,480,189	35%
10	Exposures secured by commercial real estate	2,121,479	165,675	2,121,480	84,063	1,102,772	50%
11	Past-due loans	703,814	86,955	698,966	29,615	954,664	131%
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	1,644,044	7,320,266	1,643,228	2,328	651,377	40%
17	Investments in equities	57,294	-	57,294	-	57,294	100%
<b>18</b>	<b>Total</b>	<b>83,688,165</b>	<b>40,512,881</b>	<b>81,869,272</b>	<b>14,876,505</b>	<b>58,694,864</b>	<b>61%</b>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 (continued)**

Prior Period	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</b>	<b>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 2017**

(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**

Current Period											Total credit risk exposure amount (after CCF and CRM)	
Asset Classes / Risk Weights		0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	
1	Exposures to regional governments or local authorities	21,710,823	-	-	-	-	-	388,645	-	-	-	22,099,468
2	Exposures to regional governments or local authorities	-	-	-	-	583,281	-	1,455	-	-	-	584,736
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	2,339,664	-	1,054,991	-	1,054,956	3,662	-	-	4,453,273
7	Exposures to corporates	-	-	508,160	-	1,040,843	-	31,361,226	-	-	-	32,910,229
8	Retail exposures	-	-	2,344	-	8,849	24,963,489	160	-	-	-	24,974,842
9	Exposures secured by residential property	-	-	-	7,086,255	-	-	-	-	-	-	7,086,255
10	Exposures secured by commercial real estate	-	-	-	-	2,205,543	-	-	-	-	-	2,205,543
11	Past-due loans	-	-	-	-	79,570	-	117,275	531,736	-	-	728,581
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	-	-	-	-	-	-	57,294	-	-	-	57,294
17	Other assets	981,095	-	16,355	-	-	-	648,106	-	-	-	1,645,556
18	Total	22,691,918	-	2,866,523	7,086,255	4,973,077	24,963,489	33,629,117	535,398	-	-	96,745,777

(\*) 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 2017**

(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 (continued)**

												Total credit risk exposure amount (after CCF and CRM)
Prior Period Asset Classes / Risk Weights		0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	
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
18	Total	6,867,232	-	1,991,675	8,693,573	15,486,407	25,424,905	28,218,324	349,225	-	42,562	87,073,903

(\*) 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 2017**  
(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 2017**  
(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**

<b>Current Period</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for computing regulatory EAD</b>	<b>EAD post CRM</b>	<b>Risk Weighted Amounts</b>
Standardized Approach - CCR (For Derivatives)	1,032,519	666,667		1.4	1,681,750	1,007,014
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					5,492	2,746
<b>Total</b>						<b>1,009,760</b>

(\*) Effective Expected Positive Exposure

<b>Prior Period</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for computing regulatory EAD</b>	<b>EAD post CRM</b>	<b>Risk Weighted Amounts</b>
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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**4. Counterparty Credit Risk (continued)**

**4.3. Credit valuation adjustment (CVA) capital charge**

<b>Current Period</b>	<b>EAD post-CRM</b>	<b>Risk Weighted Amounts</b>
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	1,681,750	548,443
<b>Total subject to the CVA capital charge</b>	<b>1,681,750</b>	<b>548,443</b>

<b>Prior Period</b>	<b>EAD post-CRM</b>	<b>Risk Weighted Amounts</b>
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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

(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**

Current Period Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure(*)
Claims from central governments and central banks	-	-	-	-	-	-	17,056	-	-	17,056
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	-	-	154,685	-	1,094,748	-	6,892	1,200	-	1,257,525
Corporates	-	-	472	-	5,441	-	391,301	-	-	397,214
Retail portfolios	-	-	-	-	-	15,447	-	-	-	15,447
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>-</b>	<b>-</b>	<b>155,157</b>	<b>-</b>	<b>1,100,189</b>	<b>15,447</b>	<b>415,249</b>	<b>1,200</b>	<b>-</b>	<b>1,687,242</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 2017**

(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 (continued)**

Prior Period										Total
Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	credit exposure(*)
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 2017**  
(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		
<b>Current Period</b>						
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	17,328	-	-	-	-
Domestic sovereign debt	-	108	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>17,436</b>	-	-	-	-

	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		
<b>Prior Period</b>						
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**

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
<b>Nominal</b>				
Single-name credit default swaps	132,367	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total Notionals</b>	<b>132,367</b>	-	-	-
<b>Fair Values</b>				
Positive fair value (asset)	463	-	-	-
Negative fair value (liability)	-	-	-	-

**4.7. 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**X. Explanations Related to Risk Management (continued)**

**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.

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**XI. Explanations Related to Risk Management (continued)**

**6. Market Risk Disclosures (continued)**

**6.1. Qualitative disclosure requirements related to market risk (continued)**

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>Current Period</b>		<b>Risk Weighted Amounts</b>
Outright products		
1	Interest rate risk (general and specific)	536,263
2	Equity risk (general and specific)	-
3	Foreign exchange risk	126,487
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	15,163
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>677,913</b>

<b>Prior Period</b>		<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</b>	<b>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 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**X. Explanations Related to Risk Management (continued)**

**6. 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:

	31.12.2014	31.12.2015	31.12.2016	Total/Number of positive gross income years	Beta (%)	Total
Gross Income	3,157,045	3,595,664	4,103,251	3,618,653	15	542,798
Operational Risk Capital Requirement (Total*12.5)						6,784,975

	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

- 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 2017**  
(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	376,414	543,135	352,567	461,736
Balances with the Central Bank of Turkey	1,053,062	8,925,260	1,606,233	9,164,037
Other	-	77,901	-	82,841
<b>Total</b>	<b>1,429,476</b>	<b>9,546,296</b>	<b>1,958,800</b>	<b>9,708,614</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	1,042,047	-	1,597,683	-
Unrestricted Time Deposit	-	1,384,996	-	1,335,857
Restricted Time Deposit	11,015	7,540,264	8,550	7,828,180
<b>Total</b>	<b>1,053,062</b>	<b>8,925,260</b>	<b>1,606,233</b>	<b>9,164,037</b>

Foreign currency unrestricted deposit amounting to TL1,384,996 (31 December 2016: TL1,335,857), foreign currency restricted deposit amounting to TL7,540,264 (31 December 2016: TL7,828,180), unrestricted deposit balance amounting to TL1,042,047 (31 December 2016: TL1,597,683) and restricted deposit amounting to TL11,015 (31 December 2016: TL8,550) comprises of reserve deposits. As of 31 December 2017, 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 2016: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-24% (31 December 2016: 4.50%-24.50%).

**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 2016: 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 TL460,960 (31 December 2016: TL203,194).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	194,605	31,793	185,015	33,484
Swap Transactions	628,312	34,839	580,406	110,296
Futures Transactions	-	33	-	-
Options	45,430	9,769	80,871	79,708
Other	-	463	-	-
<b>Total</b>	<b>868,347</b>	<b>76,897</b>	<b>846,292</b>	<b>223,488</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	561,238	491,816	110,207	193,124
Foreign Banks	108,050	1,352,233	83,674	1,181,673
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>669,288</b>	<b>1,844,049</b>	<b>193,881</b>	<b>1,374,797</b>

b) Information on Foreign Banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	952,584	767,059	-	-
USA and Canada	25,001	267,961	-	-
OECD Countries(*)	181,220	58,521	-	-
Off-Shore Banking Regions	284,954	158,188	-	-
Other	16,524	13,618	-	-
<b>Total</b>	<b>1,460,283</b>	<b>1,265,347</b>	<b>-</b>	<b>-</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	1,459,329	-	130,140	-
Other	-	-	-	-
<b>Total</b>	<b>1,459,329</b>	<b>-</b>	<b>130,140</b>	<b>-</b>

a.2) Financial assets available for sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	109,188	-	1,456,769	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed				
Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>109,188</b>	<b>-</b>	<b>1,456,769</b>	<b>-</b>

Net book value of unrestricted financial assets available for sale is TL3,126,947 (31 December 2016: TL2,516,457).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4,638,170	4,061,502
Quoted on a Stock Exchange	4,638,170	4,061,502
Not Quoted	-	-
Equity Securities	57,294	41,864
Quoted on a Stock Exchange	-	-
Not Quoted	57,294	41,864
Impairment Provision (-)	-	-
<b>Total</b>	<b>4,695,464</b>	<b>4,103,366</b>

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TL5,214 is recorded at cost since its fair value cannot be reliably estimated (31 December 2016: TL11,856).

**6. Information on loans:**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	100,051	301,623	-	188,104
Corporate Shareholders	100,051	301,623	-	188,104
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	101,302	-	94,263	-
<b>Total</b>	<b>201,353</b>	<b>301,623</b>	<b>94,263</b>	<b>188,104</b>

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring (*)		
	Loans and Other Receivables (Total)	Loans and Other Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Other Receivables with Revised Contract Terms	
		Restructured or Rescheduled	Other		Restructured or Rescheduled	Other
<b>Non-Specialized Loans</b>	<b>59,730,997</b>	<b>761,251</b>	<b>-</b>	<b>2,855,966</b>	<b>1,033,292</b>	<b>-</b>
Working Capital Loans	-	-	-	-	-	-
Export Loans	5,557,553	53,584	-	62,924	8,578	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	976,520	-	-	1,900	-	-
Consumer Loans	12,902,402	75,295	-	647,234	39,459	-
Credit Cards	3,303,619	56,073	-	151,632	19,025	-
Other	36,990,903	576,299	-	1,992,276	966,230	-
<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>59,730,997</b>	<b>761,251</b>	<b>-</b>	<b>2,855,966</b>	<b>1,033,292</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 2017**  
(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	729,149	1,016,852
3,4 or 5 Times	23,102	15,575
Over 5 Times	9,000	865
<b>Total</b>	<b>761,251</b>	<b>1,033,292</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables Under Follow-up (*)</b>
0-6 Months	634,784	911,565
6-12 Months	43,229	11,530
1-2 Years	47,443	47,861
2-5 Years	31,197	50,631
5 Years and Over	4,598	11,705
<b>Total</b>	<b>761,251</b>	<b>1,033,292</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>Performing 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>Short Term Loans and Other Receivables</b>	<b>23,837,114</b>	<b>296,051</b>	<b>700,579</b>	<b>206,980</b>
Non-specialized Loans	23,837,114	296,051	700,579	206,980
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium-Long Term Loans and Other Receivables</b>	<b>35,893,883</b>	<b>465,200</b>	<b>2,155,387</b>	<b>826,312</b>
Non- specialized Loans	35,893,883	465,200	2,155,387	826,312
Speialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>59,730,997</b>	<b>761,251</b>	<b>2,855,966</b>	<b>1,033,292</b>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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>261,181</b>	<b>12,789,825</b>	<b>13,051,006</b>
Housing Loans	1,748	7,716,058	7,717,806
Vehicle Loans	6,577	452,642	459,219
General Purpose Loans	252,856	4,621,125	4,873,981
Other	-	-	-
<b>Consumer Loans -Indexed to FC</b>	<b>-</b>	<b>10,321</b>	<b>10,321</b>
Housing Loans	-	10,172	10,172
Vehicle Loans	-	-	-
General Purpose Loans	-	149	149
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>55</b>	<b>36,398</b>	<b>36,453</b>
Housing Loans	-	7,454	7,454
Vehicle Loans	-	8,039	8,039
General Purpose Loans	55	20,905	20,960
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2,203,323</b>	<b>-</b>	<b>2,203,323</b>
With Installments	790,380	-	790,380
Without Installments	1,412,943	-	1,412,943
<b>Individual Credit Cards-FC</b>	<b>8,635</b>	<b>-</b>	<b>8,635</b>
With Installments	-	-	-
Without Installments	8,635	-	8,635
<b>Personnel Loans-TL</b>	<b>6,586</b>	<b>61,341</b>	<b>67,927</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,586	61,341	67,927
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>27,949</b>	<b>-</b>	<b>27,949</b>
With Installments	10,118	-	10,118
Without Installments	17,831	-	17,831
<b>Personnel Credit Cards-FC</b>	<b>208</b>	<b>-</b>	<b>208</b>
With Installments	-	-	-
Without Installments	208	-	208
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>380,585</b>	<b>-</b>	<b>380,585</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>3,344</b>	<b>-</b>	<b>3,344</b>
<b>Total</b>	<b>2,891,866</b>	<b>12,897,885</b>	<b>15,789,751</b>

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:

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

f) Allocation of loans by customers:

	Current Period	Prior Period
Public sector	957,153	723,206
Private sector	61,629,810	55,083,129
<b>Total</b>	<b>62,586,963</b>	<b>55,806,335</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	61,768,545	55,196,515
Foreign Loans	818,418	609,820
<b>Total</b>	<b>62,586,963</b>	<b>55,806,335</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	132,994	79,163
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>132,994</b>	<b>79,163</b>

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	17,524	23,334
Loans and Receivables with Doubtful Collectability	67,574	88,266
Uncollectible Loans and Receivables	1,157,713	1,102,681
<b>Total</b>	<b>1,242,811</b>	<b>1,214,281</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	14,741	10,373	9,944
<b>Prior Period</b>			
(Gross amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	15,885	11,760	11,074

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>148,916</b>	<b>202,694</b>	<b>1,420,165</b>
Additions (+)	1,328,208	7,072	80,938
Transfers from other Categories of Loans under Follow-up (+)	-	1,161,933	1,049,291
Transfers to other Categories of Loans under Follow-up (-) (**)	1,173,679	1,050,481	-
Collections (-)	187,167	156,397	327,223
Write-Offs (-)(*)	3	-	557,642
Corporate and Commercial Loans	-	-	353,681
Retail Loans	-	-	111,250
Credit Cards	3	-	92,711
Other	-	-	-
<b>Current period end balance</b>	<b>116,275</b>	<b>164,821</b>	<b>1,665,529</b>
Specific Provision (-)	17,524	67,574	1,157,713
<b>Net Balances on Balance Sheet</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>

(\*) TL556,552 of the Bank's non-performing loan portfolio for which TL555,756 of provision held were sold for TL32,791 in 2017. After completing all necessary procedures, sales fees has been collected and the related non-performing loans excluded from the records.

Explanations on sales of non-performing loan portfolio in 2017:

<b>Date</b>	<b>Sold to</b>	<b>Non-performing</b>	<b>Provision</b>	<b>Proceed</b>
		<b>Loan Amount</b>		
28.03.2017	Hayat Varlık Yönetim A.Ş.	102,752	102,550	6,000
21.06.2017	Hayat Varlık Yönetim A.Ş.	82,788	82,634	6,166
26.09.2017	Hayat Varlık Yönetim A.Ş.	112,892	112,888	7,625
26.12.2017	Efes Varlık Yönetim A.Ş.	258,120	257,684	13,000
<b>Current Period Total</b>		<b>556,552</b>	<b>555,756</b>	<b>32,791</b>

(\*\*) In compliance with the related communique, retail loans amounting to TL12,936 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 2017**  
(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 Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>31 December 2017</b>			
Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
<b>Net Balance</b>	<b>984</b>	<b>685</b>	<b>42,210</b>
<b>31 December 2016</b>			
Prior 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>

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 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)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Neither past due nor impaired	43,524,976	12,902,402	3,303,619	59,730,997
Past due but not impaired	2,057,100	647,234	151,632	2,855,966
Individually impaired	843,304	979,935	123,386	1,946,625
<b>Total</b>	<b>46,425,380</b>	<b>14,529,571</b>	<b>3,578,637</b>	<b>64,533,588</b>
Specific Provision (-)	632,158	527,953	82,700	1,242,811
<b>Total</b>	<b>632,158</b>	<b>527,953</b>	<b>82,700</b>	<b>1,242,811</b>
<b>Net credit balance on balance sheet</b>	<b>45,793,222</b>	<b>14,001,618</b>	<b>3,495,937</b>	<b>63,290,777</b>

<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
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>

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
1 January 2017	488,206	619,163	106,912	1,214,281
Change for the period	671,828	87,081	87,584	846,493
Recoveries	(156,705)	(73,885)	(31,617)	(262,207)
Amounts written-off (*)	(371,171)	(104,406)	(80,179)	(555,756)
<b>31 December 2017 Balance</b>	<b>632,158</b>	<b>527,953</b>	<b>82,700</b>	<b>1,242,811</b>

	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
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>

(\*) TL556,552 of the Bank's non-performing loan portfolio for which TL555,756 of provision held were sold for TL32,791 in 2017. After completing all necessary procedures, sales fees has been collected and the related non-performing loans excluded from the records.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)

Explanations on sales of non-performing loan portfolio in 2017:

Date	Sold to	Non-Performing Loan Amount	Provision	Proceed
28.03.2017	Hayat Varlık Yönetim A.Ş.	102,752	102,550	6,000
21.06.2017	Hayat Varlık Yönetim A.Ş.	82,788	82,634	6,166
26.09.2017	Hayat Varlık Yönetim A.Ş.	112,892	112,888	7,625
26.12.2017	Efes Varlık Yönetim A.Ş.	258,120	257,684	13,000
<b>Current Period Total</b>		<b>556,552</b>	<b>555,756</b>	<b>32,791</b>

(\*\*) TL518,248 of the Bank's non-performing loan portfolio for which TL514,410 of provision held were sold for TL47,749 in 2016. After completing all necessary procedures, sales fees has been collected and the related non-performing loans excluded from the records.

Explanations on sales of non-performing loan portfolio in 2016:

Date	Sold to	Non-Performing Loan Amount	Provision	Proceed
29.06.2016	Güven Varlık Yönetim A.Ş.	198,653	198,126	20,499
31.10.2016	Destek Varlık Yönetim A.Ş.	212,589	211,806	23,000
28.12.2016	Efes Varlık Yönetim A.Ş.	107,006	104,478	4,250
<b>Prior Period Total</b>		<b>518,248</b>	<b>514,410</b>	<b>47,749</b>

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 2017 is TL806,842 (31 December 2016: TL569,340).

**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	622,898	428,577
Vehicle	111,528	112,400
Cash	136	495
Other (*)	72,280	27,868
<b>Total</b>	<b>806,842</b>	<b>569,340</b>

(\*) Includes guarantees from Treasury and Credit Guarantee Fund amounting to TL61,361.

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 2017 is TL2,227,231 (31 December 2016: TL2,172,320).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:**

	Current Period	Prior Period
Mortgage	2,057,968	1,954,862
Vehicle	122,538	165,517
Cash	29,096	21,347
Other	17,629	30,594
<b>Total</b>	<b>2,227,231</b>	<b>2,172,320</b>

As of 31 December 2017 and 31 December 2016, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

31 December 2017	Commercial	Consumer	Total
Residential, commercial or industrial property	86,229	4,421	90,650
Other	27	-	27
<b>Total</b>	<b>86,256</b>	<b>4,421</b>	<b>90,677</b>
31 December 2016	Commercial	Consumer	Total
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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 2016: 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	329,307	-	198,285	-
Other	-	-	-	-
<b>Total</b>	<b>329,307</b>	<b>-</b>	<b>198,285</b>	<b>-</b>

Unrestricted financial assets held-to maturity amounting to TL72,547 (31 December 2016: TL163,223).

- a.3) Information on held to maturity debt securities:

	Current Period	Prior Period
Government bonds	401,854	361,508
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>401,854</b>	<b>361,508</b>

- a.4) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities	401,854	361,508
Quoted on a stock exchange	401,854	361,508
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>401,854</b>	<b>361,508</b>

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

	Current Period	Prior Period
Beginning balance	361,508	339,417
Foreign currency differences on monetary assets	-	-
Purchases during the year (*)	40,346	22,091
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>401,854</b>	<b>361,508</b>

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

**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 2016: None).
- a.2) Information on the unconsolidated associates: None (31 December 2016: None).
- a.3) Explanations of consolidated associates: None (31 December 2016: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2016: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2016: None).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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):**

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

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	30,000	28,794	6,860
Reserves	27,222	42,748	6,208
Net income for the period and prior period income	27,582	29,856	5,650
Income/ Loss recognized under equity in accordance with TAS	-	-	(173)
Leasehold Improvements on Operational Leases (-)	468	80	-
Goodwill and intangible asset and the related deferred tax liability (-)	1,784	1,109	569
<b>Total Common Equity Tier 1 Capital</b>	<b>82,552</b>	<b>100,209</b>	<b>17,976</b>
General Provision	2,062	-	-
<b>Total Equity</b>	<b>84,614</b>	<b>100,209</b>	<b>17,976</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 2016: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2016: None).
- d) Information on the consolidated subsidiaries:
- d.1) Information on the consolidated subsidiaries:

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

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	2,032,906	84,804	2,648	131,544	-	16,544	11,507	-
2	255,739	101,398	3,049	27,815	-	19,669	10,212	-
3	22,567	18,545	777	2,157	156	3,631	2,631	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2016.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:

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

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,417	43,416
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,511	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 2016: None).

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

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

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	24,955	37,623	6,067	125,677	(114,307)

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

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

**11. Information on financial lease receivables (Net):** None (31 December 2016: None).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	4,454	-	-	-
Cash Flow Hedge	81,486	1,335	195,320	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>85,940</b>	<b>1,335</b>	<b>195,320</b>	<b>-</b>

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

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL18 (31 December 2016: negatively 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 2016	Additions	Disposals	Other	31 December 2017
Cost:					
Land and buildings	105,132	-	-	-	105,132
Leased tangible assets	34,458	-	(10,374)	(24,084)	-
Other	695,016	114,861	(110,023)	24,084	723,938
<b>Total Cost</b>	<b>834,606</b>	<b>114,861</b>	<b>(120,397)</b>	<b>-</b>	<b>829,070</b>
	31 December 2016	Period Charge	Disposals	Other	31 December 2017
Accumulated Depreciation:					
Land and buildings	43,821	2,888	-	-	46,709
Leased tangible assets	34,450	1	(10,374)	(24,077)	-
Other	514,298	81,741	(109,377)	24,077	510,739
<b>Total Accumulated Depreciation</b>	<b>592,569</b>	<b>84,630</b>	<b>(119,751)</b>	<b>-</b>	<b>557,448</b>
<b>Net Book Value</b>	<b>242,037</b>				<b>271,622</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 2016	Additions	Disposals	Other	31 December 2017
Cost:					
Other intangible assets	239,176	63,519	-	-	302,695
<b>Total Cost</b>	<b>239,176</b>	<b>63,519</b>	<b>-</b>	<b>-</b>	<b>302,695</b>
	31 December 2016	Period Charge	Disposals	Other	31 December 2017
Accumulated Depreciation:					
Other intangible assets	157,588	46,461	-	-	204,049
<b>Total Accumulated Depreciation</b>	<b>157,588</b>	<b>46,461</b>	<b>-</b>	<b>-</b>	<b>204,049</b>
<b>Net Book Value</b>	<b>81,588</b>				<b>98,646</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

- 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: 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 2016: None)

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**16. Explanations on deferred tax assets :**

- a) As of 31 December 2017, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL69,095 (31 December 2016: TL42,562). 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>42,562</b>	<b>79,784</b>
Deferred Tax Benefit / (Charge)	64,565	(63,403)
Deferred Tax Accounted for Under Equity	(38,032)	26,181
<b>Deferred Tax Asset</b>	<b>69,095</b>	<b>42,562</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of Period Cost	93,224	74,768
Beginning of Period Accumulated Depreciation (-)	1,970	2,894
<b>Net Book Value</b>	<b>91,254</b>	<b>71,874</b>
Opening Balance	91,254	71,874
Acquired	92,643	85,942
Disposed(-)	90,366	64,639
Impairment (-)	2,854	110
Depreciation Value (-)	-	1,813
Period End Cost	90,677	93,224
Period End Accumulated Depreciation (-)	-	1,970
<b>Closing Net Book Value</b>	<b>90,677</b>	<b>91,254</b>

**18. Information on other asset**

Other Assets item of the balance sheet amounting to TL1,319,742 (31 December 2016: TL1,142,430) 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 2017**  
(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	1,579,123	-	3,775,899	12,996,864	646,500	49,920	29,352	-	19,077,658
Foreign Currency Deposits	4,298,539	-	4,003,364	12,945,150	168,275	84,585	41,763	-	21,541,676
Residents in Turkey	3,876,678	-	3,818,280	12,246,138	151,534	58,737	38,835	-	20,190,202
Residents Abroad	421,861	-	185,084	699,012	16,741	25,848	2,928	-	1,351,474
Public Sector Deposits	112,270	-	3,924	128,946	1,242	49	-	-	246,431
Commercial Deposits	3,162,029	-	1,579,379	5,086,824	507,806	240,276	22,194	-	10,598,508
Other Institutions Deposits	93,802	-	44,572	471,719	1,107,120	1,312,767	110,594	-	3,140,574
Precious Metals Deposits	238,094	-	27,741	317,908	40,024	68,732	-	-	692,499
Bank Deposits	20,549	-	258,821	-	-	-	-	-	279,370
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	20,528	-	258,821	-	-	-	-	-	279,349
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,504,406</b>	<b>-</b>	<b>9,693,700</b>	<b>31,947,411</b>	<b>2,470,967</b>	<b>1,756,329</b>	<b>203,903</b>	<b>-</b>	<b>55,576,716</b>

**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	1,390,344	-	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>

**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	9,035,849	8,539,755	9,611,048	7,813,976
Foreign Currency Saving Deposits	2,346,653	1,778,326	8,271,415	9,064,676
Other Deposits in the Form of Saving Deposits	166,787	127,293	492,284	432,321
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>11,549,289</b>	<b>10,445,374</b>	<b>18,374,747</b>	<b>17,310,973</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 2017**  
(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	481,344	355,546
Deposits of Controlling Shareholders and Their Close Families	1,824,044	1,725,471
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508	36,908
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	126,546	8,454	72,915	49,697
Swap Transactions	693,606	63,911	635,490	39,885
Futures Transactions	-	96	-	-
Options	54,655	10,017	79,405	65,200
Other	-	792	-	-
<b>Total</b>	<b>874,807</b>	<b>83,270</b>	<b>787,810</b>	<b>154,782</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	176,925	506,810	148,425	223,203
From Foreign Banks, Institutions and Funds	-	12,083,277	-	12,467,428
<b>Total</b>	<b>176,925</b>	<b>12,590,087</b>	<b>148,425</b>	<b>12,690,631</b>

As of 31 December 2017, the Bank has borrowings from its related parties amounting to TL5,074,868 (31 December 2016: TL6,733,737).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	176,925	8,755,730	148,425	9,412,527
Medium and long-term	-	3,834,357	-	3,278,104
<b>Total</b>	<b>176,925</b>	<b>12,590,087</b>	<b>148,425</b>	<b>12,690,631</b>

c) Additional explanation related to the concentrations of the Bank’s major liabilities:

The Bank diversifies its funding sources with customer deposits, borrowing from abroad, securities issued and money market borrowings. Deposits are the most significant funding source of the Bank and do not present any risk concentration with its stable structure spread over a wide range. Funds borrowed consist mainly of funds provided by various foreign financial institutions with different characteristics and maturity-interest structure. There is no risk concentration in the fund resources of the Bank.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

d) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1,289,688	-	739,302	-
Treasury Bills	-	-	-	-
<b>Total</b>	<b>1,289,688</b>	<b>-</b>	<b>739,302</b>	<b>-</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>105,206</b>	<b>-</b>	<b>1,457,750</b>	<b>-</b>
Financial Institutions and Organizations	105,206	-	1,457,750	-
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>105,206</b>	<b>-</b>	<b>1,457,750</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 TL599,037 (31 December 2016: TL846,800) 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 Bank:

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

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

- c) Explanation on financial lease payables: None (31 December 2016: None).

- d) Explanations regarding operational leases:

For the period ended 31 December 2017, operational lease expenses amounting to TL218,418 (31 December 2016: TL213,128) 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 2017**  
(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	9,517	-	-	-
Cash Flow Hedge	433,500	314	284,492	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>443,017</b>	<b>314</b>	<b>284,492</b>	<b>-</b>

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

According to cash flow hedges by the Bank, as of 31 December 2017 accumulated valuation differences amounted TL18 (31 December 2016: negatively TL1,063) 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	471,369	571,617
Additional Provision for Loans and Receivables with Extended Maturities	20,152	17,116
Provisions for Second Group Loans and Receivables	66,355	77,241
Additional Provision for Loans and Receivables with Extended Maturities	18,414	20,354
Provisions for Non-Cash Loans	30,767	28,099
Other	7,848	6,936
<b>Total</b>	<b>576,339</b>	<b>683,893</b>

b) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: The provision on the foreign currency indexed loans amounting to TL6,239 (31 December 2016: TL745) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non-cash loans amount to TL48,741 (31 December 2016: TL48,515).

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

As of 31 December 2017, TL13,333 (31 December 2016: TL15,373) unused vacation provision, TL118,236 (31 December 2016: TL123,536) employee termination benefit provision, TL123,071 (31 December 2016: TL106,396) 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 2017	31 December 2016
Discount Rate (%)	11.80	10.00
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 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

**8. Information on provisions: (continued)**

i) Termination Benefits: (continued)

Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	123,536	97,727
Service cost	14,134	11,769
Interest cost	12,077	9,915
Settlement cost	6,083	5,803
Actuarial loss	(22,336)	11,498
Benefits paid	(15,258)	(13,176)
<b>Total</b>	<b>118,236</b>	<b>123,536</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 TAS 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 2017 and 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.

Based on the determined assumptions;

<b>Transferrable Retirement and Health Liabilities:</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Net Present Value of Transferrable Retirement Liabilities	(1,543,240)	(1,255,328)
Net Present Value of Transferrable Retirement and Health Contributions	539,015	524,026
General Administration Expenses	(15,432)	(12,553)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(1,019,657)	(743,855)
Fair Value of Plan Assets (2)	1,918,007	1,707,479
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	898,350	963,624
Non-Transferable Benefits (4)	(208,881)	(257,435)
Asset Surplus over Total Benefits ((3)-(4))	689,469	706,189

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 fair value of total assets of the Retirement Fund as of 31 December 2017 and 31 December 2016 is presented below:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Bank placements	1,775,504	1,608,655
Tangible assets	99,036	85,453
Other	43,467	13,371
<b>Total</b>	<b>1,918,007</b>	<b>1,707,479</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on TAS 19 are as follows:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Discount Rate	11.80%	10.15%
Expected Inflation Rate	5.00%	5.00%

As of 31 December 2017, medical inflation is expected more than 20% (31 December 2016: 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 2016: CSO 2001) Female/Male mortality table is use.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2016: 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 Legal Cases	56,674	52,687
Provision for Unindemnified Non-Cash Loans	48,741	48,515
Provision for Promotions of Credit Cards and Banking Services	12,265	11,508
Other (*)	67,114	91,299
<b>Total</b>	<b>184,794</b>	<b>204,009</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 TL38,465 is notified to the Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for in 2016, 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

a) Information on tax provision:

As of 31 December 2017, the Bank's corporate tax provision is TL73,989 (31 December 2016: None)

As of 31 December 2017, the Bank's total tax and premium liability is TL229,944. (31 December 2016: TL137,780)

b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	73,989	-
Taxation on Securities	49,230	38,963
Property Tax	2,275	2,304
Banking Insurance Transaction Tax (BITT)	46,035	44,153
Foreign Exchange Transaction Tax	34	34
Value Added Tax Payable	6,356	5,077
Other (*)	18,550	17,762
<b>Total</b>	<b>196,469</b>	<b>108,293</b>

(\*) Others include income taxes deducted from wages amounting to TL14,977 (31 December 2016: TL15,026) and stamp taxes payable amounting to TL1,239 (31 December 2016: TL1,337).

c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	24,362	12,590
Social Security Premiums-Employer	7,581	14,019
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	584	1,100
Unemployment Insurance-Employer	948	1,778
Other	-	-
<b>Total</b>	<b>33,475</b>	<b>29,487</b>

d) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 31 December 2017 (31 December 2016: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations: None**  
(31 December 2016: None).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

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 (ğ) 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 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 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 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 on 31 March 2016, the bank has become possessed to amortize this instrument before its maturity, but the bank has decided not to use its right as of today.

The above mentioned five subordinated loans are utilized in-line with the “loan capital” definition of BRSA and will positively affect the capital adequacy ratio of the TEB as well as utilizing long term funding.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	-	1,819,913	-	1,482,374
From Other Foreign Institutions	-	494,170	-	817,511
<b>Total</b>	-	<b>2,314,083</b>	-	<b>2,299,885</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 the 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	(41,282)	9,733	(51,156)	(819)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(41,282)</b>	<b>9,733</b>	<b>(51,156)</b>	<b>(819)</b>

**13. Information on minority shares: None (31 December 2016: None)**

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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>
Asset Purchase and Sale Commitments	7,314,209	1,610,400
Commitments for Credit Card Expenditure Limits	5,411,646	4,648,912
Loan Granting Commitments	4,631,069	4,234,093
Payment Commitments for Cheques	2,387,642	2,309,458
Deposit Purchase and Sale Commitments	-	896,710
Tax and Fund Liabilities from Export Commitments	31,047	15,615
Commitments for Promotions Related with Credit Cards and Banking Activities	3,723	3,962
Other Irrevocable Commitments	198,938	332,938
<b>Total</b>	<b>19,978,274</b>	<b>14,052,088</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	2,396,568	1,720,120
Bank Acceptances	42,316	40,100
Other Commitments	3,876,432	3,618,744
Other Contingencies	1,227,786	515,750
<b>Total</b>	<b>7,543,102</b>	<b>5,894,714</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	9,092,727	7,651,713
Advance Guarantee Letters	1,224,234	1,101,983
Temporary Guarantee Letters	779,900	1,057,523
Guarantee Letters Given for Customs	478,659	402,896
Other Guarantee Letters	1,463,760	1,411,296
<b>Total</b>	<b>13,039,280</b>	<b>11,625,411</b>

c) Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,482,962	680,742
With Maturity of One Year or Less Than One Year	264,000	137,571
With Maturity of More Than One Year	1,218,962	543,171
Other Non-Cash Loans	19,099,420	16,839,383
<b>Total</b>	<b>20,582,382</b>	<b>17,520,125</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 2017**  
(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	40,136	0.46	40,915	0.35	36,787	0.49	62,504	0.62
Farming and raising livestock	37,123	0.42	40,915	0.35	27,651	0.37	62,504	0.62
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishery	3,013	0.04	-	-	9,136	0.12	-	-
Manufacturing	1,881,639	21.40	5,159,239	43.76	1,623,520	21.82	4,330,264	42.96
Mining and Quarry	233,647	2.66	299,601	2.54	216,439	2.91	183,290	1.82
Production	1,467,532	16.68	4,659,371	39.51	1,284,651	17.26	3,996,142	39.64
Electricity, Gas and Water	180,460	2.05	200,267	1.70	122,430	1.65	150,832	1.50
Construction	2,073,224	23.58	1,607,285	13.63	1,828,011	24.57	1,357,438	13.47
Services	4,743,244	53.95	4,936,810	41.87	3,909,244	52.54	4,262,030	42.28
Wholesale and Retail Trade	2,524,939	28.72	3,060,187	25.96	2,260,910	30.39	2,205,466	21.88
Hotel, Tourism, Food and Beverage Services	104,846	1.19	93,963	0.80	98,282	1.32	46,231	0.46
Transportation and Communication	682,040	7.76	598,914	5.08	644,758	8.67	521,400	5.17
Financial Institutions	308,205	3.51	342,281	2.90	433,876	5.83	272,245	2.70
Real Estate and Renting	1,008,056	11.47	723,774	6.14	325,155	4.37	979,870	9.72
Self-employment Services	86,541	0.98	114,774	0.97	83,410	1.12	229,031	2.27
Education Services	3,451	0.04	31	-	3,295	0.04	1,605	0.02
Health and Social Services	25,166	0.28	2,886	0.02	59,558	0.80	6,182	0.06
Other	53,990	0.61	45,900	0.39	43,193	0.58	67,134	0.67
<b>Total</b>	<b>8,792,233</b>	<b>100.00</b>	<b>11,790,149</b>	<b>100.00</b>	<b>7,440,755</b>	<b>100.00</b>	<b>10,079,370</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	6,776,434	6,131,547	97,753	33,546
Bank acceptances	34	42,282	-	-
Letters of credit	16,215	2,380,114	-	239
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,901,500	3,202,421	297	-
<b>Total</b>	<b>8,694,183</b>	<b>11,756,364</b>	<b>98,050</b>	<b>33,785</b>

The Bank provided a reserve of TL86,629 (31 December 2016: TL86,870) for non-cash loans not indemnified net amounting to TL48,741 (31 December 2016: TL48,515).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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):	89,419,346	93,139,508	-	-
Forward transactions	17,347,430	10,860,451	-	-
Swap transactions	56,183,278	61,561,424	-	-
Futures transactions	523,178	-	-	-
Option transactions	15,365,460	20,717,633	-	-
Interest related derivative transactions (II):	3,572,423	3,626,826	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	3,108,138	3,626,826	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	464,285	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	85,042	11,560	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>93,076,811</b>	<b>96,777,894</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	214,454	-
Cash flow hedges	-	-	23,124,985	14,413,286
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>23,339,439</b>	<b>14,413,286</b>
<b>Total Derivative Transactions (A+B)</b>	<b>93,076,811</b>	<b>96,777,894</b>	<b>23,339,439</b>	<b>14,413,286</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 2017, 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 December 31, 2017, the nominal value of the derivative instruments for risk management purposes is TL214,454 and the net fair value is minus TL5,063. The fair value gain of the hedged loans was TL99 (31 December 2016: None). The Bank accounts TL58 gain (31 December 2016: None) for derivative instruments used for hedging purposes and TL99 gain (31 December 2016: None) from hedged item loans in the financial statements.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	214,454	4,454	9,517	-	-	-
Interest Rate Swaps	-	-	-	-	-	-
<b>Total</b>	<b>214,454</b>	<b>4,454</b>	<b>9,517</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 2017**

(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: (continued)**

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 TL23,124,985 and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL174,292 (31 December 2016: TL38,136) credit accounted for under equity is presented after deducting its deferred tax effect of TL38,526 (31 December 2016: TL7,627) debit in the financial statements. In 2017, there is no ineffective portion of expense (31 December 2016: TL4,528) is accounted for under income statement.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Cross Currency Swaps	1,441,880	77,090	77,219	1,752,615	180,415	53,156
Interest Rate Swaps	21,683,105	5,731	356,595	12,660,671	14,905	231,336
<b>Total</b>	<b>23,124,985</b>	<b>82,821</b>	<b>433,814</b>	<b>14,413,286</b>	<b>195,320</b>	<b>284,492</b>

**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 2017, there are no contingent assets that need to be explained (31 December 2016: 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

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 that issued Communiqué regarding decree no E.2010/9089, K.2013/5291 on 31 July 2013. According to the decree, “only if the loss before tax would not be transferred more than five years will be deducted from revenue as an expense regarding profit of the company’s determination and therefore no contradiction to law is identified with this aspect according to the Tax Court’s basis of conclusion, the TL48,557,000.00 loss before tax was reached to TL203,049,000,000.00 BRSA adjustments after deduction from TL154,492,000.00 profit before tax and since BRSA adjustments are also considered in the same schedule in total profits and additions, taking into account the loss before tax during the same year within other deductions and exemptions are deemed that does not constitute any duplications.”, appeal to aforementioned reasons has been accepted and it is decided to revoke the İstanbul 1st Tax Court’s judgement number E.2010/661 K.2010/2377 on the behalf of the Bank and deemed that the loss are not subject to any duplication on the exemptions. The defendant authority’s request for a revision of the decision was rejected. 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, with the acception of the case, decreed the cancellation of 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 the defendant administration has appealed to the Council of State. The 4th Chamber of the Council of State, reviewing the appeal request, decreed the approval of the first instance court’s decision in favor of our Bank in its 3 May 2017 decision No. E.2016/19802, K.2017/4150 by rejecting the appeal request of the defendant administration. As the defendant administration requested the revision of the decision and presented the reply petition for the request, the file is in revision of decision phase.

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 TL10,669 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, TL8,002, 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 TL38,465 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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)**

**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:**

<b>View</b>	Negative
<b>Revised Loan Valuation</b>	ba1
<b>Foreign Currency Deposits</b>	Ba2

**Fitch Ratings:**

<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+

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	2,583,555	172,931	2,917,166	158,457
Medium and long term loans	4,048,006	263,515	3,273,967	240,479
Interest on loans under follow-up	51,119	-	41,019	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>6,682,680</b>	<b>436,446</b>	<b>6,232,152</b>	<b>398,936</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL113,051 (31 December 2016: TL135,997).

c) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	9,152	-	2,044
Domestic banks	44,831	855	18,243	665
Foreign banks	5,216	5,717	3,643	4,070
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>50,047</b>	<b>15,724</b>	<b>21,886</b>	<b>6,779</b>

d) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	40,445	6,517	45,050	1,262
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	461,191	903	392,443	750
Held-to-Maturity Investments	48,413	-	28,855	-
<b>Total</b>	<b>550,049</b>	<b>7,420</b>	<b>466,348</b>	<b>2,012</b>

e) Interest Income on Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	474	223

**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	10,207	4,967	10,158	3,057
Foreign banks	-	302,404	30,098	219,663
Branches and head office abroad	-	-	-	-
Other financial institutions	-	10,292	-	14,781
<b>Total</b>	<b>10,207</b>	<b>317,663</b>	<b>40,256</b>	<b>237,501</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL11,885 (31 December 2016: TL10,207).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	1,419	1,560

c) Information on interest expenses on securities issued:

	Current TL	Period FC	Prior Period TL	FC
Interest Expense on securities issued	83,592	-	37,705	54
<b>Total</b>	<b>83,592</b>	<b>-</b>	<b>37,705</b>	<b>54</b>

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

Current Period		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
TL								
Bank Deposits	-	15,941	-	-	-	-	-	15,941
Saving Deposits	-	355,897	1,442,673	76,828	4,102	2,783	-	1,882,283
Public Sector Deposits	-	1,568	10,611	1,079	5	-	-	13,263
Commercial Deposits	-	155,210	532,928	58,588	23,063	433	-	770,222
Other Deposits	-	3,726	99,577	147,211	120,753	8,832	-	380,099
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	532,342	2,085,789	283,706	147,923	12,048	-	3,061,808
FC								
Foreign Currency Deposits	285	59,180	362,953	5,459	2,103	1,176	-	431,156
Bank Deposits	-	6,160	-	-	-	-	-	6,160
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	1	381	4,921	480	1,539	-	-	7,322
Total	286	65,721	367,874	5,939	3,642	1,176	-	444,638
Grand Total	286	598,063	2,453,663	289,645	151,565	13,224	-	3,506,446

Prior Period	Time Deposits							Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
TL								
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	-	-	-	-	-	-	-	-
Total	-	534,945	2,079,873	234,525	91,156	1,820	-	2,942,319
FC								
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
Total	72	47,619	222,296	3,172	4,749	2,191	-	280,099
Grand Total	72	582,564	2,302,169	237,697	95,905	4,011	-	3,222,418

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	1,224	798
Other	17,894	19,944
<b>Total</b>	<b>19,118</b>	<b>20,742</b>

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

	Current Period	Prior Period
<b>Gains</b>	<b>22,821,080</b>	<b>15,992,802</b>
Gains on capital market operations	60,447	60,301
Gains on derivative financial instruments (*)	7,431,068	6,155,946
Foreign exchange gains (**)	15,329,565	9,776,555
<b>Losses (-)</b>	<b>23,756,187</b>	<b>16,373,789</b>
Losses on capital market operations	89,683	57,196
Losses on derivative financial instruments (*)	8,126,304	5,747,973
Foreign exchange losses (**)	15,540,200	10,568,620

(\*) Foreign exchange net gain on hedging transactions is TL113,807 (31 December 2016: TL174,058).

(\*\*) Foreign exchange net gain on derivative financial transactions are TL50,701 (31 December 2016: TL268,446).

**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 TL311,926 (31 December 2016: TL208,749) and amount to TL32,534 (31 December 2016: TL47,064) from selling past due receivables 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, was recognised under the other operating income in prior period.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	773,390	1,072,530
III. Group Loans and Receivables	156,891	225,574
IV. Group Loans and Receivables	223,289	261,361
V. Group Loans and Receivables	393,210	585,595
General provision expenses	14,948	33,978
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	2,882	338
<b>Total</b>	<b>791,220</b>	<b>1,106,846</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	1,120,339	1,060,973
Reserve for employee termination benefits	17,036	14,311
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	84,630	94,625
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	46,461	41,379
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	2,854	110
Depreciation expenses of assets to be disposed	-	1,813
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	875,273	819,394
Operating lease expenses	218,418	213,128
Maintenance expenses	24,222	20,665
Advertisement expenses	96,672	91,035
Other expenses	535,961	494,566
Loss on sales of assets	3,395	3,828
Other (*)	254,917	302,281
<b>Total</b>	<b>2,404,905</b>	<b>2,338,714</b>

(\*) Included in other TL70,013 (31 December 2016: TL64,790) is premiums paid to the Saving Deposit Insurance Fund, TL109,815 (31 December 2016: TL91,729) 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 TL3,907,817 (31 December 2016: TL3,437,284) and net fee and commission income amounting to TL1,059,666 (31 December 2016: TL977,715) while operational expenses are TL2,404,905 (31 December 2016: TL2,338,714).
- b) Information of the profit/(loss) on discontinued operations:
- None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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:**

- a) As of 31 December 2017, the current tax charge is TL308,657 (31 December 2016: TL176,761). Deferred tax income is TL64,565 (31 December 2016: TL63,403 deferred tax charge) and there is no current and deferred tax benefit/charge from discontinued operations. (31 December 2016: None)
- b) Deferred tax income on temporary differences resulted from continued operations is TL64,565. (31 December 2016: TL63,403 deferred tax charge).
- c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit before tax</b>	<b>1,312,931</b>	<b>1,181,963</b>
<b>Additions</b>	<b>45,867</b>	<b>61,495</b>
Nonallowable expenses	45,867	61,495
<b>Deductions</b>	<b>(138,338)</b>	<b>(41,985)</b>
General loan loss provision	(107,808)	(14,646)
Dividend income	(18,598)	(20,531)
Other	(11,932)	(6,808)
<b>Taxable Profit/ (Loss)</b>	<b>1,220,460</b>	<b>1,201,473</b>
Corporate tax rate	20%	20%
<b>Tax calculated</b>	<b>244,092</b>	<b>240,295</b>
<b>Effect of the correction of prior period's corporate tax</b>	<b>-</b>	<b>(131)</b>
<b>Tax charge</b>	<b>244,092</b>	<b>240,164</b>

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

As of 31 December 2017, the Bank's net profit from continued operations is TL1,068,839 (31 December 2016: TL941,799) As of 31 December 2017, there is no net profit from discontinued operations. (31 December 2016: None).

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

- a) 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 2016: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2016: None).
- c) Profit/ loss attributable to minority interest: None (31 December 2016: None).



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Explanations and Disclosures Related to the 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><u>Other fees and commissions received</u></b>		
Card Fee and Commissions	676,969	571,229
Insurance Commissions	120,721	117,832
Service Commissions	120,418	103,753
Intelligence Fee and Commissions	60,114	68,422
Settlement Expense Provision, Eft, Swift, Agency Commissions	32,847	29,830
Fund Management Fees	20,779	19,421
Transfer Commissions	14,761	13,778
Commissions and Fees Earned from Correspondent Banks	3,054	2,929
Other	246,450	247,482
<b>Total</b>	<b>1,296,113</b>	<b>1,174,676</b>
<b><u>Other fees and commissions paid</u></b>		
Credit Cards Commissions and Fees	290,090	235,912
Settlement Expense Provision, Eft, Swift, Agency Commissions	17,219	15,520
Commissions and Fees Paid to Correspondent Banks	16,681	13,175
Other	77,996	81,439
<b>Total</b>	<b>401,986</b>	<b>346,046</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 TL21,475 after resulting from revaluation of financial assets available for sale (31 December 2016: TL63,282 decreased) and change effect to deferred tax is TL1,049 (31 December 2016: TL12,742).

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 TL18,859 income (31 December 2016: TL32,143).

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): TL2,617 loss (31 December 2016: TL95,425 income).

- 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 2017 increased by TL136,983 (31 December 2016: TL63,044 decreased) and the effect of this change to deferred tax is TL30,899 (31 December 2016: TL12,610).

- 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 TL47,090 in 2017 (31 December 2016: TL44,123).

- 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 2017**  
(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 TL3,822,574 (31 December 2016: TL3,438,729) 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 decrease in other liabilities” amounting to TL506,617 (31 December 2016: TL856,818) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net decrease/increase in other assets” with a total amount of TL556,847 (31 December 2016: TL279,009) consists of changes in sundry debtors, blocked reserved deposits and other assets.

“Other items” amounting to TL63,519 (31 December 2016: TL72,685) 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 TL413,878 for the year 2017. (31 December 2016: TL601,388).

**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>3,831,531</b>	<b>2,597,682</b>
Cash in TL/Foreign Currency	814,303	771,522
Central Bank – Unrestricted amount	2,934,387	1,766,219
Other	82,841	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>
<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,424,493</b>	<b>3,831,531</b>
Cash in TL/Foreign Currency	919,549	814,303
Central Bank – Unrestricted amount	2,427,043	2,934,387
Other	77,901	82,841
<b>Cash equivalents</b>	<b>2,512,627</b>	<b>3,568,598</b>
Banks	2,512,627	1,568,598
Money market placements	-	2,000,000
<b>Total cash and cash equivalents</b>	<b>5,937,120</b>	<b>7,400,129</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 2017.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	79,163	942	240,153	188,104	104,280	124,716
Balance at End of Period	132,994	1,089	167,506	301,623	275,065	134,644
Interest and Commission Income	474	69	4,781	63	3,048	453

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

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	-	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".

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	21,472	18,228	1,355,438	1,274,893	1,095,132	284,029
Balance at End of Period	42,863	21,472	1,524,306	1,355,438	756,839	1,095,132
Interest on Deposits	1,419	1,560	62,614	54,734	62,344	40,609

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of Period	78,862	75,663	25,275,220	10,144,450	247,304	408,011
End of Period	-	78,862	35,229,756	25,275,220	655,880	247,304
Total Profit/loss	10,725	3,116	(263,137)	153,947	3,795	382
Hedging Transactions purposes						
Beginning of Period	-	-	3,032,500	1,022,920	-	-
End of Period	-	-	-	3,032,500	-	-
Total Profit/Loss	-	-	49,591	5,151	-	-

d) As of 31 December 2017, the total amount of remuneration and benefits provided for the senior management of the Bank is TL34,281 (31 December 2016: TL27,929).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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	500	9,398			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	4	66	Cyprus	894,236	20,000
Off-shore branches	-	-	-	-	-

**2. Explanations on Branch and Agency Openings or Closings of the Bank:**

In the year 2017, the Bank opened 1 branches, closed 12 branches.

**IX. Explanations and Disclosures Related to Subsequent Events**

The Bank issued a bond on 5 January 2018, with a nominal value of TL84,281 maturity of 111 days with the ISIN code “TRFTEBK41827”.

The Bank issued a bond on 12 January 2018, with a nominal value of TL208,096 maturity of 104 days with the ISIN code “TRFTEBK41835”.

The Bank issued a bond on 19 January 2018, with a nominal value of TL287,813 maturity of 118 days with the ISIN code “TRFTEBK51826”.

The Bank issued a bond on 19 January 2018, with a nominal value of EUR5,000,000 maturity of 181 days with the ISIN code “XS1755226625”.

The Bank issued a bond on 1 February 2018, with a nominal value of TL377,349 maturity of 119 days with the ISIN code “TRFTEBK51834”.

The bond with a nominal value of TL450,000 with a maturity of 111 days and the ISIN Code of TRFTEBK21811, issued by the Bank via the book building method at the dates of 10-11 October 2017, has been expired as of 1 February 2017 and redeemed.

After Pascal Jean FISCHER, the member of the Board of Directors, has resigned from his duty, François Andre Jesualdo BENAROYA has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 17 January 2018, that will be presented to the approval of the first general assembly.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**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 6 February 2018 is presented preceding the financial statements.

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

None.

**SECTION 5 - CONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

**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 2017**





**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Türk Ekonomi Bankası A.Ş.

**A. Audit of the Consolidated Financial Statements**

**1. Opinion**

We have audited the accompanying consolidated financial statements of Türk Ekonomi Bankası A.Ş. (the "Bank") and its consolidated entities (collectively referred as the "Group"), which comprise the statement of consolidated balance sheet as at 31 December 2017, consolidated income statement, consolidated statement of 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 the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

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

**2. Basis for Opinion**

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 the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Impairment of Loans and Receivables</b></p> <p>The Group allocated specific provision of TL 1,242,811 thousands and general loan loss provision of TL 578,401 thousands in respect to total loans and receivables of TL 63,325,131 thousands which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2017. Explanations and notes related to provision for impairment of loans and receivables are presented Section Three Part VII, Section Four Part II, Section Four Part X 3.1, Section Five Part I-6 and Section Five Part II-8-a) in the accompanying consolidated financial statements as at 31 December 2017.</p> <p>We focused on this area during our audit considering the size of loans and receivables and level of judgements and estimations made by the management with regards to their classification in accordance with the legislation, timely and correctly identification of loss event and calculation of the general loan loss and specific provision in accordance with the legislation.</p>	<p>During our audit we performed an understanding of the Group's processes, assessed and tested the design and operating effectiveness of the relevant controls applied by the Group with respect to identification of loss event and estimation of impairment provision in line with the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette No. 26333 dated 1 November 2006.</p> <p>We assessed the management's fundamental principles together with the Group's lending policy. In this context, we have carried credit review on a selected sample of loans and receivables with the objective to identify whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner.</p> <p>We have tested the appropriateness of specific provision calculation provided for non-performing loans in accordance with the related legislation including testing of the collaterals on a sample basis whether they are taken into consideration with their market values multiplied with specified valuation ratios and are adequately classified to correct collateral group specified in legislation.</p> <p>We tested in the context of related legislation the appropriateness of the provisions provided for the portfolio of loans subject to general loan loss provision in line with the related rules.</p>

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Valuation of Pension Fund Obligations</b></p> <p>Explanations on Valuation of Pension Obligations are presented in the Section Three Part XVII and the Section Five Part II.8. ii. in the accompanying consolidated financial statements as at 31 December 2017.</p> <p>Employees transferred to the Bank following the business combination of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. As having presented in the Section Three Part XVI “Explanations on Liabilities Regarding Employee Benefits”, members of the pension funds are to be transferred to the Social Security Institution (“SSI”). Following the transfer, the social rights and payments defined in pension agreement, which will be not covered by SSI, will be covered by the institutions that employ fund’s members. Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for transferrable and non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank’s management uses external actuaries for the valuation of the pension fund obligations. Valuation of pension fund liabilities include assumptions and estimates such as transferrable social benefits, discount rates, salary increases, economic and demographic expectations.</p> <p>During our audit, above mentioned main assumption and estimates used in calculations of pension fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact on the Pension Fund’s obligation from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p>During our audit, we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of valuation Pension Fund’s obligation. In addition, we verified the existence and fair values of the Pension Fund assets.</p> <p>We examined whether there are any significant changes in actuarial assumptions used in the calculation, employee benefits provided during the period, plan assets and liabilities and regulations related to valuations and tested significant changes, if any.</p> <p>With involvement of our actuarial expert, we assessed the reasonableness of assumptions and valuations used in the calculation of the obligation made by the external actuaries.</p>



#### **4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, 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.

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

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

#### **5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our 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.

Didem Demir Kaya, SMMM  
Partner

Istanbul, 6 February 2018





**TEB**  
**BNP PARIBAS JOINT VENTURE**

TÜRK EKONOMİ BANKASI A.Ş.  
Head Office  
TEB Kampüs C ve D Blok Saray Mah.  
Sokullu Cad. No: 7A - 7B Ümraniye 34768 İSTANBUL  
Phone : +90 (216) 635 35 35  
Fax : +90 (216) 636 36 36  
Mersis Number: 0876004342000105  
Trade Registry Number: 189356  
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 2017**

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  
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 on Financial Position and Risk Management of the Group
- Disclosures and Footnotes on Consolidated Financial Statements
- Other Explanation
- Independent Auditor’s Report

Subsidiaries, associates and jointly controlled entities whose financial statements have been consolidated in this financial report 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.	-	-

Stichting TEB Diversified Payment Rights and TEB Diversified Payment Rights S.A., which are not subsidiary of the Bank but over which the Bank has controlling power, have been included in the consolidation due to the reason that these companies are “Structured Entity”.

The accompanying audited consolidated financial statements, related disclosures and footnotes which are 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 Canovi Chairman of the Board of Directors	Jacques Roger Jean Marie Rinino Chairman of the Audit Committee	Ayşe Aşar dağ Vice Chairman of the Audit Committee	Ümit Leblebici General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Gökhan Kazıcılar Director Responsible of Financial Reporting

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

Name-Surname/Title : Ashlhan 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	15
III.	Information about the Parent Bank and its Consolidated Subsidiaries	16
IV.	Explanations on Forward and Option Contracts and Derivative Instruments	17
V.	Explanations on Interest Income and Expenses	18
VI.	Explanations on Fees and Commission Income and Expenses	18
VII.	Explanations on Financial Assets	18
VIII.	Explanations on Impairment of Financial Assets	20
IX.	Explanations on Offsetting of Financial Assets and Liabilities	21
X.	Explanations on Sales and Repurchase Agreements and Lending of Securities	21
XI.	Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets	21
XII.	Explanations on Goodwill and Other Intangible Assets	22
XIII.	Explanations on Tangible Fixed Assets	23
XIV.	Explanations on Leasing Transactions	23
XV.	Explanations on Provisions and Contingent Liabilities	24
XVI.	Explanations on Contingent Assets	24
XVII.	Explanations on Liabilities Regarding Employee Benefits	24
XVIII.	Explanations on Taxation	25
XIX.	Additional Explanations on Borrowings	26
XX.	Explanations on Issued Equity Securities	26
XXI.	Explanations on Bill Guarantees and Acceptances	27
XXII.	Explanations on Government Incentives	27
XXIII.	Explanations on Reporting According to Segmentation	27
XXIV.	Explanations on Other Matters	29
XXV.	Reclassifications	29

### SECTION FOUR

#### Information on Consolidated Financial Structure of the Group

I.	Explanations Related to Components of Consolidated Shareholders' Equity	30
II.	Explanations Related to the Consolidated Credit Risk	37
III.	Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation	47
IV.	Explanations Related to the Consolidated Currency Risk	48
V.	Explanations Related to the Consolidated Interest Rate Risk	50
VI.	Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio	53
VII.	Explanations Related to Consolidated Leverage Ratio	61
VIII.	Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	62
IX.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	63
X.	Explanations Related to Consolidated Risk Management	64

### SECTION FIVE

#### Explanations and Disclosures on Consolidated Financial Statements

I.	Explanations and Disclosures Related to the Consolidated Assets	88
II.	Explanations and Disclosures Related to the Consolidated Liabilities	106
III.	Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items	115
IV.	Explanations and Disclosures Related to the Consolidated Statement of Income	122
V.	Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity	128
VI.	Explanations and Disclosures Related to Statement of Consolidated Cash Flows	129
VII.	Explanations and Disclosures Related to Risk Group of the Parent Bank	130
VIII.	Explanations on Parent Bank's Domestic, Abroad, Off-shore Branches or Subsidiaries and Agencies Abroad	131
IX.	Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date	131

### SECTION SIX

#### Other Explanations

I.	Explanations on Other Activities of the Parent Bank	132
----	---	-----

### SECTION SEVEN

#### Independent Auditor's Report

I.	Explanations on the Independent Auditor's Report	132
II.	Other Footnotes and Explanations Prepared by the Independent Auditors	132



**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 2017**  
(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**

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The 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 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 Parent Bank’s Belongs to**

As of 31 December 2017 and 31 December 2016 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Name of shareholders</b>	<b>31 December 2017</b>		<b>31 December 2016</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 2017, 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 2017**  
(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**

<u>Name</u>	<u>Title</u>	<u>Education</u>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	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
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
<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>		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Inspection Committee (*);</b>		
Hakan Tıraşın	Internal Audit Group	University

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

(\*\*) Pascal Jean Fischer has resigned from the Board of Directors as of 13 December 2017.

(\*\*\*) After Pascal Jean FISCHER, the member of the Board of Directors, has resigned from his duty, François Andre Jesualdo BENAROYA has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 17 January 2018, that will be presented to the approval of the first general assembly.

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 CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
(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 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 2017, the Parent Bank has 500 local branches and 4 foreign branches (31 December 2016: 511 local branches, 4 foreign branches). As of 31 December 2017, the number of employees of the Group is 9,763 (31 December 2016: 9,958).

**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 2017**

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

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016		
	Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-1)</b>	<b>1,429,476</b>	<b>9,546,296</b>	<b>10,975,772</b>	<b>1,958,801</b>	<b>9,708,614</b>	<b>11,667,415</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>(I-2)</b>	<b>1,214,439</b>	<b>191,765</b>	<b>1,406,204</b>	<b>1,035,624</b>	<b>237,198</b>	<b>1,272,822</b>
2.1 Financial Assets Held for Trading		1,214,439	191,765	1,406,204	1,035,624	237,198	1,272,822
2.1.1 Government Debt Securities		346,092	114,868	460,960	189,384	13,810	203,194
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244	846,240	223,388	1,069,628
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>676,875</b>	<b>1,867,927</b>	<b>2,544,802</b>	<b>195,236</b>	<b>1,397,094</b>	<b>1,592,330</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>64</b>	<b>-</b>	<b>64</b>	<b>2,001,067</b>	<b>-</b>	<b>2,001,067</b>
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		64	-	64	2,001,067	-	2,001,067
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(I-5)</b>	<b>4,632,329</b>	<b>64,804</b>	<b>4,697,133</b>	<b>4,057,427</b>	<b>48,963</b>	<b>4,106,390</b>
5.1 Equity Securities		24,598	32,696	57,294	22,298	20,908	43,206
5.2 Government Debt Securities		4,607,731	32,108	4,639,839	4,035,129	28,055	4,063,184
5.3 Other Marketable Securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	<b>(I-6)</b>	<b>51,159,997</b>	<b>12,165,134</b>	<b>63,325,131</b>	<b>44,763,612</b>	<b>11,629,589</b>	<b>56,393,201</b>
6.1 Loans and Receivables		50,456,183	12,165,134	62,621,317	44,206,118	11,629,589	55,835,707
6.1.1 Loans to Risk Group of the Bank		108,106	3,424	111,530	2,116	-	2,116
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		50,348,077	12,161,710	62,509,787	44,204,002	11,629,589	55,833,591
6.2 Loans under Follow-up		1,946,625	-	1,946,625	1,771,775	-	1,771,775
6.3 Specific Provisions (-)		1,242,811	-	1,242,811	1,214,281	-	1,214,281
<b>VII. FACTORING RECEIVABLES</b>	<b>(I-18)</b>	<b>1,228,000</b>	<b>776,847</b>	<b>2,004,847</b>	<b>652,469</b>	<b>1,027,567</b>	<b>1,680,036</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-7)</b>	<b>401,854</b>	<b>-</b>	<b>401,854</b>	<b>361,508</b>	<b>-</b>	<b>361,508</b>
8.1 Government Debt Securities		401,854	-	401,854	361,508	-	361,508
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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>85,940</b>	<b>1,335</b>	<b>87,275</b>	<b>195,320</b>	<b>-</b>	<b>195,320</b>
13.1 Fair Value Hedge		4,454	-	4,454	-	-	-
13.2 Cash Flow Hedge		81,486	1,335	82,821	195,320	-	195,320
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>274,634</b>	<b>-</b>	<b>274,634</b>	<b>245,035</b>	<b>-</b>	<b>245,035</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>523,232</b>	<b>-</b>	<b>523,232</b>	<b>505,823</b>	<b>-</b>	<b>505,823</b>
15.1 Goodwill		421,124	-	421,124	421,124	-	421,124
15.2 Other		102,108	-	102,108	84,699	-	84,699
<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>87,105</b>	<b>-</b>	<b>87,105</b>	<b>109,340</b>	<b>-</b>	<b>109,340</b>
17.1 Current Tax Asset		649	-	649	56,385	-	56,385
17.2 Deferred Tax Asset	(I-16)	86,456	-	86,456	52,955	-	52,955
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(I-17)</b>	<b>90,677</b>	<b>-</b>	<b>90,677</b>	<b>91,254</b>	<b>-</b>	<b>91,254</b>
18.1 Held for Sale Purpose		90,677	-	90,677	91,254	-	91,254
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-19)</b>	<b>938,807</b>	<b>412,292</b>	<b>1,351,099</b>	<b>941,888</b>	<b>227,503</b>	<b>1,169,391</b>
<b>TOTAL ASSETS</b>		<b>62,743,434</b>	<b>25,026,400</b>	<b>87,769,834</b>	<b>57,114,409</b>	<b>24,276,528</b>	<b>81,390,937</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 2017**

(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 31.12.2017			Audited Prior Period 31.12.2016			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
I.	DEPOSITS	(II-1)	33,324,106	22,209,747	55,533,853	29,182,765	20,628,421	49,811,186
1.1	Deposits from Risk Group of the Bank		552,292	1,728,853	2,281,145	717,186	1,733,384	2,450,570
1.2	Other		32,771,814	20,480,894	53,252,708	28,465,579	18,895,037	47,360,616
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-2)	874,807	83,270	958,077	787,782	154,832	942,614
III.	FUNDS BORROWED	(II-3)	1,178,838	13,385,130	14,563,968	568,203	13,791,298	14,359,501
IV.	MONEY MARKET BALANCES		194,543	-	194,543	1,500,872	-	1,500,872
4.1	Interbank Money Market Payables		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Takings		89,337	-	89,337	43,122	-	43,122
4.3	Funds Provided under Repurchase Agreements	(II-4)	105,206	-	105,206	1,457,750	-	1,457,750
V.	SECURITIES ISSUED (Net)	(II-3)	1,289,688	-	1,289,688	739,302	-	739,302
5.1	Bills		1,289,688	-	1,289,688	739,302	-	739,302
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		1,286,856	207,123	1,493,979	1,058,986	379,232	1,438,218
VIII.	OTHER EXTERNAL FUNDING PAYABLE	(II-5)	594,901	4,136	599,037	843,448	3,352	846,800
IX.	FACTORING PAYABLES	(II-14)	886	2,550	3,436	6,759	10,929	17,688
X.	FINANCIAL LEASE PAYABLES	(II-6)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses ( - )		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-7)	443,017	314	443,331	284,492	-	284,492
11.1	Fair Value Hedge		9,517	-	9,517	-	-	-
11.2	Cash Flow Hedge		433,500	314	433,814	284,492	-	284,492
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(II-8)	1,001,930	31,237	1,033,167	1,130,722	14,063	1,144,785
12.1	General Loan Loss Provisions		578,401	-	578,401	684,898	-	684,898
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Benefits		251,982	16,356	268,338	245,197	10,003	255,200
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		171,547	14,881	186,428	200,627	4,060	204,687
XIII.	TAX LIABILITY	(II-9)	240,812	-	240,812	143,148	-	143,148
13.1	Current Tax Liability		240,812	-	240,812	143,148	-	143,148
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(II-10)	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(II-11)	-	2,314,083	2,314,083	-	2,299,885	2,299,885
XVI.	SHAREHOLDERS' EQUITY	(II-12)	9,091,687	10,173	9,101,860	7,863,265	(819)	7,862,446
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		1,086,949	10,173	1,097,122	991,974	(819)	991,155
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		(48,127)	9,733	(38,394)	(56,870)	(819)	(57,689)
16.2.4	Revaluation Differences surplus on Tangible Assets		266,122	-	266,122	311,160	-	311,160
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)		136,153	440	136,593	30,509	-	30,509
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		729,709	-	729,709	704,083	-	704,083
16.3	Profit Reserves		4,694,289	-	4,694,289	3,705,542	-	3,705,542
16.3.1	Legal Reserves		326,730	-	326,730	277,392	-	277,392
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		4,322,887	-	4,322,887	3,112,112	-	3,112,112
16.3.4	Other Profit Reserves		44,672	-	44,672	316,038	-	316,038
16.4	Profit or Loss		1,097,665	-	1,097,665	953,562	-	953,562
16.4.1	Prior Periods Profit/Loss		9,497	-	9,497	9,497	-	9,497
16.4.2	Current Period Profit/Loss		1,088,168	-	1,088,168	944,065	-	944,065
16.5	Minority Interest	(II-13)	8,394	-	8,394	7,797	-	7,797
TOTAL LIABILITIES AND EQUITY			49,522,071	38,247,763	87,769,834	44,109,744	37,281,193	81,390,937

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 2017  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

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

		Audited Current Period 31.12.2017			Audited Prior Period 31.12.2016			
		Section 5 Note	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		83,271,170	73,710,455	156,981,625	65,040,414	77,768,648	142,809,062
I.	GUARANTEES	(III-1)	8,792,233	11,792,407	20,584,640	7,440,755	10,081,225	17,521,980
1.1	Letters of Guarantee		6,874,187	6,165,093	13,039,280	5,980,989	5,644,422	11,625,411
1.1.1	Guarantees Subject to State Tender Law		148,296	80,708	229,004	181,761	65,364	247,125
1.1.2	Guarantees Given for Foreign Trade Operations		397,094	428,037	825,131	340,571	362,876	703,447
1.1.3	Other Letters of Guarantee		6,328,797	5,656,348	11,985,145	5,458,657	5,216,182	10,674,839
1.2	Bank Acceptances		34	42,282	42,316	-	40,100	40,100
1.2.1	Import Letter of Acceptance		34	42,282	42,316	-	40,100	40,100
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		16,215	2,380,353	2,396,568	-	1,720,120	1,720,120
1.3.1	Documentary Letters of Credit		16,215	1,071,808	1,088,023	-	598,503	598,503
1.3.2	Other Letters of Credit		-	1,308,545	1,308,545	-	1,121,617	1,121,617
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		1,883,852	1,994,838	3,878,690	1,452,413	2,168,186	3,620,599
1.9	Other Collaterals		17,945	1,209,841	1,227,786	7,353	508,397	515,750
II.	COMMITMENTS	(III-1)	14,790,946	5,189,789	19,980,735	11,793,585	2,381,056	14,174,641
2.1	Irrevocable Commitments		14,790,946	5,189,789	19,980,735	11,793,585	2,381,056	14,174,641
2.1.1	Asset Purchase and Sale Commitments		2,396,003	4,918,206	7,314,209	491,072	1,119,328	1,610,400
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		4,526,858	104,211	4,631,069	4,038,561	195,532	4,234,093
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		2,387,642	-	2,387,642	2,309,458	-	2,309,458
2.1.8	Tax and Fund Liabilities from Export Commitments		31,047	-	31,047	15,615	-	15,615
2.1.9	Commitments for Credit Card Expenditure Limits		5,411,646	-	5,411,646	4,648,912	-	4,648,912
2.1.10	Commitments for Credit Cards and Banking Services Promotions		3,723	-	3,723	3,962	-	3,962
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		34,027	167,372	201,399	286,005	169,486	455,491
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(III-2)	59,687,991	56,728,259	116,416,250	45,806,074	65,306,367	111,112,441
3.1	Derivative Financial Instruments for Hedging Purposes		20,206,555	3,132,884	23,339,439	13,446,771	966,515	14,413,286
3.1.1	Fair Value Hedge		105,000	109,454	214,454	-	-	-
3.1.2	Cash Flow Hedge		20,101,555	3,023,430	23,124,985	13,446,771	966,515	14,413,286
3.1.3	Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Held for Trading Transactions		39,481,436	53,595,375	93,076,811	32,359,303	64,339,852	96,699,155
3.2.1	Forward Foreign Currency Buy/Sell Transactions		7,347,221	10,000,209	17,347,430	3,976,134	6,811,075	10,787,209
3.2.1.1	Forward Foreign Currency Transactions-Buy		2,626,654	6,094,827	8,721,481	1,398,000	3,950,259	5,348,259
3.2.1.2	Forward Foreign Currency Transactions-Sell		4,720,567	3,905,382	8,625,949	2,578,134	2,860,816	5,438,950
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		26,193,704	33,097,712	59,291,416	23,121,205	42,061,548	65,182,753
3.2.2.1	Foreign Currency Swap-Buy		9,168,870	18,887,840	28,056,710	7,407,908	23,458,816	30,866,724
3.2.2.2	Foreign Currency Swap-Sell		17,024,834	11,101,734	28,126,568	15,113,297	15,575,906	30,689,203
3.2.2.3	Interest Rate Swaps-Buy		-	1,554,069	1,554,069	300,000	1,513,413	1,813,413
3.2.2.4	Interest Rate Swaps-Sell		-	1,554,069	1,554,069	300,000	1,513,413	1,813,413
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,940,453	9,425,007	15,365,460	5,260,914	15,456,719	20,717,633
3.2.3.1	Foreign Currency Options-Buy		3,069,022	4,609,277	7,678,299	2,939,259	7,466,345	10,405,604
3.2.3.2	Foreign Currency Options-Sell		2,871,431	4,815,730	7,687,161	2,321,655	7,990,374	10,312,029
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	523,178	523,178	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	58,893	58,893	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	464,285	464,285	-	-	-
3.2.5	Interest Rate Futures		-	464,285	464,285	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	464,285	464,285	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		58	84,984	85,042	1,050	10,510	11,560
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		185,333,457	31,961,783	217,295,240	172,391,347	28,264,066	200,655,413
IV.	ITEMS HELD IN CUSTODY		34,374,029	2,046,934	36,420,963	33,917,527	1,837,732	35,755,259
4.1.	Assets under Management		8,117,665	-	8,117,665	8,254,360	-	8,254,360
4.2.	Investment Securities Held in Custody		12,560,772	775,972	13,336,744	13,380,351	674,459	14,054,810
4.3.	Checks Received for Collection		11,598,266	923,474	12,521,740	9,988,948	817,324	10,806,272
4.4.	Commercial Notes Received for Collection		418,922	142,166	561,088	361,454	100,201	461,655
4.5.	Other Assets Received for Collection		34	205,322	205,356	309	245,748	246,057
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items under Custody		1,678,370	-	1,678,370	1,932,105	-	1,932,105
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		143,929,860	28,859,731	172,789,591	137,797,412	26,383,556	164,180,968
5.1.	Marketable Securities		1,478,414	45,461	1,523,875	333,827	42,508	376,335
5.2.	Guarantee Notes		57,671,167	19,300,063	76,971,230	55,334,143	17,782,290	73,116,433
5.3.	Commodity		48,895	733,876	782,771	25,538	792,274	817,812
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		76,572,882	5,037,944	81,610,826	73,950,655	4,503,250	78,453,905
5.6.	Other Pledged Items		8,158,502	3,742,387	11,900,889	8,153,249	3,263,234	11,416,483
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		7,029,568	1,055,118	8,084,686	676,408	42,778	719,186
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			268,604,627	105,672,238	374,276,865	237,431,761	106,032,714	343,464,475

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 2017**  
**AND 2016**

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

**III. CONSOLIDATED STATEMENT OF INCOME**

	Section 5 Note	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>I. INTEREST INCOME</b>	(IV-1)	<b>8,076,002</b>	<b>7,331,200</b>
1.1 Interest Income on Loans		7,143,927	6,644,436
1.2 Interest Income on Reserve Deposits		74,537	52,008
1.3 Interest Income on Banks		68,885	31,847
1.4 Interest Income on Money Market Placements		96,896	24,223
1.5 Interest Income on Marketable Securities Portfolio		557,625	468,516
1.5.1 Held-for-trading Financial Assets		46,962	46,312
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Available-for-sale Financial Assets		462,250	393,349
1.5.4 Held-to-maturity Investments		48,413	28,855
1.6 Financial Lease Income		-	-
1.7 Other Interest Income	(IV-12)	134,132	110,170
<b>II. INTEREST EXPENSE</b>	(IV-2)	<b>4,088,016</b>	<b>3,824,367</b>
2.1 Interest Expense on Deposits		3,505,027	3,220,858
2.2 Interest Expense on Funds Borrowed		398,010	329,070
2.3 Interest Expense on Money Market Borrowings		59,857	188,986
2.4 Interest Expense on Securities Issued		83,592	37,759
2.5 Other Interest Expense		41,530	47,694
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,987,986</b>	<b>3,506,833</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,123,292</b>	<b>1,027,735</b>
4.1 Fees and Commissions Received		1,544,107	1,392,201
4.1.1 Non-cash Loans		168,630	151,564
4.1.2 Other	(IV-12)	1,375,477	1,240,637
4.2 Fees and Commissions Paid		420,815	364,466
4.2.1 Non-cash Loans		3,909	2,929
4.2.2 Other	(IV-12)	416,906	361,537
<b>V. DIVIDEND INCOME</b>	(IV-3)	<b>1,224</b>	<b>798</b>
<b>VI. TRADING INCOME/(LOSS) (NET)</b>	(IV-4)	<b>(938,640)</b>	<b>(383,080)</b>
6.1 Securities Trading Gains/(Losses)		(29,418)	3,077
6.2 Gains/(Losses) on Derivative Financial Instruments		(705,962)	400,285
6.3 Foreign Exchange Gains/(Losses)		(203,260)	(786,442)
<b>VII. OTHER OPERATING INCOME</b>	(IV-5)	<b>458,839</b>	<b>572,241</b>
<b>VIII. TOTAL OPERATING INCOME/(LOSS) (III+IV+V+VI+VII)</b>		<b>4,632,701</b>	<b>4,724,527</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(IV-6)	<b>801,099</b>	<b>1,121,939</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(IV-7)	<b>2,488,828</b>	<b>2,411,344</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,342,774</b>	<b>1,191,244</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>	(IV-8)	<b>1,342,774</b>	<b>1,191,244</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(IV-9)	<b>(252,963)</b>	<b>(245,988)</b>
16.1 Current Tax Provision		(324,520)	(183,999)
16.2 Deferred Tax Provision		71,557	(61,989)
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(IV-10)	<b>1,089,811</b>	<b>945,256</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1 Income on Assets Held for Sale		-	-
18.2 Income on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Income on Other Discontinued Operations		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Loss from Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Loss from Other Discontinued Operations		-	-
<b>XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>	(IV-8)	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(IV-9)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
<b>XXII. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(IV-10)	-	-
<b>XXIII. NET PROFIT/(LOSS) (XVII+XXII)</b>	(IV-11)	<b>1,089,811</b>	<b>945,256</b>
23.1 Group's Profit/(Loss)		1,088,168	944,065
23.2 Minority Interest Profit/(Loss)		1,643	1,191
Earnings per Share		0.4936	0.4283

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 2017 AND 2016**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

		Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>I.</b>	<b>ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>20,276</b>	<b>(62,118)</b>
<b>II.</b>	<b>REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	-	-
<b>III.</b>	<b>REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	-	-
<b>IV.</b>	<b>TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	-	-
<b>V.</b>	<b>PROFIT/(LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE CHANGES)</b>	<b>136,983</b>	<b>(63,044)</b>
<b>VI.</b>	<b>PROFIT/(LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR FOREIGN NET INVESTMENT HEDGE OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE CHANGES)</b>	-	-
<b>VII.</b>	<b>THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS</b>	-	-
<b>VIII.</b>	<b>OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>31,445</b>	<b>(4,561)</b>
<b>IX.</b>	<b>DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(38,056)</b>	<b>26,221</b>
<b>X.</b>	<b>TOTAL NET PROFIT/LOSS ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>150,648</b>	<b>(103,502)</b>
<b>XI.</b>	<b>PROFIT/(LOSS)</b>	<b>1,089,811</b>	<b>945,256</b>
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(1,435)	95,425
11.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	1,390	(5,789)
11.3	Transfer of Foreign Net Investment Hedge Operations to Income Statement	-	-
11.4	Other	1,089,856	855,620
<b>XII.</b>	<b>TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>1,240,459</b>	<b>841,754</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 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. 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>I. Prior Period - 01.01-31.12.2016</b>																			
<b>Beginning Balance 31.12.2015</b>		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
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>		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
Changes in Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Increase/Decrease Related to Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>	(V-a)	-	-	-	-	-	-	-	-	-	-	(49,425)	-	-	-	-	(49,425)	(7)	(49,432)
<b>VI. Hedging Funds (Effective Portion)</b>	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
6.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(50,434)	-	(50,434)	-	(50,434)
6.2 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Tangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Intangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. The Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. The Effect of Change in Associate's Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share Premium</b>	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation Adjustment to Paid-In Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-	-	-	(3,620)	-	-	-	-	-	-	-	(3,620)	(16)	(3,636)
<b>XIX. Period Net Income/Loss</b>		-	-	-	-	-	-	-	-	944,065	-	-	-	-	-	-	944,065	1,191	945,256
<b>XX. Profit Distribution</b>		-	-	-	-	46,592	-	438,573	26,779	-	(726,080)	-	214,136	-	-	-	-	(815)	(815)
20.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	46,592	-	438,573	26,779	-	(726,080)	-	214,136	-	-	-	-	(815)	(815)
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2016</b>																			
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+ XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)</b>		2,204,390	200,262	2,565	-	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 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY**

			Capital Reserves from Inflation	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	Revaluati on Surplus on Assets Held for Sale and Disc. Op.	Total Equity Except from Minority Shares	Minority Shares	Total Equity
Audited	Section 5 Note	Paid-in Capital	Adj.s to Paid in Capital																
I. Current Period- 01.01-31.12.2017																			
Beginning balance – 31.12.2016		2,204,390	200,262	2,565	-	277,392	-	3,112,112	819,859	-	953,562	(57,689)	311,160	527	30,509	-	7,854,649	7,797	7,862,446
Changes in Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-a)	-	-	-	-	-	-	-	-	-	-	19,295	-	-	-	-	19,295	(6)	19,289
IV. Hedging Funds (Effective Portion)	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
4.2 Foreign Net Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Surplus on Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Surplus on Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The Reclassification Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect Of Change In Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium	(V-h)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment To Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	298,893	(182,687)	-	-	-	(90,936)	-	-	-	25,270	5	25,275
XVII. Period Net Income/Loss		-	-	-	-	-	-	-	-	1,088,168	-	-	-	-	-	-	1,088,168	1,643	1,089,811
XVIII. Profit Distribution		-	-	-	-	49,338	-	911,882	(63,053)	-	(944,065)	-	45,898	-	-	-	-	(1,045)	(1,045)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,045)	(1,045)
18.2 Transfers To Reserves		-	-	-	-	49,338	-	911,882	(63,053)	-	(944,065)	-	45,898	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance 31.12.2017 (I+II+III+IV+V+VI+VII+VIII+IX+X+ XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		2,204,390	200,262	2,565	-	326,730	-	4,322,887	574,119	1,088,168	9,497	(38,394)	266,122	527	136,593	-	9,093,466	8,394	9,101,860

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 2017 AND 2016**

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

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Section 5 Note	Audited Current Period 31.12.2017	Audited Prior Period 31.12.2016
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,698,587</b>	<b>1,933,977</b>
1.1.1 Interest received		7,991,057	6,453,780
1.1.2 Interest paid		(3,740,118)	(3,331,268)
1.1.3 Dividend received		1,224	798
1.1.4 Fees and commissions received		1,569,419	1,955,779
1.1.5 Other income		529,029	881,480
1.1.6 Collections from previously written off loans		670,787	644,667
1.1.7 Payments to personnel and service suppliers		(1,168,652)	(1,011,798)
1.1.8 Taxes paid		(244,372)	(345,278)
1.1.9 Others	(VI-1)	(3,909,787)	(3,314,183)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(3,459,949)</b>	<b>608,366</b>
1.2.1 Net (increase)/decrease in financial assets held for trading		(251,037)	2,730
1.2.2 Net decrease/increase in financial assets at fair value through profit or loss		-	-
1.2.3 Net increase in due from banks and other financial institutions		(6,033)	51,369
1.2.4 Net increase in loans	(VI-1)	(7,445,074)	(3,901,014)
1.2.5 Net decrease/(increase) in other assets		228,745	(735,279)
1.2.6 Net increase in bank deposits		(1,206,848)	(844,858)
1.2.7 Net increase in other deposits		5,495,186	5,406,251
1.2.8 Net decrease/(increase) in funds borrowed		185,522	1,646,555
1.2.9 Net increase/decrease in matured payables		-	-
1.2.10 Net increase in other liabilities	(VI-1)	(460,410)	(1,017,388)
<b>I. Net cash provided from banking operations</b>		<b>(1,761,362)</b>	<b>2,542,343</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(652,041)</b>	<b>(64,201)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3 Fixed assets purchases		(116,143)	(55,981)
2.4 Fixed assets sales		183	319
2.5 Cash paid for purchase of financial assets available for sale		(2,435,786)	(2,247,988)
2.6 Cash obtained from sale of financial assets available for sale		1,964,565	2,313,981
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(VI-1)	(64,860)	(74,532)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>539,161</b>	<b>459,652</b>
3.1 Cash obtained from funds borrowed and securities issued		2,061,841	1,218,270
3.2 Cash used for repayment of funds borrowed and securities issued		(1,521,635)	(757,802)
3.3 Capital increase		-	-
3.4 Dividends paid		(1,045)	(816)
3.5 Payments for financial leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>413,878</b>	<b>601,388</b>
<b>V. Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,460,364)</b>	<b>3,539,182</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>7,420,600</b>	<b>3,881,418</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>5,960,236</b>	<b>7,420,600</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 CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 AND 2016**

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

**VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**

	Current Audited Period 31.12.2017(*)	Prior Audited Period 31.12.2016(*)
<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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) 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’. The 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 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 2017 have no material impact on the Group’s accounting policies, financial position and performance. The amendments of TAS and TFRS which are published but not yet effective as of finalization date of financial statement, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The effects of the TFRS 16 Leases Standard, which will be effective from 1 January 2019, are evaluated by the Parent Bank.

**Explanations on TFRS 9 Financial Instruments Standard**

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. The aim of the standard is to determine the financial reporting principles on financial assets and financial liabilities. The Group will apply the classification, measurement and impairment requirements by adjusting the opening balance sheet and opening equity at 1 January 2018.

**Classification and measurement of financial assets**

According to TFRS 9, each financial asset will be classified as either fair value through profit or loss (“FVTPL”), amortized cost or fair value through other comprehensive income (“FVOCI”) in accordance with the business model and the contractual cash flow characteristics. The business model is determined by the Bank in terms of the manner in which assets are managed and their performance is reported. As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Compared to the classification under TAS 39, the combined application of the contractual cash flow characteristics and business models as at 1 January 2018 will not have a material effect on the Bank’s equity.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

---

**I. Basis of Presentation (continued)**

**Impairment**

Within the scope of TFRS 9, "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be Set Aside" has been published in the Official Gazette dated 22 June 2016 numbered 29750, which will be effective from 1 January 2018. As of 1 January 2018, the Group will change the method of provisions for impairment by applying the expected credit loss model under TFRS 9. These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1:**

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

**Stage 2:**

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

**Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The Group will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. Besides, the Group will calculate deferred tax on credit losses of Stage 1 and Stage 2, and the effect of the deferred tax asset will be reflected to equity at the first time adoption. Along with the on-going works on expected credit losses under TFRS 9, it is assumed that the effect of the credit losses and related deferred tax will cause a decrease of approximately 2% on equity.

**Hedge Accounting**

TFRS 9 permits not to apply the standard's principles on hedge accounting and to continue to apply hedge accounting principles of TAS 39. The Bank will continue to comply with all principles of TAS 39 for hedge accounting based on the analyzes made so far.

**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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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.

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

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 TFRS, 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.

**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.

Stichting TEB Diversified Payment Rights and TEB Diversified Payment Rights S.A., which is not subsidiary of the Bank but over which the Bank has controlling power, has been included in the consolidation due to the reason that this company is “Structured Entity”.

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 2017, and 31 December 2016.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 of maturity. 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 on Derivative Financial Instruments” account

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

---

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

Interest incomes 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 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 recognised 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. Available-for-sale financial assets are recorded at their fair value including related purchase costs plus the transaction costs.

Discounts and premiums of the available-for-sale financial assets are taken into account on the amortised 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Parent 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 the Parent Bank, 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 Group 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 ("gain/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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Group 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 2017, the Parent Bank has reverse repo amounting to TL64 (31 December 2016: TL2,001,067).

As of 31 December 2017, the Group does not have any marketable securities lending transaction (31 December 2016: 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 2017, assets held for sale and discontinued operations of the Group are TL90,677 (31 December 2016: TL91,254). As per the appraisals performed for the real estate’s held for sale included “Assets Held for Sale” in the financial statements, TL4,444 (31 December 2016: TL1,590) has been reserved as provision for impairment losses.

As of 31 December 2017, the Group does not have any discontinued operations.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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.

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

Within the framework of TFRS 3 "Business Combination", identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL48,783 is shown in related assets and liability section, the equity impact is shown under other 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.

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

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

The other intangible assets of the 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**XIII. Explanations on Tangible Fixed Assets**

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

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

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

Buildings	50 years
Motor vehicles	5 years
Furniture, fixtures and office equipment and others	5-15 years

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

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

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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**

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 19 “Employee Benefits”.

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

Employees transferred to the 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 Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are 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 2017, the Pension Fund has 1,757 employees and 1,065 pensioners (31 December 2016: 1,866 employees and 1,037 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.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

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

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No. 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers' resolution dated 24 February 2014 issued in the Official Gazette No.28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers' resolution dated 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 2017. 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.

In addition, the Bank management anticipates that the amount of the liability that may arise during and after the transfer in the frame mentioned above will be sufficient to be met with the assets of Pension Fund and will not place any additional liability on 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 2017, actuarial gain amounting to TL24,678 (1 January - 31 December 2016: TL3,694 actuarial loss) was classified as "Other Comprehensive Income" and as of 31 December 2017, a total of TL58,351 (31 December 2016: TL33,673) actuarial gain 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% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

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

A 75% portion of the gains derived from the sale of immovables which have been acquired due to loans under follow-up from the Bank, participation shares, founder's shares, dividend shares and preemption rights is tax exempt (This rate is applied as 50% for immovable sales beginning from 5 December 2017). 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 (This rate is applied as 50% for immovable sales beginning from 5 December 2017), 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 (This rate is applied as 50% for immovable sales as of 5 December 2017).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

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

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

Deferred tax asset will be calculated over general loan loss provision according to TFRS 9 articles from 1 January 2018.

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 income has been presented on deferred tax provision for continued operations and deferred tax provision for discontinued operations amounting to TL71,557 (31 December 2016: TL61,989). 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	(987)	12,686
Cash Flow Hedge	(30,899)	12,610
Actuarial Profit or Loss	(6,170)	925
<b>Total</b>	<b>(38,056)</b>	<b>26,221</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 2017.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

---

**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 Group.

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

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

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

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

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

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

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

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 2017**

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

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

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

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury,ALM/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Net Interest Income	610,428	376,605	1,051,766	1,949,187	-	3,987,986
Net Fees and Commissions Income and Other						
Operating Income	252,516	225,331	656,806	451,498	(4,020)	1,582,131
Trading Profit/Loss	(70)	(3,464)	(7,730)	(927,376)	-	(938,640)
Dividend Income	-	-	-	20,096	(18,872)	1,224
Impairment Provision for Loans and Other						
Receivables (-)	27,866	53,915	559,438	159,880	-	801,099
Other Operating Expenses (-)	422,359	87,273	541,258	1,441,958	(4,020)	2,488,828
<b>Profit before Tax</b>	<b>412,649</b>	<b>457,284</b>	<b>600,146</b>	<b>(108,433)</b>	<b>(18,872)</b>	<b>1,342,774</b>
Tax Provision (-)	-	-	-	252,963	-	252,963
<b>Net Profit for the Period</b>	<b>412,649</b>	<b>457,284</b>	<b>600,146</b>	<b>(361,396)</b>	<b>(18,872)</b>	<b>1,089,811</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury,ALM/ Head Office</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	12,747,004	18,531,708	28,813,521	27,854,285	(176,689)	87,769,829
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	122,923	(122,918)	5
<b>Total Assets</b>	<b>12,747,004</b>	<b>18,531,708</b>	<b>28,813,521</b>	<b>27,977,208</b>	<b>(299,607)</b>	<b>87,769,834</b>
Segment Liabilities	32,362,472	14,577,029	10,440,952	21,464,564	(177,043)	78,667,974
Shareholders' Equity	-	-	-	9,224,424	(122,564)	9,101,860
<b>Total Liabilities</b>	<b>32,362,472</b>	<b>14,577,029</b>	<b>10,440,952</b>	<b>30,688,988</b>	<b>(299,607)</b>	<b>87,769,834</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury,ALM/ 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>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Treasury,ALM/ 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 27 March 2017 of the Parent Bank, TL941,799 that constitutes the 2016 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, TL47,090 as Legal Reserves, TL0.76 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL0.09 (full TL) as Legal Reserves and TL45,898 as Tangible and Intangible Assets Revaluation Funds.

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2017, some reclassifications are made in the income statement and the cash flows as of 31 December 2016.

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 2017**

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

**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT  
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 2017, Group's total capital has been calculated as TL10,986,830 (31 December 2016: TL9,724,676) and Capital Adequacy Ratio is 15.72% (31 December 2016: 14.06%). 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:**

	Current Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	5,475,503	
Gains Recognized in Equity as per TAS	-	
Profit	1,097,665	
Current Period Profit	1,088,168	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
Minority interest	1,785	337
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>8,982,697</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	38,394	
Leasehold Improvements on Operational Leases	57,001	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	95,703	95,703
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>612,222</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>8,370,475</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 2017**

(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 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third Parties Share in the Additional Tier 1 Capital	48	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	48	
<b>Additional Tier 1 Capital before deductions</b>	<b>48</b>	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital		
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>	
<b>Total Additional Tier 1 Capital</b>	<b>48</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>8,370,523</b>	
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	1,799,486	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	245,824	
Third parties' share in the Tier 2 Capital	64	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	64	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	578,401	
<b>Tier 2 Capital Before Deductions</b>	<b>2,623,775</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>2,623,775</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>10,994,298</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 2017**

(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 31.12.2017	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	7,462	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	6	
<b>Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 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	10,986,830	
Total Risk Weighted Assets	69,871,616	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.98	
Tier 1 Capital Adequacy Ratio (%)	11.98	
Capital Adequacy Ratio (%)	15.72	
<b>BUFFERS</b>		
Total buffer requirement (%)	1.25	
Capital conservation buffer requirement (%)	1.25	
Bank specific counter-cyclical buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital to Risk Weighted Assets calculated based on the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers (%)	4.72	
<b>Amounts below deduction thresholds</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	52,080	
Amounts arising from the net long positions of investments made in Tier 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)	86,456	
<b>Limits related to provisions considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	578,401	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	578,401	
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 2017**

(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)**

	Prior 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	4,505,208	
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 2017**  
(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)**

	Prior 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 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>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 2017**

(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)**

	Prior 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 2017**

(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 debt instruments included in equity calculation:**

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

Issuer	TEB	TEB	TEB	TEB
Unique identifier (e.g. CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	Yes	No
Eligible at solo/group/group and solo	Available	Available	Available	Available
Instrument type	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	779.3	453.4	245.8	566.8
Par value of instrument(TL Currency in mil)	793.5	453.4	245.8	566.8
Accounting classification	34701100	34701100	34701100	34701100
Original date of issuance	04.11.2011	20.07.2012	14.05.2012	27.06.2013
Perpetual or dated	Time	Time	Time	Time
Original maturity date	04.11.2023	20.07.2024	14.05.2024	27.06.2023
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	04.11.2018	20.07.2019	14.05.2019	27.06.2018
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	Euribor+4.75%	Euribor+4.75%	LIBOR + 5.75%	Euribor + 2.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed (*)	-	-	Article 8/2 (ğ)	-

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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>9,101,860</b>
Hedging Funds (Effective Portion)	(136,593)
Deductions Made under Regulation	(594,792)
<b>Common Equity Tier 1 Capital</b>	<b>8,370,475</b>
Additional Tier 1 Capital – Third Parties Shares in Additional Tier 1 Capital	48
<b>Tier 1 Capital</b>	<b>8,370,523</b>
General Provisions	578,401
Bank’s Borrowing Instruments	2,045,310
Deductions Made under Regulation	(7,468)
Third Parties Shares in Tier 2 Capital	64
<b>Total Equity</b>	<b>10,986,830</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 2017**

(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	15,408,116	15,481,289
Conditional and unconditional receivables from regional or local governments	585,021	541,444
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	5,656,998	4,903,838
Conditional and unconditional corporate receivables	37,815,511	32,923,698
Conditional and unconditional retail receivables	31,379,590	29,276,257
Conditional and unconditional secured mortgage receivables	9,291,797	10,926,711
Past due receivables	735,607	727,126
Receivables in high risk category defined by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	1,564,208	1,492,204
Investments in equities	57,294	48,756

(\*) 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.

<b>Exposure classifications</b>	<b>Prior 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 collateralised by mortgages	-	-
Securitisation 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**II. Explanations Related to the Consolidated Credit Risk (continued)**

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 2017, the receivables of the Group from its top 100 and top 200 cash loan customers share in total cash loans respectively 14.99% and 20.03% (31 December 2016: 13.42% and 18.26%).

As of 31 December 2017, the receivables of the Group from its top 100 and top 200 non-cash loan customers share of 47.81% and 58.75% respectively in the total non-cash loans (31 December 2016: 45.73% and 59.16%).

As of 31 December 2017, 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 5.85% and 8.23% respectively (31 December 2016: 5.22% and 7.20%).

As of 31 December 2017, the general loan loss provision related with the credit risk taken by the Group is TL578,401 (31 December 2016: TL684,898).

**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 2017, consumer loans, business loans, and agriculture loans are excluded from the internal rating system of the Parent Bank and those loans are about 30.56% 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:

Category	Description of Category	Share in the Total % 31.12.2017	Share in the Total % 31.12.2016
1 <sup>st</sup> Category	The borrower has a very strong financial structure	32.22	34.56
2 <sup>nd</sup> Category	The borrower has a good financial structure	25.88	29.56
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	34.50	28.97
4 <sup>th</sup> Category	The financial structure of the borrower has to be closely monitored in the medium term	7.40	6.91
<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 2017**

(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 (***)																	
	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 organisations	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	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Current Period																		
Domestic	186,370	290,256	-	-	-	1,362,072	24,595,943	21,062,140	3,427,550	960,576	-	-	-	-	-	559,950	57,294	52,502,151
European Union (EU)																		
Countries	-	-	-	-	-	896,836	415,519	120,606	4,017	1,330	-	-	-	-	-	1,845	-	1,440,153
OECD Countries (*)	-	-	-	-	-	48,449	210,996	12,182	840	6	-	-	-	-	-	5,748	-	278,221
Off-Shore Banking																		
Regions (****)	236,336	-	-	-	-	9	207,620	88,731	57,760	2,130	-	-	-	-	-	159	-	592,745
USA, Canada	-	-	-	-	-	-	7,504	2	-	-	-	-	-	-	-	-	-	7,506
Other Countries	-	-	-	-	-	20,702	63,181	3,273	810	1	-	-	-	-	-	-	-	87,967
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated																		
Assets/Liabilities (**)	-	2,982	-	-	-	268,844	11,317,108	2,243,924	91,983	33,118	-	-	-	-	-	2,328	-	13,960,287
Total	422,706	293,238	-	-	-	2,596,912	36,817,871	23,530,858	3,582,960	997,161	-	-	-	-	-	570,030	57,294	68,869,030

(\*) 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 2017**

(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 (***)																	
	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 organisations	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	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Prior Period																		
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
Total	4,944,553	212,212	-	-	-	1,777,349	30,580,546	19,721,917	4,693,268	751,748	-	-	-	-	-	566,205	41,864	63,289,662

(\*) 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 2017**

(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 (**)																				
	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 organisations	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	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC	Total
Current Period	-	-	-	-	-	-	701,699	1,135,443	85,272	80,422	-	-	-	-	-	5,748	-	1,835,535	173,049	2,008,584
Agriculture	-	-	-	-	-	-	609,284	1,114,036	84,383	78,226	-	-	-	-	-	5,748	-	1,735,159	156,518	1,891,677
Farming and Stockbreeding	-	-	-	-	-	-	15,457	4,910	-	-	-	-	-	-	-	-	-	20,367	-	20,367
Forestry	-	-	-	-	-	-	76,958	16,497	889	2,196	-	-	-	-	-	-	-	80,009	16,531	96,540
Fishery	-	-	-	-	-	-	17,977,874	5,710,923	470,320	289,731	-	-	-	-	-	3	-	14,200,796	10,248,055	24,448,851
Manufacturing	-	-	-	-	-	-	1,141,308	283,652	31,329	4,611	-	-	-	-	-	-	-	913,903	546,997	1,460,900
Mining and Quarrying	-	-	-	-	-	-	16,132,913	5,404,971	430,595	283,167	-	-	-	-	-	3	-	13,011,694	9,239,955	22,251,649
Production	-	-	-	-	-	-	703,653	22,300	8,396	1,953	-	-	-	-	-	-	-	275,199	461,103	736,302
Electricity, Gas and Water	-	-	-	-	-	-	3,321,552	1,517,921	279,655	108,549	-	-	-	-	-	-	-	3,634,596	1,593,081	5,227,677
Construction	-	-	-	-	-	-	14,074,480	6,772,589	870,126	405,810	-	-	-	-	-	542,835	57,131	16,382,983	9,652,844	26,035,827
Services	422,706	293,238	-	-	-	2,596,912	5,553,019	3,398,240	308,213	187,933	-	-	-	-	-	820	-	6,968,356	2,479,869	9,448,225
Wholesale and Retail Trade	-	-	-	-	-	-	1,145,195	442,243	205,419	22,944	-	-	-	-	-	-	-	907,758	908,043	1,815,801
Accommodation and Dining	-	-	-	-	-	-	2,042,906	1,324,092	112,216	96,410	-	-	-	-	-	230	-	2,729,235	846,619	3,575,854
Transportation and Telecom.	-	-	-	-	-	-	2,004,792	50,875	2,949	7,015	-	-	-	-	-	541,723	57,131	2,501,190	3,182,913	5,684,103
Financial Institutions	422,706	-	-	-	-	2,596,912	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate and Rental	-	-	-	-	-	-	2,733,017	1,117,702	210,534	81,208	-	-	-	-	-	56	-	2,046,211	2,096,306	4,142,517
Services	-	-	-	-	-	-	406,892	377,165	26,540	9,456	-	-	-	-	-	-	-	683,817	136,236	820,053
Self-Employment Services	-	-	-	-	-	-	15,958	50,876	3,558	669	-	-	-	-	-	2	-	70,995	68	71,063
Educational Services	-	-	-	-	-	-	172,701	11,396	697	175	-	-	-	-	-	4	-	475,421	2,790	478,211
Health and Social Services	-	293,238	-	-	-	-	742,266	8,393,982	1,877,587	112,649	-	-	-	-	-	21,444	163	10,837,309	310,782	11,148,091
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	422,706	293,238	-	-	-	2,596,912	36,817,871	23,530,858	3,582,960	997,161	-	-	-	-	-	570,030	57,294	46,891,219	21,977,811	68,869,030

(\*) 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 2017**

(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)**

Prior Period	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 receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	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	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	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
Total	4,944,553	212,212	-	-	-	1,777,349	30,580,546	19,721,917	4,693,268	751,748	-	-	-	-	-	566,205	41,864	38,988,601	24,301,061	63,289,662

(\*) 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 2017**

(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	309,221	3,782	2,269	-	18,837
Conditional and unconditional exposures to regional governments or local authorities	47	1,778	1,655	8,096	278,675
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 organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,372,041	205,614	114,282	81,647	225,198
Conditional and unconditional exposures to corporates	7,039,953	2,730,208	2,413,843	3,967,474	9,343,734
Conditional and unconditional retail exposures	5,289,921	735,056	1,648,966	1,780,469	11,825,609
Conditional and unconditional exposures secured by real estate property	539,951	73,276	118,625	181,957	2,576,300
Past due receivables	-	-	-	-	-
Receivables defined in 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	7,957	405	225	-	12
Investments in equities	41,890	-	-	15,404	-
<b>Total</b>	<b>14,600,981</b>	<b>3,750,119</b>	<b>4,299,865</b>	<b>6,035,047</b>	<b>24,268,365</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	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 organisations	-	-	-	-	-
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	-	-	-	-	-
Receivables defined in 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Organisation 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	15,966,505	-	3,123,813	7,086,255	6,033,487	31,366,749	38,307,454	609,879	-	-	-	581,296
Exposures after												
Credit Risk Mitigation	22,693,587	-	2,954,445	7,086,255	6,073,266	25,529,007	35,567,034	536,598	-	-	-	581,296

Prior 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

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 2017**

(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:**

<b>Current Period</b> <b>Major Sectors /</b> <b>Counterparties</b>	<b>Credits</b>		<b>Value</b> <b>Adjustments</b>	<b>Provisions</b>
	<b>Impaired</b> <b>Credits</b>	<b>Past Due</b> <b>Credits</b>		
Agriculture	129,231	197,073	2,661	72,111
Farming and Stockbreeding	126,393	179,124	2,419	70,905
Forestry	246	1,709	23	115
Fishery	2,592	16,240	219	1,091
Manufacturing	656,462	344,785	4,656	462,636
Mining and Quarrying	13,753	15,532	210	9,332
Production	640,316	323,162	4,364	452,088
Electricity, Gas and Water	2,393	6,091	82	1,216
Construction	174,214	231,963	3,132	105,997
Services	718,640	1,117,049	15,084	441,852
Wholesale and Retail Trade	346,678	702,789	9,490	216,259
Accommodation and Dining	38,155	206,049	2,782	22,317
Transportation and Telecom.	165,025	136,374	1,842	100,373
Financial Institutions	6,066	3,090	42	2,178
Real Estate and Rental Services	139,364	-	-	84,672
Professional Services	21,506	37,534	507	14,791
Educational Services	1,399	5,638	76	942
Health and Social Services	447	25,575	345	320
Other	268,078	965,096	13,033	160,215
<b>Total</b>	<b>1,946,625</b>	<b>2,855,966</b>	<b>38,566</b>	<b>1,242,811</b>

<b>Prior Period</b> <b>Major Sectors /</b> <b>Counterparties</b>	<b>Credits</b>		<b>Value</b> <b>Adjustments</b>	<b>Provisions</b>
	<b>Impaired</b> <b>Credits</b>	<b>Past Due</b> <b>Credits</b>		
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>

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 2017**

(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>31.12.2016 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments(*)</b>	<b>31.12.2017 Balance</b>
Specific Provisions	1,214,281	846,493	(262,207)	(555,756)	-	1,242,811
General Provisions	684,898	16,062	(122,559)	-	-	578,401

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	<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

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation**

<b>Country where risk is ultimately taken</b>	<b>Private Sector Loan in Banking Loans</b>	<b>Risk weighted amount calculated in trading accounts</b>	<b>Total</b>
Turkey	58,744,613	405,381	59,149,994
TRNC	319,599	-	319,599
Switzerland	197,528	-	197,528
England	191,378	9	191,387
Spain	167,604	-	167,604
Italy	147,621	-	147,621
France	57,622	-	57,622
The Ivory Coast	45,817	-	45,817
Germany	41,213	-	41,213
Other	179,455	305	179,760

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**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.

Asset Liability Management and 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 2017, the Group's balance sheet short position is TL10,323,568 (31 December 2016: TL10,039,655 short position) off-balance sheet long position is TL10,443,721 (31 December 2016: TL9,487,655 long position) and as a result net foreign currency long position is TL120,153 (31 December 2016: net TL552,000 short position).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2017 and the previous five working days in full TL are as follows:

	<b>25.12.2017</b>	<b>26.12.2017</b>	<b>27.12.2017</b>	<b>28.12.2017</b>	<b>29.12.2017</b>	<b>31.12.2017</b>
<b>USD</b>	3.7968	3.8015	3.8166	3.7715	3.7819	3.7819
<b>JPY</b>	0.0335	0.0336	0.0337	0.0334	0.0336	0.0336
<b>EUR</b>	4.5007	4.5094	4.5414	4.4983	4.5341	4.5341

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2017 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	3.8321
<b>JPY</b>	0.0339
<b>EUR</b>	4.5358



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 2017**

(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 2017, the Parent Bank has net USD short position TL113,858 and net EUR short position TL1,251

<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	2,912,930	4,714,021	1,919,345	9,546,296
Banks	199,404	925,742	742,781	1,867,927
Financial Assets at Fair Value Through Profit and Loss (****)	10,065	118,827	-	128,892
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	410	53,476	10,918	64,804
Loans (**)	9,840,575	3,367,013	1,704,052	14,911,640
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	1,335	-	-	1,335
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	1,114,091	162,931	47,019	1,324,041
<b>Total Assets</b>	<b>14,078,810</b>	<b>9,342,010</b>	<b>4,424,115</b>	<b>27,844,935</b>
<b>Liabilities</b>				
Bank Deposits	4,831	-	2,583	7,414
Foreign Currency Deposits (*)	6,564,971	14,139,483	1,497,879	22,202,333
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions(*****)	7,788,071	5,021,814	2,898,061	15,707,946
Securities Issued	-	-	-	-
Miscellaneous Payables	60,739	120,340	26,044	207,123
Derivative Financial Liabilities for Hedging Purposes	314	-	-	314
Other Liabilities (***)	29,981	13,021	371	43,373
<b>Total Liabilities</b>	<b>14,448,907</b>	<b>19,294,658</b>	<b>4,424,938</b>	<b>38,168,503</b>
<b>Net Balance Sheet Position</b>	<b>(370,097)</b>	<b>(9,952,648)</b>	<b>(823)</b>	<b>(10,323,568)</b>
<b>Net Off-Balance Sheet Position</b>	<b>44,990</b>	<b>10,424,488</b>	<b>(25,757)</b>	<b>10,443,721</b>
Financial Derivative Assets (****)	8,924,989	26,256,628	863,476	36,045,093
Financial Derivative Liabilities (****)	8,879,999	15,832,140	889,233	25,601,372
Non-Cash Loans (*****)	6,052,584	5,487,498	252,325	11,792,407
<b>Prior Period</b>				
Total Assets	13,417,901	10,620,584	3,056,868	27,095,353
Total Liabilities	16,106,123	17,594,756	3,434,129	37,135,008
Net Balance Sheet Position	(2,688,222)	(6,974,172)	(377,261)	(10,039,655)
Net Off-Balance Sheet Position	1,710,458	7,140,472	636,725	9,487,655
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

(\*) Precious metal accounts amounting to TL692,499 (31 December 2016: TL582,761) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL2,746,506 (31 December 2016: TL2,973,738) are included in the loan portfolio.

(\*\*\*) As of 31 December 2017, TL134,902 (31 December 2016: TL57,894) foreign currency indexed factoring receivables is included in other assets, while TL78,260 (31 December 2016: TL147,086) expense accruals from derivative financial instruments are deducted from other liabilities. TL440 (31 December 2016: TL82) foreign currency indexed factoring payables is included in the other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL2,363,470 (31 December 2016: TL592,146) are added to derivative financial assets and TL2,554,736 (31 December 2016: TL527,182) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL62,873 (31 December 2016: TL212,807) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value through Profit and Loss.

(\*\*\*\*\*) Funds Provided from Other Financial Institutions include accounts with indexed funds amounting to TL8,733 (31 December 2016: None).

(\*\*\*\*\*) 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 2017**

(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	8,936,275	-	-	-	-	2,039,497	10,975,772
Banks	1,617,926	-	-	-	-	926,876	2,544,802
Financial Assets at Fair Value Through Profit and Loss	116,906	75,855	99,297	350,591	70,741	692,814	1,406,204
Money Market Placements	64	-	-	-	-	-	64
Financial Assets Available for Sale	401,236	873,755	2,226,778	1,081,282	56,788	57,294	4,697,133
Loans and Receivables (*)	15,346,771	3,699,678	11,301,111	25,740,100	6,530,415	707,056	63,325,131
Held-To-Maturity Investments	40,737	112,666	248,451	-	-	-	401,854
Other Assets	1,105,383	696,461	297,839	13,433	-	2,305,758	4,418,874
<b>Total Assets</b>	<b>27,565,298</b>	<b>5,458,415</b>	<b>14,173,476</b>	<b>27,185,406</b>	<b>6,657,944</b>	<b>6,729,295</b>	<b>87,769,834</b>
<b>Liabilities</b>							
Bank Deposits	258,821	-	-	-	-	20,549	279,370
Other Deposits	38,317,200	6,231,923	1,253,745	773	120	9,450,722	55,254,483
Money Market Borrowings	162,212	13,530	18,801	-	-	-	194,543
Miscellaneous Payables	-	-	-	-	-	1,493,979	1,493,979
Securities Issued	-	992,862	296,826	-	-	-	1,289,688
Funds Provided From Other Financial Institutions	4,463,550	3,763,753	8,533,265	117,483	-	-	16,878,051
Other Liabilities	176,173	60,976	88,843	341,361	2,274	11,710,093	12,379,720
<b>Total Liabilities</b>	<b>43,377,956</b>	<b>11,063,044</b>	<b>10,191,480</b>	<b>459,617</b>	<b>2,394</b>	<b>22,675,343</b>	<b>87,769,834</b>
<b>Balance Sheet Long Position</b>	-	-	3,981,996	26,725,789	6,655,550	-	37,363,335
<b>Balance Sheet Short Position</b>	(15,812,658)	(5,604,629)	-	-	-	(15,946,048)	(37,363,335)
<b>Off-Balance Sheet Long Position</b>	9,149,837	69,037	-	-	-	-	9,218,874
<b>Off-Balance Sheet Short Position</b>	-	-	(1,657,178)	(7,347,502)	(161,330)	-	(9,166,010)
<b>Total Position</b>	<b>(6,662,821)</b>	<b>(5,535,592)</b>	<b>2,324,818</b>	<b>19,378,287</b>	<b>6,494,220</b>	<b>(15,946,048)</b>	<b>52,864</b>

(\*) Revolving loans amounting to TL7,128,307 are included in "Up to 1 Month" while income accrual from mark to market differences of hedged loans amounting to TL99 are included in "1-3 Months".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL274,634, intangible assets amounting to TL523,232, assets held for resale amounting to TL90,677, entities under common control (joint vent.) amounting to TL5 and the other liabilities line includes the shareholders' equity of TL9,101,860.

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 2017**

(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	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
Held-To-Maturity Investments	36,415	100,709	224,384	-	-	-	361,508
Other Assets	887,568	688,873	236,473	77,847	-	2,105,443	3,996,204
<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
Other Liabilities	35,181	66,959	35,625	243,776	3,012	10,857,420	11,241,973
<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 sale 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:**

	EUR %	USD %	YEN %	TL %
<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	-	1.50	-	4.00
Banks	(0.44)	1.25	-	12.84
Financial Assets at Fair Value Through Profit and Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	11.57
Financial Assets Available for Sale	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.31
Held-To-Maturity Investments	-	-	-	15.49
<b>Liabilities</b>				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.21
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.18	3.06	-	11.08
	EUR %	USD %	YEN %	TL %
<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	-	0.75	-	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
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

**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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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":

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
TL	(400)	1,108,506	10.16%
TL	500	(1,202,872)	(11.02)%
EUR	(200)	84,388	0.77%
EUR	200	(73,357)	(0.67)%
USD	(200)	(35,905)	(0.33)%
USD	200	35,420	0.32%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>1,156,989</b>	<b>10.60%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(1,240,809)</b>	<b>(11.37)%</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

- 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.

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

- 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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(*)	
Current Period – 31 December 2017		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			16,057,102	9,399,501
<b>Cash Outflows</b>					
2	Real Person and Retail Deposits	35,611,154	14,341,610	3,214,987	1,434,161
3	Stable Deposits	6,922,567	-	346,128	-
4	Less Stable Deposits	28,688,587	14,341,610	2,868,859	1,434,161
5	Unsecured Debts Other than Real Person and Retail Deposits	19,402,307	10,202,308	9,666,656	5,734,346
6	Operational Deposits	2,433,872	1,256,180	608,468	314,045
7	Non-operational Deposits	14,841,869	7,398,547	6,987,259	3,872,720
8	Other Unsecured Funding	2,126,566	1,547,581	2,070,929	1,547,581
9	Secured Funding				
10	Other Cash Outflows	7,084,285	5,679,826	7,084,285	5,679,826
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	7,084,285	5,679,826	7,084,285	5,679,826
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	28,929,836	10,203,026	2,342,489	963,731
<b>16</b>	<b>Total Cash Outflows</b>			<b>22,308,417</b>	<b>13,812,064</b>
<b>Cash Inflows</b>					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	9,078,494	3,927,943	6,372,422	3,039,759
19	Other Cash Inflows	6,532,698	13,775,977	6,532,698	13,775,977
<b>20</b>	<b>Total Cash Inflows</b>	<b>15,611,192</b>	<b>17,703,920</b>	<b>12,905,120</b>	<b>16,815,736</b>
<b>Values to which the Upper Limit is Applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>16,057,102</b>	<b>9,399,501</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>9,403,297</b>	<b>3,453,016</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>170.76</b>	<b>272.21</b>

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



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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(*)	
Prior Period – 31 December 2016		TL+FC	FC	TL+FC	FC
<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</b>	<b>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</b>	<b>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</b>	<b>Total High Quality Liquid Assets</b>			<b>13,576,375</b>	<b>8,115,276</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>8,343,065</b>	<b>3,616,893</b>
<b>23</b>	<b>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.

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)**

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 about Parent Bank’s liquidity profile which are not required by section two of communiqué.

Consolidated Liquidity Coverage Ratio for the last three months are presented below:

	<b>Current Period</b>	
	<b>TL+FC</b>	<b>FC</b>
October 2017	156.55%	220.77%
November 2017	199.64%	296.51%
December 2017	160.49%	315.66%
	<b>Prior Period</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%

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 2017**

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

**VI. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**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	2,039,497	8,936,275	-	-	-	-	-	10,975,772
Banks	926,876	1,617,926	-	-	-	-	-	2,544,802
Financial Assets at Fair Value Through								
Profit and Loss	-	155,633	119,357	373,020	649,171	109,023	-	1,406,204
Money Market Placements	-	64	-	-	-	-	-	64
Financial Assets Available for Sale	57,294	57,277	128,481	604,073	3,237,015	612,993	-	4,697,133
Loans (**)	-	15,329,339	3,663,260	11,313,768	25,784,535	6,530,415	703,814	63,325,131
Factoring Receivables	-	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	401,854	-	-	401,854
Other Assets	-	1,087,084	696,999	298,587	13,445	-	2,322,759	4,418,874
<b>Total Assets</b>	<b>3,023,667</b>	<b>27,183,598</b>	<b>4,608,097</b>	<b>12,589,448</b>	<b>30,086,020</b>	<b>7,252,431</b>	<b>3,026,573</b>	<b>87,769,834</b>
<b>Liabilities</b>								
Bank Deposits	20,549	258,821	-	-	-	-	-	279,370
Other Deposits	9,450,722	38,311,348	6,231,512	1,260,008	773	120	-	55,254,483
Funds Provided From Other Financial								
Institutions	-	3,968,120	2,926,661	6,990,477	678,710	2,314,083	-	16,878,051
Money Market Borrowings	-	162,212	13,530	18,801	-	-	-	194,543
Securities Issued	-	-	992,862	296,826	-	-	-	1,289,688
Miscellaneous Payables	51,154	1,441,895	134	112	-	-	684	1,493,979
Factoring Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	1,200,291	208,225	379,877	461,104	3,026	10,127,197	12,379,720
<b>Total Liabilities</b>	<b>9,522,425</b>	<b>45,342,687</b>	<b>10,372,924</b>	<b>8,946,101</b>	<b>1,140,587</b>	<b>2,317,229</b>	<b>10,127,881</b>	<b>87,769,834</b>
<b>Liquidity Gap</b>	<b>(6,498,758)</b>	<b>(18,159,089)</b>	<b>(5,764,827)</b>	<b>3,643,347</b>	<b>28,945,433</b>	<b>4,935,202</b>	<b>(7,101,308)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(112,505)</b>	<b>(104,333)</b>	<b>230,224</b>	<b>81,010</b>	<b>(2,254)</b>	<b>-</b>	<b>92,142</b>
Financial Derivative Assets	-	19,107,247	9,546,026	16,619,829	12,584,766	396,328	-	58,254,196
Financial Derivative Liabilities	-	19,219,752	9,650,359	16,389,605	12,503,756	398,582	-	58,162,054
Non-Cash Loans	5,544,145	1,011,848	2,529,575	6,559,002	4,940,070	-	-	20,584,640
<b>Prior Period</b>								
Total Assets	3,182,903	28,852,205	4,249,001	11,578,489	22,980,149	7,869,768	2,678,422	81,390,937
Total Liabilities	7,643,448	41,865,916	9,770,912	10,432,964	614,626	2,056,583	9,006,488	81,390,937
<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

(\*) 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 TL7,128,307 (31 December 2016: TL7,824,588) are included in "Up to 1 Month" while income accrual from mark to market differences of terminated hedged loans amounting to TL99 are included in "1-3 Months" respectively as of 31 December 2017. (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 2017**

(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 2017</b>								
Money Market Borrowings	-	162,247	13,530	18,801	-	-	(35)	194,543
Deposit	9,450,722	38,444,462	6,303,782	1,331,060	823	249	(276,615)	55,254,483
Bank Deposit	20,549	258,877	-	-	-	-	(56)	279,370
Funds provided from other financial institutions	-	4,088,496	2,979,805	7,516,595	713,327	2,865,579	(1,285,751)	16,878,051
<b>Total</b>	<b>9,471,271</b>	<b>42,954,082</b>	<b>9,297,117</b>	<b>8,866,456</b>	<b>714,150</b>	<b>2,865,828</b>	<b>(1,562,457)</b>	<b>72,606,447</b>
<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>

**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 2017</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	227,188	-	-	-	227,188
Cash Flow Hedge	1,646,639	129,974	790,267	877,696	-	3,444,576
<b>Held for Trading Transactions</b>						
Foreign Exchange Forward Contracts-Sell	2,909,601	2,026,037	2,604,450	1,079,295	6,566	8,625,949
Currency Swaps-Sell	11,237,673	5,104,670	8,155,829	4,060,585	185,007	28,743,764
Interest Rate Swaps-Sell	2,459	308	4,360	13,301	3,917	24,345
Foreign Currency Futures-Sell	-	278,665	185,620	-	-	464,285
Foreign Currency Options-Sell	2,274,207	1,959,171	3,248,756	205,027	-	7,687,161
<b>Total</b>	<b>18,070,579</b>	<b>9,726,013</b>	<b>14,989,282</b>	<b>6,235,904</b>	<b>195,490</b>	<b>49,217,268</b>
<b>As of 31 December 2016</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	458,739	154,852	1,090,094	1,132,067	-	2,835,752
<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	16,794,617	5,819,611	5,304,480	2,968,308	11,427	30,898,443
Interest Rate Swaps-Sell	11,897	14,263	5,956	28,876	1,050	62,042
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>20,323,789</b>	<b>10,647,406</b>	<b>13,062,707</b>	<b>5,442,327</b>	<b>70,987</b>	<b>49,547,216</b>

Cash disposal of derivative instruments is shown in the table above.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Bank's equity, there is no significant change in the leverage ratio since these two activities hedge each other.

- 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(*)	86,992,149	80,772,720
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	641,096	604,522
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	698,335	553,161
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	40,300,931	32,957,050
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	(553,322)	(548,800)
<b>7</b>	<b>Total risk amount</b>	<b>128,079,189</b>	<b>114,338,653</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>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)	86,241,388	80,364,523
2	(Assets Deducted from Core Capital)	(553,322)	(548,800)
3	Total Risk Amount for Assets on the Balance Sheet	85,688,066	79,815,723
<b>Derivative Financial Instruments and Credit Derivatives</b>			
4	Renewal Cost of Derivative Financial Instruments and Credit Derivatives	1,391,857	1,012,719
5	Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	698,335	553,161
6	Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	2,090,192	1,565,880
<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	40,300,931	32,957,050
11	(Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12	Total Risk Amount for Off-balance Sheet Transactions	40,300,931	32,957,050
<b>Capital and Total Risk</b>			
13	Tier 1 Capital	8,320,350	7,424,682
14	Total Risk Amount	128,079,189	114,338,653
<b>Leverage Ratio</b>			
15	Leverage Ratio	6.50%	6.49%

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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>72,973,831</b>	<b>66,134,532</b>	<b>72,503,258</b>	<b>65,746,552</b>
Money Market Placements	64	2,001,067	64	2,001,067
Banks	2,544,802	1,592,330	2,544,802	1,592,330
Financial Assets Available for Sale	4,697,133	4,106,390	4,697,133	4,106,390
Held-To-Maturity Investments	401,854	361,508	403,707	364,740
Loans(**)	65,329,978	58,073,237	64,857,552	57,682,025
<b>Financial Liabilities</b>	<b>75,390,114</b>	<b>70,148,964</b>	<b>75,726,972</b>	<b>70,358,760</b>
Bank Deposit	279,370	180,985	279,370	180,998
Other Deposit	55,254,483	49,630,201	55,560,619	49,810,427
Funds Borrowed From Other Financial Institutions(*)	17,072,594	18,160,258	17,103,316	18,189,815
Marketable Securities Issued	1,289,688	739,302	1,289,688	739,302
Sundry Creditors	1,493,979	1,438,218	1,493,979	1,438,218

(\*) 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>5,087,302</b>	<b>1,098,096</b>	<b>-</b>	<b>6,185,398</b>
Financial assets at fair value through profit and loss	460,960	945,244	-	1,406,204
<i>Public sector debt securities</i>	460,960	-	-	460,960
<i>Derivative financial assets held for trading</i>	-	945,244	-	945,244
Derivative financial assets for hedging purposes	-	87,275	-	87,275
Financial assets available for sale	4,626,342	65,577	-	4,691,919
<i>Public sector debt securities</i>	4,626,342	13,497	-	4,639,839
<i>Other financial assets available for sale (*)</i>	-	52,080	-	52,080
<b>Financial Liabilities</b>	<b>-</b>	<b>1,401,408</b>	<b>-</b>	<b>1,401,408</b>
Derivative financial liabilities held for trading	-	958,077	-	958,077
Derivative financial liabilities for hedging purposes	-	443,331	-	443,331
<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>4,254,446</b>	<b>1,308,230</b>	<b>-</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	4,051,252	43,282	-	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>	-	31,350	-	31,350
<b>Financial Liabilities</b>	<b>-</b>	<b>1,227,106</b>	<b>-</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

(\*) All unquoted share certificates of TL5,214 which are recorded at cost since its fair value cannot be reliably estimated are not included (31 December 2016: TL11,856).

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Bank.

**1. Risk management approach and overview of 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.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**IX. 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)	60,616,638	60,764,592	4,849,331
2 Of which Standardized Approach (SA)	60,616,638	60,764,592	4,849,331
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	1,558,203	1,933,426	124,656
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,558,203	1,933,426	124,656
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	674,263	319,552	53,941
17 Standardized Approach (SA)	674,263	319,552	53,941
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	7,022,512	6,155,613	561,801
20 Of which Basic Indicator Approach	7,022,512	6,155,613	561,801
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>69,871,616</b>	<b>69,173,183</b>	<b>5,589,729</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 2017**

(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**

Current Period	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	10,975,772	10,975,772	-	-	-
Financial assets held for trading	1,406,204	-	945,244	460,960	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Banks	2,544,802	2,544,802	-	-	-
Receivables from money markets	64	-	64	-	-
Financial assets available for sale (net)	4,697,133	4,697,133	-	-	-
Loans and receivables	63,325,131	63,325,131	-	-	-
Factoring receivables	2,004,847	2,004,847	-	-	-
Held to maturity investments (net)	401,854	401,854	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Leasing receivables	-	-	-	-	-
Derivative financial assets held for hedges	87,275	-	87,275	-	-
Tangible assets (net)	274,634	217,633	-	-	57,001
Intangible assets (net)	523,232	-	-	-	523,232
Investment properties (net)	-	-	-	-	-
Tax assets	87,105	87,105	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	90,677	90,677	-	-	-
Other assets	1,351,099	1,341,289	-	9,810	-
<b>Total Assets</b>	<b>87,769,834</b>	<b>85,686,248</b>	<b>1,032,583</b>	<b>470,770</b>	<b>580,233</b>
<b>Liabilities</b>					
Deposits	55,533,853	-	-	-	-
Derivative financial liabilities held for trading	958,077	-	-	-	-
Loans	14,563,968	-	-	-	-
Debt to money markets	194,543	-	194,543	-	-
Debt securities in issue	1,289,688	-	-	-	-
Funds	-	-	-	-	-
Various Debts	1,493,979	-	-	-	-
Other Debts	599,037	-	-	-	-
Factoring debts	3,436	-	-	-	-
Debts from leasing transactions	-	-	-	-	-
Derivative financial liabilities held for hedge	443,331	-	-	-	-
Provisions	1,033,167	-	-	-	-
Tax liability	240,812	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,314,083	-	-	-	-
Equity	9,101,860	-	-	-	-
<b>Total Liabilities</b>	<b>87,769,834</b>	<b>-</b>	<b>194,543</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 2017**

(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 (continued)**

**2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)**

Prior Period	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	11,667,415	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	1,168,480	-	911	-
<b>Total Assets</b>	<b>81,390,937</b>	<b>77,350,130</b>	<b>3,266,167</b>	<b>203,953</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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 (continued)**

**2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

		Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>Current Period</b>	<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>87,769,834</b>	<b>85,686,248</b>	<b>1,032,583</b>	<b>470,770</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	194,543	-	194,543	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>87,575,291</b>	<b>85,686,248</b>	<b>838,040</b>	<b>470,770</b>
4 Off-balance sheet amounts	94,726,827	15,094,125	666,667	-
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>-</b>	<b>100,780,373</b>	<b>1,504,707</b>	<b>470,770</b>

		Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
<b>Prior Period</b>	<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>81,390,937</b>	<b>77,350,130</b>	<b>3,266,167</b>	<b>203,953</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>77,350,130</b>	<b>1,765,295</b>	<b>203,953</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>-</b>	<b>90,447,562</b>	<b>2,386,718</b>	<b>203,953</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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**

**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.

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	1,990,299	64,624,200	1,284,521	65,329,978
2 Debt Securities	-	5,041,693	-	5,041,693
3 Off-balance sheet exposures	-	40,565,375	48,741	40,516,634
<b>4 Total</b>	<b>1,990,299</b>	<b>110,231,268</b>	<b>1,333,262</b>	<b>110,888,305</b>

Prior 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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. Consolidated Credit Risk Disclosure (continued)**

**3.1.3. Changes in stock of defaulted loans and debt securities**

<b>1</b>	<b>Defaulted loans and debt securities at end of the 31 December 2016</b>	<b>1,812,823</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,418,932
3	Returned to non-defaulted status	12,936
4	Amounts written off	557,733
5	Other changes (*)	670,787
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2017 (1+2-3-4-5)</b>	<b>1,990,299</b>

(\*) Includes collections during the period

<b>1</b>	<b>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</b>	<b>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.

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 receivables for which collection is deferred more than 90 days in accordance with the Communiqué.

- 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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. Consolidated Credit Risk Disclosure (continued)**

**3.1.4 Additional disclosure related to the credit quality of assets (continued)**

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	2,070,232	4.10	131,076	1.08
Farming and Stockbreeding	2,012,992	3.99	114,545	0.94
Forestry	-	-	-	-
Fishery	57,240	0.11	16,531	0.14
Manufacturing	8,260,502	16.37	4,928,277	40.52
Mining and Quarrying	854,046	1.69	333,262	2.74
Production	7,230,696	14.33	4,304,834	35.39
Electricity, Gas and Water	175,760	0.35	290,181	2.39
Construction	3,136,735	6.22	774,678	6.37
Services	20,983,224	41.59	6,271,230	51.54
Wholesale and Retail Trade	12,253,016	24.29	1,839,438	15.12
Accommodation and Dining	1,035,988	2.05	941,150	7.74
Transportation and Telecom.	2,712,250	5.38	366,737	3.01
Financial Institutions	1,978,211	3.92	1,230,035	10.11
Real Estate and Rental Services	1,445,431	2.86	1,839,937	15.12
Self-Employment Services	731,743	1.45	53,869	0.44
Educational Services	87,014	0.17	61	-
Health and Social Services	739,571	1.47	3	-
Other	16,005,490	31.72	59,873	0.49
<b>Total</b>	<b>50,456,183</b>	<b>100.00</b>	<b>12,165,134</b>	<b>100.00</b>
	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,503,577	3.41	82,486	0.71
Farming and Stockbreeding	1,439,775	3.26	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	6.48	828,115	7.12
Services	17,732,824	40.12	6,448,766	55.46
Wholesale and Retail Trade	10,701,496	24.21	1,916,170	16.48
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	825,486	1.87	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	1.06	5,435	0.05
Other	15,612,611	35.30	47,733	0.40
<b>Total</b>	<b>44,206,118</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"

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2017</b>	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	1,070,364	480,791	505,945	2,057,100
Consumer Loans	182,831	305,112	159,291	647,234
Credit Cards	87,178	45,607	18,847	151,632
<b>Total</b>	<b>1,340,373</b>	<b>831,510</b>	<b>684,083</b>	<b>2,855,966</b>

<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>

h) Breakdown of restructured exposures between impaired and not impaired exposures

Not impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	1,604,691	-	1,604,691
Consumer Loans	114,754	-	114,754
Credit Cards	75,098	-	75,098
<b>Total</b>	<b>1,794,543</b>	<b>-</b>	<b>1,794,543</b>

<b>Prior Period</b>	<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>Current Period</b>	<b>Gross Amount</b>	<b>Specific Provision</b>	<b>Net Amount</b>
Commercial Loans	13,952	5,209	8,743
Consumer Loans	16,298	5,988	10,310
Credit Cards	4,808	1,605	3,203
<b>Total</b>	<b>35,058</b>	<b>12,802</b>	<b>22,256</b>

<b>Prior Period</b>	<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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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**

	Exposures unsecured: carrying amount according to TAS	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 credit derivatives of which: secured amount
<b>Current period</b>							
1 Loans	44,108,149	11,678,055	9,128,085	9,543,774	8,044,101	-	-
2 Debt securities	5,041,693	-	-	-	-	-	-
<b>3 Total</b>	<b>49,149,842</b>	<b>11,678,055</b>	<b>9,128,085</b>	<b>9,543,774</b>	<b>8,044,101</b>	-	-
4 Of which defaulted	1,811,815	80,620	65,519	97,864	4,849	-	-
<b>Prior period</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	-	-

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)**

**3.3. Credit risk under standardised 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 standardised 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 Organisation 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 alphanumerical 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%

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 standardised approach (continued)**

**3.3.2. Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects**

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	15,391,060	-	22,046,326	71,816	405,650	2%
2	Exposures to regional governments or local authorities	580,509	9,354	580,388	4,348	293,096	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	3,909,606	1,082,646	3,380,860	970,884	2,008,137	46%
7	Exposures to corporates	26,064,415	18,942,824	23,797,610	10,732,778	33,603,439	97%
8	Retail exposures	28,359,786	12,539,446	22,686,961	2,837,952	19,140,223	75%
9	Exposures secured by residential property	6,943,533	365,715	6,943,534	142,721	2,480,189	35%
10	Exposures secured by commercial real estate	2,121,479	165,675	2,121,480	84,063	1,102,771	50%
11	Past-due loans	705,778	86,955	700,930	29,615	956,628	131%
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	1,561,878	7,320,266	1,561,062	2,328	569,211	36%
17	Investments in equities	57,294	-	57,294	-	57,294	100%
<b>18</b>	<b>Total</b>	<b>85,695,338</b>	<b>40,512,881</b>	<b>83,876,445</b>	<b>14,876,505</b>	<b>60,616,638</b>	<b>61%</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 standardised approach (continued)**

**3.3.2. Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)**

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes						
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 organisations	-	-	-	-	-	-
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 2017**

(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 standardised approach (continued)**

**3.3.3. Standardised approach – exposures by asset classes and risk weights**

Current Period											Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	
1 Exposures to regional governments or local authorities	21,712,492	-	-	-	-	-	405,650	-	-	-	22,118,142
2 Exposures to regional governments or local authorities	-	-	-	-	583,281	-	1,455	-	-	-	584,736
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	2,272,429	-	1,054,991	-	1,020,662	3,662	-	-	4,351,744
7 Exposures to corporates	-	-	508,160	-	1,040,843	-	32,981,385	-	-	-	34,530,388
8 Retail exposures	-	-	2,344	-	8,849	25,513,560	160	-	-	-	25,524,913
9 Exposures secured by residential property	-	-	-	7,086,255	-	-	-	-	-	-	7,086,255
10 Exposures secured by commercial real estate	-	-	-	-	2,205,543	-	-	-	-	-	2,205,543
11 Past-due loans	-	-	-	-	79,570	-	119,239	531,736	-	-	730,545
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	-	-	-	-	-	-	57,294	-	-	-	57,294
17 Other assets	981,095	-	16,355	-	-	-	565,940	-	-	-	1,563,390
<b>18 Total</b>	<b>22,693,587</b>	<b>-</b>	<b>2,799,288</b>	<b>7,086,255</b>	<b>4,973,077</b>	<b>25,513,560</b>	<b>35,151,785</b>	<b>535,398</b>	<b>-</b>	<b>-</b>	<b>98,752,950</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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 standardised approach (continued)**

**3.3.3. Standardised approach – exposures by asset classes and risk weights (continued)**

											Total credit risk exposure amount (after CCF and CRM)	
Prior Period					50% secured by real estate (*)					Other risk weights		
Asset Classes / Risk Weights		0%	10%	20%	35%		75%	100%	150%	200%		
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 organisations	-	-	-	-	-	-	-	-	-	-	-
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
18	Total	6,868,914	-	1,922,556	8,693,573	15,500,015	25,660,090	29,686,918	349,225	-	52,599	88,733,890

(\*) 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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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**

<b>Current Period</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for Computing regulatory Exposure at Default</b>	<b>Exposure at Default post Credit Risk Mitigation</b>	<b>Risk Weighted Assets</b>
Standardised Approach - CCR (For Derivatives)	1,032,519	666,667		1.4	1,681,750	1,007,014
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					5,492	2,746
						<b>1,009,760</b>

(\*) Effective Expected Positive Exposure

<b>Prior Period</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(*)</b>	<b>Alpha used for Computing regulatory Exposure at Default</b>	<b>Exposure at Default post Credit Risk Mitigation</b>	<b>Risk Weighted Assets</b>
Standardised 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>1,059,194</b>

(\*) Effective Expected Positive Exposure



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)**

**4.3. Credit valuation adjustment (CVA) capital charge**

<b>Current Period</b>	<b>Exposure at Default post- Credit Risk Mitigation</b>	<b>Risk Weighted Assets</b>
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 Standardised CVA capital charge	1,681,750	548,443
<b>Total subject to the CVA capital charge</b>	<b>1,681,750</b>	<b>548,443</b>

<b>Prior Period</b>	<b>Exposure at Default post- Credit Risk Mitigation</b>	<b>Risk Weighted Assets</b>
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 Standardised 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Standardised approach – CCR exposures by regulatory portfolio and risk weights**

<b>Current Period</b>										<b>Total credit</b>
<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>exposure (*)</b>
Claims from central governments and central banks	-	-	-	-	-	-	17,056	-	-	17,056
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	-	-	154,685	-	1,094,748	-	6,892	1,200	-	1,257,525
Corporates	-	-	472	-	5,441	-	391,301	-	-	397,214
Retail portfolios	-	-	-	-	-	15,447	-	-	-	15,447
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>-</b>	<b>-</b>	<b>155,157</b>	<b>-</b>	<b>1,100,189</b>	<b>15,447</b>	<b>415,249</b>	<b>1,200</b>	<b>-</b>	<b>1,687,242</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 Standardised approach – CCR exposures by regulatory portfolio and risk weights (continued)**

Prior Period Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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		
<b>Current Period</b>						
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	17,328	-	-	-	-
Domestic sovereign debt	-	108	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>17,436</b>	-	-	-	-

	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		
<b>Prior Period</b>						
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**

	Current Period		Prior Period	
	Ahnan Koruma	Satılan Koruma	Ahnan Koruma	Satılan Koruma
<b>Nominal</b>				
Single-name credit default swaps	132,367	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total Notionals</b>	<b>132,367</b>	-	-	-
<b>Fair Values</b>				
Positive fair value (asset)	463	-	-	-
Negative fair value (liability)	-	-	-	-

**4.7. Exposures to central counterparties**

None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

---

**X. Explanations Related to Consolidated Risk Management (continued)**

**5. Securitisation 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 securitisation 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.

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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)**

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. Standardised Approach**

<b>Current Period</b>		<b>RWA</b>
Outright products		
1	Interest rate risk (general and specific)	536,263
2	Equity risk (general and specific))	-
3	Foreign exchange risk	122,838
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	15,162
7	Scenario approach	-
8	Securitisation	-
<b>9</b>	<b>Total</b>	<b>674,263</b>
<b>Prior Period</b>		<b>RWA</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	Securitisation	-
<b>9</b>	<b>Total</b>	<b>319,552</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**X. Explanations Related to Consolidated Risk Management (continued)**

**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:

	31.12.2014	31.12.2015	31.12.2016	Total/Positive Year	Rate (%)	Total
Gross Income	3,303,079	3,709,942	4,222,998	3,745,340	15	561,801
Operational Risk Capital Requirement (Total*12.5)						7,022,512

	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

- 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 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, 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 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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash in TL/Foreign Currency	376,414	543,135	352,568	461,736
Balances with the Central Bank of Turkey	1,053,062	8,925,260	1,606,233	9,164,037
Other	-	77,901	-	82,841
<b>Total</b>	<b>1,429,476</b>	<b>9,546,296</b>	<b>1,958,801</b>	<b>9,708,614</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposit	1,042,047	-	1,597,683	-
Unrestricted Time Deposit	-	1,384,996	-	1,335,857
Restricted Time Deposit	11,015	7,540,264	8,550	7,828,180
<b>Total</b>	<b>1,053,062</b>	<b>8,925,260</b>	<b>1,606,233</b>	<b>9,164,037</b>

Foreign currency unrestricted deposit amounting to TL1,384,996 (31 December 2016: TL1,335,857), foreign currency restricted deposit amounting to TL7,540,264 (31 December 2016: TL7,828,180), unrestricted deposit balance amounting to TL1,042,047 (31 December 2016: TL1,597,683) and restricted deposit amounting to TL11,015 (31 December 2016: TL8,550) comprises of reserve deposits. As of 31 December 2017, 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 2016: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-24% (31 December 2016: 4.50%-24.50%).

**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 2016: 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 TL460,960 (31 December 2016: TL203,194).

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	194,605	31,793	185,015	33,384
Swap Transactions	628,312	34,839	580,354	110,296
Futures Transactions	-	33	-	-
Options	45,430	9,769	80,871	79,708
Other	-	463	-	-
<b>Total</b>	<b>868,347</b>	<b>76,897</b>	<b>846,240</b>	<b>223,388</b>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	568,825	511,622	111,562	206,873
Foreign Banks	108,050	1,356,305	83,674	1,190,221
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>676,875</b>	<b>1,867,927</b>	<b>195,236</b>	<b>1,397,094</b>

b) Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	956,656	775,607	-	-
USA and Canada	25,001	267,961	-	-
OECD Countries(*)	181,220	58,521	-	-
Off-Shore Banking Regions	284,954	158,188	-	-
Other	16,524	13,618	-	-
<b>Total</b>	<b>1,464,355</b>	<b>1,273,895</b>	<b>-</b>	<b>-</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	1,459,329	-	130,140	-
Other	-	-	-	-
<b>Total</b>	<b>1,459,329</b>	<b>-</b>	<b>130,140</b>	<b>-</b>

a.2) Financial assets available for sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	109,188	-	1,456,769	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>109,188</b>	<b>-</b>	<b>1,456,769</b>	<b>-</b>

Net book value of debt securities and equity securities in unrestricted financial assets available for sale is TL3,128,616 (31 December 2016: TL2,519,481).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:

	Current Period	Prior Period
Debt Securities	4,639,839	4,063,184
Quoted on a Stock Exchange	4,639,839	4,063,184
Not Quoted	-	-
Equity Securities	57,294	43,206
Quoted on a Stock Exchange	-	-
Not Quoted	57,294	43,206
Impairment Provision (-)	-	-
<b>Total</b>	<b>4,697,133</b>	<b>4,106,390</b>

All Unquoted available for sale equities of the Group are recorded at fair value except for the investment of TL5,214 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2016: TL11,856).

**6. Information on loans:**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Loans Granted to Shareholders	100,051	301,623	-	188,104
Corporate Shareholders	100,051	301,623	-	188,104
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	101,302	-	94,263	-
<b>Total</b>	<b>201,353</b>	<b>301,623</b>	<b>94,263</b>	<b>188,104</b>

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring (*)		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Other	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Other
		Restructured or Rescheduled	Other		Restructured or Rescheduled	Other
<b>Cash Loans</b>						
<b>Non-specialized loans</b>	<b>59,765,351</b>	<b>761,251</b>	-	<b>2,855,966</b>	<b>1,033,292</b>	-
Working Capital Loans	-	-	-	-	-	-
Export Loans	5,557,553	53,584	-	62,924	8,578	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	976,520	-	-	1,900	-	-
Consumer Loans	12,902,402	75,295	-	647,234	39,459	-
Credit Cards	3,303,619	56,073	-	151,632	19,025	-
Other	37,025,257	576,299	-	1,992,276	966,230	-
<b>Specialized Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>59,765,351</b>	<b>761,251</b>	-	<b>2,855,966</b>	<b>1,033,292</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”.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:

<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	729,149	1,016,852
3, 4 or 5 Times	23,102	15,575
Over 5 Times	9,000	865
<b>Total</b>	<b>761,251</b>	<b>1,033,292</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables under Follow-up(*)</b>
0-6 Months	634,784	911,565
6-12 Months	43,229	11,530
1-2 Years	47,443	47,861
2-5 Years	31,197	50,631
5 Years and Over	4,598	11,705
<b>Total</b>	<b>761,251</b>	<b>1,033,292</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>23,871,468</b>	<b>296,051</b>	<b>700,579</b>	<b>206,980</b>
Non-specialized loans	23,704,120	296,051	700,579	206,980
Specialized loans	-	-	-	-
Other Receivables	167,348	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>35,893,883</b>	<b>465,200</b>	<b>2,155,387</b>	<b>826,312</b>
Non-specialized loans	35,893,883	465,200	2,155,387	826,312
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>59,765,351</b>	<b>761,251</b>	<b>2,855,966</b>	<b>1,033,292</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 2017**

(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:

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:

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

f) Allocation of loans by customers:

	Current Period	Prior Period
Public sector	957,153	723,206
Private sector	61,664,164	55,112,501
<b>Total</b>	<b>62,621,317</b>	<b>55,835,707</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	61,802,899	55,225,887
Foreign Loans	818,418	609,820
<b>Total</b>	<b>62,621,317</b>	<b>55,835,707</b>

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	17,524	23,334
Loans and Receivables with Doubtful Collectability	67,574	88,266
Uncollectible Loans and Receivables	1,157,713	1,102,681
<b>Total</b>	<b>1,242,811</b>	<b>1,214,281</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	14,741	10,373	9,944
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	15,885	11,760	11,074

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>148,916</b>	<b>202,694</b>	<b>1,420,165</b>
Additions (+)	1,328,208	7,072	80,938
Transfers from Other Categories of Loans under Follow-up (+)	-	1,161,933	1,049,291
Transfers to Other Categories of Loans under Follow-up (-) (**)	1,173,679	1,050,481	-
Collections (-)	187,167	156,397	327,223
Write-offs (-) (*)	3	-	557,642
Corporate and Commercial Loans	-	-	353,681
Retail Loans	-	-	111,250
Credit Cards	3	-	92,711
Other	-	-	-
<b>Current Period End Balance</b>	<b>116,275</b>	<b>164,821</b>	<b>1,665,529</b>
Specific Provision (-)	17,524	67,574	1,157,713
<b>Net Balances on Balance Sheet</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>

(\*) Past due receivables portfolio amounting to TL556,552 for which TL555,756 provision had been allocated is sold by TL32,791 in 2017 and after all the sales procedures were completed , such past due receivables have been written off from the accounts.

Explonation on sales of non-performing loan portfolio in 2017

<b>Date</b>	<b>Sold to</b>	<b>Non-Performing Loan Amount</b>	<b>Provision</b>	<b>Proceed</b>
28.03.2017	Hayat Varlık Yönetim A.Ş.	102,752	102,550	6,000
21.06.2017	Hayat Varlık Yönetim A.Ş.	82,788	82,634	6,166
26.09.2017	Hayat Varlık Yönetim A.Ş.	112,892	112,888	7,625
26.12.2017	Efes Varlık Yönetim A.Ş.	258,120	257,684	13,000
<b>Current Period Total</b>		<b>556,552</b>	<b>555,756</b>	<b>32,791</b>

(\*\*) In compliance with the related communique, retail loans amounting to TL12,936 are classified from loans under follow-up to performing loans.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 ables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectable Loans and Receivables</b>
<b>31 December 2017</b>			
Current Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
<b>Net Balance on Balance Sheet</b>	<b>984</b>	<b>685</b>	<b>42,210</b>
<b>31 December 2016</b>			
Prior 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>

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)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior 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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	43,391,982	12,902,402	3,303,619	167,348	59,765,351
Close Monitoring Loans	2,057,100	647,234	151,632	-	2,855,966
Loans Under Follow-Up	843,304	979,935	123,386	-	1,946,625
<b>Total</b>	<b>46,292,386</b>	<b>14,529,571</b>	<b>3,578,637</b>	<b>167,348</b>	<b>64,567,942</b>
Specific Provision (-)	632,158	527,953	82,700	-	1,242,811
<b>Total</b>	<b>632,158</b>	<b>527,953</b>	<b>82,700</b>	<b>-</b>	<b>1,242,811</b>
<b>Net Loans</b>	<b>45,660,228</b>	<b>14,001,618</b>	<b>3,495,937</b>	<b>167,348</b>	<b>63,325,131</b>

<b>Prior 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>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2017	488,206	619,163	106,912	1,214,281
Change for the period	671,828	87,081	87,584	846,493
Recoveries	(156,705)	(73,885)	(31,617)	(262,207)
Amounts written-off (*)	(371,171)	(104,406)	(80,179)	(555,756)
<b>31 December 2017 Balance</b>	<b>632,158</b>	<b>527,953</b>	<b>82,700</b>	<b>1,242,811</b>

	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>

(\*) Past due receivables portfolio amounting to TL556,552 for which TL555,756 provision had been allocated is sold amount of TL32,791 in 2017 and after all the sales procedures were completed , such past due receivables have been written off from the accounts.

Explonation on sales made in 2017

Date	Sold to	Non-Performing Loan Amont	Provision	Proceed
28.03.2017	Hayat Varlık Yönetim A.Ş.	102,752	102,550	6,000
21.06.2017	Hayat Varlık Yönetim A.Ş.	82,788	82,634	6,166
26.09.2017	Hayat Varlık Yönetim A.Ş.	112,892	112,888	7,625
26.12.2017	Efes Varlık Yönetim A.Ş.	258,120	257,684	13,000
<b>Current Period Total</b>		<b>556,552</b>	<b>555,756</b>	<b>32,791</b>

(\*\*) Past due receivables portfolio amounting to TL518,248 for which TL514,410 provision had been allocated is sold by TL47,749 in 2016 and after all the sales procedures were completed , such past due receivables have been written off from the accounts.

Date	Sold to	Non-Performing Loan Amount	Provision	Proceed
29.06.2016	Güven Varlık Yönetim A.Ş.	198,653	198,126	20,499
31.10.2016	Destek Varlık Yönetim A.Ş.	212,589	211,806	23,000
28.12.2016	Efes Varlık Yönetim A.Ş.	107,006	104,478	4,250
<b>Prior Period Total</b>		<b>518,248</b>	<b>514,410</b>	<b>47,749</b>

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 2017 is TL806,842 (31 December 2016: TL569,340).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 loans individually determined to be impaired:**

	Current Period	Prior Period
Mortgage	622,898	428,577
Vehicle	111,528	112,400
Cash	136	495
Other(*)	72,280	27,868
<b>Total</b>	<b>806,842</b>	<b>569,340</b>

(\*) Includes guarantees from Treasury and Credit Guarantee Fund amounting to TL61,361.

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 2017 is TL2,227,231 (31 December 2016: TL2,172,320).

**Fair value of collaterals, capped with the respective outstanding loan balance under close monitoring:**

	Current Period	Prior Period
Mortgage	2,057,968	1,954,862
Vehicle	122,538	165,517
Cash, Government Bonds	29,096	21,347
Other	17,629	30,594
<b>Total</b>	<b>2,227,231</b>	<b>2,172,320</b>

As of 31 December 2017 and 31 December 2016, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

31 December 2017	Commercial	Consumer	Total
Residential, commercial or industrial property	86,229	4,421	90,650
Other	27	-	27
<b>Total</b>	<b>86,256</b>	<b>4,421</b>	<b>90,677</b>

31 December 2016	Commercial	Consumer	Total
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>

**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 2016: None).

a.2) Held-to-maturity investments subject to repurchase agreements and given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	329,307	-	198,285	-
Other	-	-	-	-
<b>Total</b>	<b>329,307</b>	<b>-</b>	<b>198,285</b>	<b>-</b>

Unrestricted financial assets held-to maturity amounting to TL72,547 (31 December 2016: TL163,223).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	401,854	361,508
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>401,854</b>	<b>361,508</b>

a.4) Information on held to maturity investments:

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	401,854	361,508
Quoted on a Stock Exchange	401,854	361,508
Unquoted	-	-
Impairment Provision(-)	-	-
<b>Total</b>	<b>401,854</b>	<b>361,508</b>

b) Movement of held-to-maturity investments:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	361,508	339,417
Foreign Currency Differences on Monetary Assets	-	-
Purchases during the Year (*)	40,346	22,091
Disposals Through Sales and Redemptions	-	-
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>401,854</b>	<b>361,508</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 2016: None).
- a.2) Information on the unconsolidated associates: None (31 December 2016: None).
- a.3) Information on the consolidated associates: None (31 December 2016: None).
- a.4) Valuation of consolidated associates: None (31 December 2016: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2016: None).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	27,222	42,748	6,208
Net income for the period and prior period income	27,582	29,856	5,650
Income/ Loss recognized under equity in accordance with TAS	-	-	(173)
Leasehold Improvements on Operational Leases (-)	468	80	-
Goodwill and intangible asset and the related deferred tax liability (-)	1,784	1,109	569
<b>Total Common Equity Tier 1 Capital</b>	<b>82,552</b>	<b>100,209</b>	<b>17,976</b>
General Provision	2,062	-	-
<b>Total Equity</b>	<b>84,614</b>	<b>100,209</b>	<b>17,976</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 subjection to the reasonable justifications of non-consolidate and minimum capital requirements: None (31 December 2016: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2016: 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	2,032,906	84,804	2,648	131,544	-	16,544	11,507	-
2	255,739	101,398	3,049	27,815	-	19,669	10,212	-
3	22,567	18,545	777	2,157	156	3,631	2,631	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2016.

- d.2) Information on consolidated subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the Beginning of the Period	146,986	146,986
Movements during the Period	-	-
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
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 (%)	-	-

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:

	Current Period	Prior Period
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.	72,941	72,941
TEB Portföy Yönetimi A.Ş.	5,354	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 2016: None).

**10. Information on entities under common control (Joint Ventures):**

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

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	24,955	37,623	6,067	125,677	(114,307)

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 2016: None).

**12. Information on derivative financial assets for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	4,454	-	-	-
Cash Flow Hedge	81,486	1,335	195,320	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>85,940</b>	<b>1,335</b>	<b>195,320</b>	<b>-</b>

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

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences amounted TL18 (31 December 2016: negatively TL1,063) is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2016	Additions	Disposals	Other	31 December 2017
Cost:					
Land and buildings	105,132	-	-	-	105,132
Leased tangible assets	35,858	-	(10,374)	(24,084)	1,400
Other	706,606	116,143	(110,099)	24,120	736,770
<b>Total Cost</b>	<b>847,596</b>	<b>116,143</b>	<b>(120,473)</b>	<b>36</b>	<b>843,302</b>
	31 December 2016	Period Charge	Disposals	Other	31 December 2017
Accumulated Depreciation:					
Land and buildings	43,821	2,888	-	-	46,709
Leased tangible assets	35,850	1	(10,374)	(24,077)	1,400
Other	522,890	83,034	(109,450)	24,085	520,559
<b>Total Accumulated Depreciation</b>	<b>602,561</b>	<b>85,923</b>	<b>(119,824)</b>	<b>8</b>	<b>568,668</b>
<b>Net Book Value</b>	<b>245,035</b>				<b>274,634</b>

- 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.
- 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 2016	Additions	Disposals	Other	31 December 2017
Cost:					
Other intangible assets	251,196	64,860	-	(36)	316,020
<b>Total Cost</b>	<b>251,196</b>	<b>64,860</b>	<b>-</b>	<b>(36)</b>	<b>316,020</b>
Accumulated Depreciation:					
Other intangible assets	166,497	47,416	-	(1)	213,912
<b>Total Accumulated Depreciation</b>	<b>166,497</b>	<b>47,416</b>	<b>-</b>	<b>(1)</b>	<b>213,912</b>
<b>Net Book Value</b>	<b>84,699</b>				<b>102,108</b>

- Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- 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.
- The book value of intangible fixed assets that are pledged or restricted for use: None.
- Amount of purchase commitments for intangible fixed assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in income statement within the period if any: None.
- Positive or negative consolidation goodwill on entity basis: None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 TFRS 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
Currency Differences	-	-
Acquired	-	-
<b>End Balance</b>	<b>421,124</b>	<b>421,124</b>

**15. Information on investment property: None (31 December 2016: None).**

**16. Information on held deferred tax asset:**

- a) As of 31 December 2017, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL86,456 (31 December 2016: TL52,955). 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>52,955</b>	<b>88,723</b>
Deferred tax benefit / (charge)	71,557	(61,989)
Deferred tax accounted for under equity	(38,056)	26,221
<b>Deferred Tax Asset</b>	<b>86,456</b>	<b>52,955</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:**

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of Period Cost	93,224	74,768
Beginning of Period Accumulated Depreciation (-)	1,970	2,894
<b>Net Book Value</b>	<b>91,254</b>	<b>71,874</b>
Opening Balance	91,254	71,874
Acquired	92,643	85,942
Disposed (-)	90,366	64,639
Impairment (-)	2,854	110
Depreciation Value (-)	-	1,813
End of Period Cost	90,677	93,224
End of Period Accumulated Depreciation (-)	-	1,970
<b>Closing Net Book Value</b>	<b>90,677</b>	<b>91,254</b>

**18. Information on factoring receivables of Group:**

a) Maturity Analysis:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short term (*)	1,255,927	780,813	671,231	1,030,213
Medium and Long Term	9,817	-	12,711	-
Specific provisions (-)	37,744	3,966	31,473	2,646
<b>Total</b>	<b>1,228,000</b>	<b>776,847</b>	<b>652,469</b>	<b>1,027,567</b>

(\*) Amounting to TL43,674 (31 December 2016: TL41,048) impaired factoring receivable included.

b) Other explanations and disclosures:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Neither past due nor impaired	2,001,889	-	2,001,889
Past due but not impaired	994	-	994
Individually impaired	43,674	-	43,674
<b>Total</b>	<b>2,046,557</b>	<b>-</b>	<b>2,046,557</b>
Specific Provision (-)	41,710	-	41,710
<b>Total allowance for impairment</b>	<b>41,710</b>	<b>-</b>	<b>41,710</b>
<b>Net credit balance on balance sheet</b>	<b>2,004,847</b>	<b>-</b>	<b>2,004,847</b>
<b>Prior Period</b>			
Neither past due nor impaired	1,668,026	-	1,668,026
Past due but not impaired	5,081	-	5,081
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>



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**18. Information on factoring receivables of Group (continued)**

c) Ageing analysis of accounting past-due exposures

<b>31 Aralık 2017</b>	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loan and Receivables				
Commercial Loans	627	205	162	994
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
<b>Total</b>	<b>627</b>	<b>205</b>	<b>162</b>	<b>994</b>

<b>31 Aralık 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	2,168	482	2,431	5,081
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
<b>Total</b>	<b>2,168</b>	<b>482</b>	<b>2,431</b>	<b>5,081</b>

**19. Information on other assets:**

Other assets item of the balance sheet is amounted to TL1,351,099 (31 December 2016: TL1,169,391) 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 2017**

(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:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year Accumulated and Over Deposits	Total
Saving Deposits	1,579,123	-	3,775,899	12,996,864	646,500	49,920	29,352	- 19,077,658
Foreign Currency Deposits	4,266,697	-	4,003,364	12,945,150	168,275	84,585	41,763	- 21,509,834
Residents in Turkey	3,844,836	-	3,818,280	12,246,138	151,534	58,737	38,835	- 20,158,360
Residents Abroad	421,861	-	185,084	699,012	16,741	25,848	2,928	- 1,351,474
Public Sector Deposits	112,270	-	3,924	128,946	1,242	49	-	- 246,431
Commercial Deposits	3,160,736	-	1,569,651	5,086,824	507,806	240,276	22,194	- 10,587,487
Other Institutions Deposits	93,802	-	44,572	471,719	1,107,120	1,312,767	110,594	- 3,140,574
Precious Metals Deposits	238,094	-	27,741	317,908	40,024	68,732	-	- 692,499
Bank Deposits	20,549	-	258,821	-	-	-	-	- 279,370
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	21	-	-	-	-	-	-	- 21
Foreign Banks	20,528	-	258,821	-	-	-	-	- 279,349
Special Financial Institutions	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>9,471,271</b>	<b>-</b>	<b>9,683,972</b>	<b>31,947,411</b>	<b>2,470,967</b>	<b>1,756,329</b>	<b>203,903</b>	<b>- 55,533,853</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 Accumulated and Over 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	3,042,534	-	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>

**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	9,035,849	8,539,755	9,611,048	7,813,976
Foreign Currency Saving Deposits	2,346,653	1,778,326	8,271,415	9,064,676
Other Deposits in the Form of Saving Deposits	166,787	127,293	492,284	432,321
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>11,549,289</b>	<b>10,445,374</b>	<b>18,374,747</b>	<b>17,310,973</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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**II. Explanations and Disclosures Related to the Consolidated 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) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	481,344	355,546
Deposits of Controlling Shareholders and Their Close Families	1,824,044	1,725,471
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508	36,908
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	126,546	8,454	72,915	49,697
Swap Transactions	693,606	63,911	635,462	39,935
Futures Transactions	-	96	-	-
Options	54,655	10,017	79,405	65,200
Other	-	792	-	-
<b>Total</b>	<b>874,807</b>	<b>83,270</b>	<b>787,782</b>	<b>154,832</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	239,131	506,592	270,039	223,203
From Foreign Banks, Institutions and Funds	939,707	12,878,538	298,164	13,568,095
<b>Total</b>	<b>1,178,838</b>	<b>13,385,130</b>	<b>568,203</b>	<b>13,791,298</b>

As of 31 December 2017 the Group has borrowings from its related parties amounting to TL6,230,766 (31 December 2016: TL7,923,988).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,178,838	9,550,773	568,203	10,513,194
Medium and Long-term	-	3,834,357	-	3,278,104
<b>Total</b>	<b>1,178,838</b>	<b>13,385,130</b>	<b>568,203</b>	<b>13,791,298</b>

c) Additional explanation related to the concentrations of the Parent Bank’s major liabilities:

The Parent Bank diversifies its funding sources with customer deposits, borrowing from abroad, securities issued and money market borrowings. Deposits are the most significant funding source of the Parent Bank and do not present any risk concentration with its stable structure spread over a wide range. Funds borrowed consist mainly of funds provided by various foreign financial institutions with different characteristics and maturity-interest structure. There is no risk concentration in the fund resources of the Parent Bank.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)**

d) Explanations on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1,289,688	-	739,302	-
Treasury Bills	-	-	-	-
<b>Total</b>	<b>1,289,688</b>	<b>-</b>	<b>739,302</b>	<b>-</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>105,206</b>	<b>-</b>	<b>1,457,750</b>	<b>-</b>
Financial Institutions and Organizations	105,206	-	1,457,750	-
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>105,206</b>	<b>-</b>	<b>1,457,750</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 TL599,037 (31 December 2016: TL846,800) 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 2016: None).

- d) Explanations regarding operational leases:

For the period ended 31 December 2017, operational lease expenses amounting to TL223,226 (31 December 2016: TL217,625) 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.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	9,517	-	-	-
Cash Flow Hedge	433,500	314	284,492	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>443,017</b>	<b>314</b>	<b>284,492</b>	<b>-</b>

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

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences amounted TL18 is recorded under equity as of 31 December 2017 and these accumulated differences are transferred into income statement by considering maturity date of hedged items. (31 December 2016: TL1,063 negative)

**8. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
Provisions for I. Group Loans and Receivables	471,369	571,617
Additional Provision for Loans and Receivables with Extended Maturities	20,152	17,116
Provisions for II. Group Loans and Receivables	66,355	77,241
Additional Provision for Loans and Receivables with Extended Maturities	18,414	20,354
Provisions for Non-Cash Loans	30,767	28,099
Other	9,910	7,941
<b>Total</b>	<b>578,401</b>	<b>684,898</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 TL6,239 (31 December 2016: TL745) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non-cash loans amount to TL48,741 (31 December 2016: TL48,515).

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

As of 31 December 2017, TL14,888 (31 December 2016: TL16,894) unused vacation provision, TL124,107 (31 December 2016: TL129,181) employee termination benefit provision, TL129,343 (31 December 2016: TL109,125) 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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>31 December 2017</b>	<b>31 December 2016</b>
Discount Rate (%)	11.80	10.00
Expected Inflation Rate (%)	5.00	5.00
Salary Increase Rate above Inflation Rate (%)	1.00	1.00
	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	129,181	102,153
Service cost	14,705	12,234
Interest cost	12,576	10,324
Settlement cost	6,272	5,938
Actuarial loss	(22,773)	11,983
Benefits paid	(15,854)	(13,451)
<b>Total</b>	<b>124,107</b>	<b>129,181</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 TAS 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 2017 and 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.

Based on the determined assumptions,

<b>Transferrable Retirement and Health Liabilities:</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Net Present Value of Transferrable Retirement Liabilities	(1,543,240)	(1,255,328)
Net Present Value of Transferrable Retirement and Health Contributions	539,015	524,026
General Administration Expenses	(15,432)	(12,553)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(1,019,657)	(743,855)
Fair Value of Plan Assets (2)	1,918,007	1,707,479
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	898,350	963,624
Non-Transferable Benefits (4)	(208,881)	(257,435)
Asset Surplus over Total Benefits ((3)-(4))	689,469	706,189

Distribution of fair value total assets of the Retirement Fund as of 31 December 2017 and 31 December 2016 is presented below:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Bank placements	1,775,504	1,608,655
Tangible assets	99,036	85,453
Other	43,467	13,371
<b>Total</b>	<b>1,918,007</b>	<b>1,707,479</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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)

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on TAS 19 are as follows:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Discount Rate	11.80%	10.15%
Expected Inflation Rate	5.00%	5.00%

As of 31 December 2017, medical inflation is expected more than 20% (31 December 2016: 20%). General wage increases and Social Security Institution (the “SSİ”) 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 2016: CSO 2001) Female/Male mortality table is used.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2016: 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 Legal Cases	58,308	53,365
Provision for Unindemnified Non-cash Loans	48,741	48,515
Provision for Promotions of Credit Cards and Banking Services	12,265	11,508
Other (*)	67,114	91,299
<b>Total</b>	<b>186,428</b>	<b>204,687</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 TL38,465 is notified to the Bank. The administrative fine amounting to TL28,849, for which a provision had been provided for in 2016, 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 2017, the Parent Bank’s corporate tax provision is TL80,308 (31 December 2016: TL1,509)

As of 31 December 2017, the Parent Bank’s total tax and premium liability is TL240,812 (31 December 2016: TL143,148)

b) Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	80,308	1,509
Taxation on Securities	49,230	38,963
Property Tax	2,275	2,304
Banking Insurance Transaction Tax (BITT)	47,512	44,867
Foreign Exchange Transaction Tax	34	34
Value Added Tax Payable	6,514	5,210
Other (*)	20,400	19,776
<b>Total</b>	<b>206,273</b>	<b>112,663</b>

(\*) Others include income taxes deducted from wages amounting to TL15,795 (31 December 2016: TL15,863) and stamp taxes payable amounting to TL1,249 (31 December 2016: TL1,350).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	24,816	13,017
Social Security Premiums-Employer	8,091	14,496
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	617	1,132
Unemployment Insurance-Employer	1,015	1,840
Other	-	-
<b>Total</b>	<b>34,539</b>	<b>30,485</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 2017 (31 December 2016: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations:** None (31 December 2016: 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 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 issue price of EUR100 million issue has been determined as 96.026% (the price determined as the total 12 year interest difference between two issues discounted by the new issue's 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. 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, 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.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 five 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	-	1,819,913	-	1,482,374
From Other Foreign Institutions	-	494,170	-	817,511
<b>Total</b>	-	<b>2,314,083</b>	-	<b>2,299,885</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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	(48,127)	9,733	(56,870)	(819)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(48,127)</b>	<b>9,733</b>	<b>(56,870)</b>	<b>(819)</b>

- 13. Information on minority interest:** As of 31 December 2017, part of the group equity that belongs to minority shares is TL8,394 (31 December 2016: TL7,797).

- 14. Information on factoring liabilities:** As of 31 December 2017 group has factoring debt of TL3,436 (31 December 2016: TL17,688).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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>
Asset Purchase and Sale Commitments	7,314,209	1,610,400
Commitments for Credit Card Expenditure Limits	5,411,646	4,648,912
Loan Granting Commitments	4,631,069	4,234,093
Payment Commitment for Checks	2,387,642	2,309,458
Deposit Purchase and Sale Commitments	-	896,710
Tax and Fund Liabilities from Export Commitments	31,047	15,615
Commitments for Promotions Related with Credit Cards and Banking Activities	3,723	3,962
Other Irrevocable Commitments	201,399	455,491
<b>Total</b>	<b>19,980,735</b>	<b>14,174,641</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	2,396,568	1,720,120
Bank Acceptances	42,316	40,100
Other Commitments	3,878,690	3,620,599
Other Contingencies	1,227,786	515,750
<b>Total</b>	<b>7,545,360</b>	<b>5,896,569</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	9,092,727	7,651,713
Advance Guarantee Letters	1,224,234	1,101,983
Temporary Guarantee Letters	779,900	1,057,523
Guarantee Letters Given for Customs	478,659	402,896
Other Guarantee Letters	1,463,760	1,411,296
<b>Total</b>	<b>13,039,280</b>	<b>11,625,411</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	1,482,962	680,742
With Maturity of One Year or Less Than One Year	264,000	137,571
With Maturity of More Than One Year	1,218,962	543,171
Other Non-Cash Loans	19,101,678	16,841,238
<b>Total</b>	<b>20,584,640</b>	<b>17,521,980</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 2017**

(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)**

**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	40,136	0.45	40,915	0.35	36,787	0.49	62,504	0.62
Farming and raising livestock	37,123	0.42	40,915	0.35	27,651	0.37	62,504	0.62
Forestry	-	-	-	-	-	-	-	-
Fishery	3,013	0.03	-	-	9,136	0.12	-	-
Manufacturing	1,881,639	21.40	5,159,239	43.75	1,623,520	21.83	4,330,264	42.96
Mining and Quarry	233,647	2.66	299,601	2.54	216,439	2.91	183,290	1.82
Production	1,467,532	16.69	4,659,371	39.51	1,284,651	17.27	3,996,142	39.64
Electricity, Gas and Water	180,460	2.05	200,267	1.70	122,430	1.65	150,832	1.50
Construction	2,073,224	23.58	1,607,285	13.63	1,828,011	24.57	1,357,438	13.47
Services	4,743,244	53.96	4,939,068	41.88	3,909,244	52.54	4,262,030	42.28
Wholesale and Retail Trade	2,524,939	28.72	3,062,445	25.97	2,260,910	30.39	2,205,466	21.88
Hotel, Tourism, Food and Beverage Services	104,846	1.19	93,963	0.80	98,282	1.32	46,231	0.46
Transportation and Communication	682,040	7.76	598,914	5.08	644,758	8.67	521,400	5.17
Financial Institutions	308,205	3.51	342,281	2.90	433,876	5.83	272,245	2.70
Real Estate and Renting	1,008,056	11.47	723,774	6.14	325,155	4.37	979,870	9.72
Self-employment Services	86,541	0.98	114,774	0.97	83,410	1.12	229,031	2.27
Education Services	3,451	0.04	31	-	3,295	0.04	1,605	0.02
Health and Social Services	25,166	0.29	2,886	0.02	59,558	0.80	6,182	0.06
Other	53,990	0.61	45,900	0.39	43,193	0.57	68,989	0.67
<b>Total</b>	<b>8,792,233</b>	<b>100.00</b>	<b>11,792,407</b>	<b>100.00</b>	<b>7,440,755</b>	<b>100.00</b>	<b>10,081,225</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	6,776,434	6,131,547	97,753	33,546
Bank acceptances	34	42,282	-	-
Letters of credit	16,215	2,380,114	-	239
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,901,500	3,204,679	297	-
<b>Total</b>	<b>8,694,183</b>	<b>11,758,622</b>	<b>98,050</b>	<b>33,785</b>

The Group provided a reserve of TL86,629 (31 December 2016: TL86,870) for non-cash loans not indemnified yet amounting to TL48,741 (31 December 2016: TL48,515) and reflected that in financial statements.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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):	89,419,346	93,060,769	-	-
Forward transactions	17,347,430	10,787,209	-	-
Swap transactions	56,183,278	61,555,927	-	-
Futures transactions	523,178	-	-	-
Option transactions	15,365,460	20,717,633	-	-
Interest related derivative transactions (II):	3,572,423	3,626,826	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	3,108,138	3,626,826	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	464,285	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	85,042	11,560	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>93,076,811</b>	<b>96,699,155</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	214,454	-
Cash flow hedges	-	-	23,124,985	14,413,286
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>23,339,439</b>	<b>14,413,286</b>
<b>Total Derivative Transactions (A+B)</b>	<b>93,076,811</b>	<b>96,699,155</b>	<b>23,339,439</b>	<b>14,413,286</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 2017, 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 2017, the nominal value of derivative instruments for risk management purposes is TL214,454 and the net fair value is minus TL5,063. The fair value gain of the hedged loans was TL99 (31 December 2016: None). The Parent Bank accounts TL58 gain (31 December 2016: None) for derivative instruments used for hedging purposes and TL99 gain (31 December 2016: None) from hedged item loans in the financial statements.

	Current Period			Prior Period		
	Fair Value			Fair Value		
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	214,454	4,454	9,517	-	-	-
Interest Rate Swaps	-	-	-	-	-	-
	<b>214,454</b>	<b>4,454</b>	<b>9,517</b>	-	-	-

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 TL23,124,985) with 1-90 days of maturity deposit portfolio and selected borrowing portfolio. Effective portion of TL174,292 (31 December 2016: TL38,136) credit accounted for under equity is presented after deducting its deferred tax effect of TL38,526 (31 December 2016: TL7,627) debit in the financial statements. In 2017, there is no ineffective portion expense (31 December 2016: TL4,528) is accounted for under income statement.

	Current Period			Prior Period		
	Fair Value			Fair Value		
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	1,441,880	77,090	77,219	1,752,615	180,415	53,156
Interest Rate Swaps	21,683,105	5,731	356,595	12,660,671	14,905	231,336
	<b>23,124,985</b>	<b>82,821</b>	<b>433,814</b>	<b>14,413,286</b>	<b>195,320</b>	<b>284,492</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 2017, there are no contingent assets that need to be explained (31 December 2016: 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.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 that issued Communiqué regarding decree no E.2010/9089, K.2013/5291 on 31 July 2013. According to the decree, "only if the loss before tax would not be transferred more than five years will be deducted from revenue as an expense regarding profit of the company's determination and therefore no contradiction to law is identified with this aspect according to the Tax Court's basis of conclusion, the TL48,557,000.00 loss before tax was reached to TL203,049,000,000.00 BRSA adjustments after deduction from TL154,492,000.00 profit before tax and since BRSA adjustments are also considered in the same schedule in total profits and additions, taking into account the loss before tax during the same year within other deductions and exemptions are deemed that does not constitute any duplications.", appeal to aforementioned reasons has been accepted and it is decided to revoke the İstanbul 1st Tax Court's judgement number E.2010/661 K.2010/2377 on the behalf of the Bank and deemed that the loss are not subject to any duplication on the exemptions. The defendant authority's request for a revision of the decision was rejected. 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, with the acception of the case, decreed the cancellation of 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 the defendant administration has appealed to the Council of State. The 4th Chamber of the Council of State, reviewing the appeal request, decreed the approval of the first instance court's decision in favor of our Bank in its 3 May 2017 decision No. E.2016/19802, K.2017/4150 by rejecting the appeal request of the defendant administration. As the defendant administration requested the revision of the decision and presented the reply petition for the request, the file is in revision of decision phase.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2017 the total nominal value and number of certificates are TL8,117,665 and TL8,117,665 thousand (31 December 2016: TL8,254,360 and TL8,254,360) and the total fair value is TL2,234,379 (31 December 2016: TL1,850,454).



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:**

<b>View</b>	Negative
<b>Revised Loan Valuation</b>	ba1
<b>Foreign Currency Deposits</b>	Ba2

**Fitch Ratings:**

<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+

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	2,608,356	172,931	2,930,514	158,457
Medium and Long Term Loans	4,048,006	263,515	3,273,967	240,479
Interest on Loans under Follow-Up	51,119	-	41,019	-
Premiums Received from Resource Utilization	-	-	-	-
Support Fund	-	-	-	-
<b>Total</b>	<b>6,707,481</b>	<b>436,446</b>	<b>6,245,500</b>	<b>398,936</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL113,051 (31 December 2016: TL135,997).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	9,152	-	2,044
Domestic banks	47,934	855	21,110	665
Foreign Banks	5,226	5,718	3,826	4,202
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>53,160</b>	<b>15,725</b>	<b>24,936</b>	<b>6,911</b>

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	40,445	6,517	45,050	1,262
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	461,347	903	392,599	750
Held-to-Maturity Investments	48,413	-	28,855	-
<b>Total</b>	<b>550,205</b>	<b>7,420</b>	<b>466,504</b>	<b>2,012</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	13,456	4,986	12,767	3,060
Foreign Banks	64,516	304,760	76,669	221,185
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	10,292	-	14,781
<b>Total</b>	<b>77,972</b>	<b>320,038</b>	<b>89,436</b>	<b>239,026</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL11,885 (31 December 2016: TL10,207).

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 2017**

(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	83,592	-	37,705	54
<b>Total</b>	<b>83,592</b>	<b>-</b>	<b>37,705</b>	<b>54</b>

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

Current Period:		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
<b>TL</b>								
Bank Deposits	-	15,941	-	-	-	-	-	15,941
Saving Deposits	-	355,897	1,442,673	76,828	4,102	2,783	-	1,882,283
Public Sector Deposits	-	1,568	10,611	1,079	5	-	-	13,263
Commercial Deposits	-	153,791	532,928	58,588	23,063	433	-	768,803
Other Deposits	-	3,726	99,577	147,211	120,753	8,832	-	380,099
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>530,923</b>	<b>2,085,789</b>	<b>283,706</b>	<b>147,923</b>	<b>12,048</b>	<b>-</b>	<b>3,060,389</b>
<b>FC</b>								
Foreign Currency Deposits	285	59,180	362,953	5,459	2,103	1,176	-	431,156
Bank Deposits	-	6,160	-	-	-	-	-	6,160
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	1	381	4,921	480	1,539	-	-	7,322
<b>Total</b>	<b>286</b>	<b>65,721</b>	<b>367,874</b>	<b>5,939</b>	<b>3,642</b>	<b>1,176</b>	<b>-</b>	<b>444,638</b>
<b>Grand Total</b>	<b>286</b>	<b>596,644</b>	<b>2,453,663</b>	<b>289,645</b>	<b>151,565</b>	<b>13,224</b>	<b>-</b>	<b>3,505,027</b>

Prior Period:		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated 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	-	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>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	1,224	798
Other	-	-
<b>Total</b>	<b>1,224</b>	<b>798</b>

**4. Information on trading gain/loss (Net):**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gains</b>	<b>22,871,532</b>	<b>16,027,387</b>
Gains on capital market operations	49,540	57,157
Gains on derivative financial instruments (*)	7,420,343	6,145,142
Foreign exchange gains (**)	15,401,649	9,825,088
<b>Losses (-)</b>	<b>23,810,172</b>	<b>16,410,467</b>
Losses on capital market operations	78,958	54,080
Losses on derivative financial instruments (*)	8,126,305	5,744,857
Foreign exchange losses (**)	15,604,909	10,611,530

(\*) As of 31 December 2017, foreign exchange gain on hedging transactions is TL113,807 (31 December 2016: TL174,058 net profit).

(\*\*) Foreign exchange gains on derivative financial transactions are TL50,701 (31 December 2016: TL268,446)

**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 TL313,157 (31 December 2016: TL210,204) and amounting to TL32,534 (31 December 2016: TL47,064) from selling past due receivables 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, was recognised under the other operating income in prior period.

**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	773,390	1,072,530
III. Group Loans and Receivables	156,891	225,574
IV. Group Loans and Receivables	223,289	261,361
V. Group Loans and Receivables	393,210	585,595
General provision expenses	16,062	34,358
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	11,647	15,051
<b>Total</b>	<b>801,099</b>	<b>1,121,939</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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	1,168,652	1,106,034
Reserve for employee termination benefits	17,699	15,045
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	85,923	95,820
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	47,416	42,183
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	2,854	110
Depreciation expenses of assets to be disposed	-	1,813
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	901,030	841,412
Rent expenses	223,226	217,625
Maintenance expenses	25,630	21,649
Advertisement expenses	97,337	91,613
Other expenses	554,837	510,525
Loss on sales of assets	3,395	3,828
Other(*)	261,859	305,099
<b>Total</b>	<b>2,488,828</b>	<b>2,411,344</b>

(\*) Includes TL70,013 (31 December 2016: TL64,790) in other premiums paid to the Saving Deposit Insurance Fund, TL109,815 (31 December 2016: TL91,729) is other taxes and duties paid.

**8. Information on the profit / (loss) before tax on continued and discontinued operations**

- Profit before tax of continued operations consists of net interest income amounting to TL3,987,986 (31 December 2016: TL3,506,833) and net fee and commission income amounting to TL1,123,292 (31 December 2016: TL1,027,735) while operational expenses are TL2,488,828 (31 December 2016: TL2,411,344).
- Information of the profit/(loss) on discontinued operations: None

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

- As of 31 December 2017, continuing operations' current tax charge is TL324,520 (31 December 2016: TL183,999) and deferred tax charge is TL71,557 (31 December 2016: TL61,989 deferred tax charge). As of 31 December 2017, there is no current tax charge/benefit from discontinued operations, (31 December 2016: None), and there is no deferred tax charge/benefit from discontinued operations. (31 December 2016: None).
- As of 31 December 2017, deferred tax benefit on temporary differences resulted from continuing operations is TL71,557 (31 December 2016: TL61,989 deferred tax charge). As of 31 December 2017, there is no deferred tax benefit on temporary differences resulted from discontinued operations. (31 December 2016: None).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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>1,342,774</b>	<b>1,191,244</b>
<b>Additions</b>	<b>46,440</b>	<b>61,892</b>
Nonallowable	46,440	61,892
<b>Deductions</b>	<b>(124,235)</b>	<b>(22,698)</b>
General Loan Loss Provision	(106,751)	(14,646)
Dividend Income	(696)	(580)
Other	(16,788)	(7,472)
<b>Taxable Profit / (Loss)</b>	<b>1,264,979</b>	<b>1,230,438</b>
Corporate Tax Rate	20%	20%
<b>Tax Calculated</b>	<b>252,996</b>	<b>246,088</b>
<b>Effect of the correction of prior period's corporate tax</b>	<b>(33)</b>	<b>(100)</b>
<b>Tax charge from continued and discontinued operations</b>	<b>252,963</b>	<b>245,988</b>

d) As of 31 December 2017, current net tax charge recognized in the financial statements is TL252,963 (31 December 2016: TL245,988).

**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 2017 is TL1,089,811 (31 December 2016: TL945,246). As of 31 December 2017, there is no net profit amount which the Group has made 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 2016: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2016: None).
- Profit/loss attributable to minority interest:

	Current Period	Prior Period
Profit or loss attributable to minority interest(*)	1,643	1,191

(\*) The profit belongs to minority interest accounted for under the equity is TL5 (31 December 2016: TL16 loss).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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:**

	<b>Current Period</b>	<b>Prior Period</b>
<b><u>Other interest income</u></b>		
Interest income on factoring receivables	131,533	106,353
Other	2,599	3,817
<b>Total</b>	<b>134,132</b>	<b>110,170</b>

	<b>Current Period</b>	<b>Prior Period</b>
<b><u>Other fees and commissions received</u></b>		
Credit cards commissions and fees	676,969	571,229
Insurance commissions received	120,721	117,832
Periodic Service Commission	120,418	103,753
Brokerage commissions	63,520	54,530
Intelligence fee and commissions	60,114	68,422
Settlement expense provision, eft, swift, agency commissions	40,787	33,626
Funds management fees	36,525	32,738
Transfer commissions	14,761	13,778
Commissions and fees earned from correspondent banks	3,054	2,929
Other	238,608	241,800
<b>Total</b>	<b>1,375,477</b>	<b>1,240,637</b>

<b><u>Other fees and commissions given</u></b>		
Credit cards commissions and fees	290,090	235,912
Commissions and fees paid to correspondent banks	38,986	32,602
Settlement expense provision, eft, swift, agency commissions	18,725	16,744
Other	69,105	76,279
<b>Total</b>	<b>416,906</b>	<b>361,537</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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**

- a) Shareholders' equity increased TL20,276 after resulting from revaluation of financial assets available for sale (31 December 2016: TL62,118 decrease) and deferred tax effect of this change is TL987 (31 December 2016: TL12,686).

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: TL18,849 income (31 December 2016: TL33,315).

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): TL1,435 loss (31 December 2016: TL95,425 income).

- 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 2017 is TL136,983 decrease (31 December 2016: TL63,044) and deferred tax effect of this change is TL30,899 (31 December 2016: TL12,610).

- 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 TL49,338 in 2017 (31 December 2016: TL46,592).
- h) Information on shares issued:

The Group has not recorded any shares issued in “Share Premium” account in the current period.



**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**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 TL3,909,787 (31 December 2016: TL3,314,183) 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 decrease in other liabilities" amounting to TL460,410 (31 December 2016: TL1,017,388) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, other liabilities and interbank money market borrowings. "Net decrease/increase in other assets" with a total amount of TL228,745 (31 December 2016: TL735,279) consists of changes in sundry debtors and other assets.

"Other items" amounting to TL64,860 (31 December 2016: TL74,532) 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 TL413,878 for the year 2017. (31 December 2016: TL601,388).

**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>3,831,532</b>	<b>2,597,683</b>
Cash in TL/Foreign Currency	814,304	771,523
Central Bank – Unrestricted amount	2,934,387	1,766,219
Other	82,841	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>
<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,424,493</b>	<b>3,831,532</b>
Cash in TL/Foreign Currency	919,549	814,304
Central Bank – Unrestricted amount	2,427,043	2,934,387
Other	77,901	82,841
<b>Cash equivalents</b>	<b>2,535,743</b>	<b>3,589,068</b>
Banks	2,535,679	1,588,931
Money market placements	64	2,000,137
<b>Total cash and cash equivalents</b>	<b>5,960,236</b>	<b>7,420,600</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

(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 2016 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	-	-	246,624	188,104	104,421	124,716
Balance at End of Period	-	-	171,573	301,623	375,636	134,644
Interest and Commission Income	-	-	4,781	63	3,725	453

Direct and indirect shareholders of the Bank balance above includes TL71,522 and other entities included in the risk group balance above includes TL264,429 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	-	-	20,568	300,347	31,734	62,332
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".

**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	-	-	1,355,438	1,274,893	1,095,132	284,029
Balance at End of Period	-	-	1,524,306	1,355,438	756,839	1,095,132
Interest on Deposits	-	-	62,614	54,734	62,344	40,609

**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	-	-	25,275,220	10,144,450	247,304	408,011
End of Period	-	-	35,229,756	25,275,220	655,880	247,304
Total Profit/Loss	-	-	(263,137)	153,947	3,795	382
Hedging Transactions Purposes						
Beginning of Period	-	-	3,032,500	1,022,920	-	-
End of Period	-	-	-	3,032,500	-	-
Total Profit/Loss	-	-	49,591	5,151	-	-

**d) As of 31 December 2017, the total amount of remuneration and fees provided for the senior management of the Group is TL42,688 (31 December 2016: TL36,470).**

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

**VIII. Explanations on the Parent Bank's Domestic, Abroad, Off-shore Branches or Subsidiaries, and Agencies Abroad**

**1. Explanations on the Parent Bank's Domestic, Abroad, Off-shore Branches or Subsidiaries, and Agencies Abroad:**

	Numbers	Employees			
Domestic branches	500	9,398			
Rep-offices abroad	-	-			
			Country		
Branches abroad	4	66	Cyprus	Total Assets	Capital
				894,236	20,000
Off-shore branches	-	-	-	-	-

**2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:**

In the year 2017, the Parent Bank opened 1 branches, closed 12 branches.

**IX. Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date**

The Parent Bank issued a bond on 5 January 2018, with a nominal value of TL84,281 maturity of 111 days with the ISIN code TRFTEBK41827.

The Parent Bank issued a bond on 12 January 2018, with a nominal value of TL208,096 maturity of 104 days with the ISIN code TRFTEBK41835.

The Parent Bank issued a bond on 19 January 2018, with a nominal value of TL287,813 maturity of 118 days with the ISIN code TRFTEBK51826.

The Parent Bank issued a bond on 19 January 2018, with a nominal value of EUR5,000,000 maturity of 181 days with the ISIN code XS1755226625.

The Parent Bank issued a bond on 1 February 2018, with a nominal value of TL377,349 maturity of 119 days with the ISIN code TRFTEBK51834.

The bond with a nominal value of TL450,000 with a maturity of 111 days and the ISIN Code of TRFTEBK21811, issued by the Bank via the book building method at the dates of 10-11 October 2017, has been expired as of 1 February 2017 and redeemed.

After Pascal Jean FISCHER, the member of the Board of Directors, has resigned from his duty, François Andre Jesualdo BENAROYA has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 17 January 2018, that will be presented to the approval of the first general assembly.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY TO 31 DECEMBER 2017**

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

---

**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 6 February 2018 is presented preceding the consolidated financial statements.

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

None.

