



**TEB**

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## SECTION 1 - PRESENTATION

### AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 27 MARCH 2019

- 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 2018,
- 4- Reading, discussion and approval of the 2018 financial statements,
- 5- 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,
- 6- Release of the Board Members from their transactions in 2018,
- 7- 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,
- 8- 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 2019,
- 9- Determination of number and term of office of the Board Members and election of the same,
- 10- Determination of benefit such as fees and remunerations to be paid to 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 CANEVi**

Chairman of the Board of Directors

**Dr. Akın AKBAYGİL**

Deputy Chairman of the Board of Directors



**TEB**  
BNP PARIBAS JOINT VENTURE

TÜRK EKONOMİ BANKASI A.Ş.  
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TEB Kampüs C ve D Blok Saray Mah.  
Sokullu Cad. No: 7A - 7B Ümraniye 34768 İSTANBUL  
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Trade Registry Number: 189356  
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**STATEMENT OF RESPONSIBILITY FOR ANNUAL REPORT 2018 OF  
TÜRK EKONOMİ BANKASI A.Ş.**

We have reviewed the annual report of Türk Ekonomi Bank A.Ş. prepared for the period 01.01.2018 - 31.12.2018 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 declaration,

»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

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

**Yvan L.A.M. De Cock**  
Member of the Audit  
Committee

**Ümit LEBLEBİCİ**  
Chief Executive Officer

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

**Gökhan KAZCILAR**  
Director  
Responsible of Financial  
Reporting



## GENERAL INFORMATION

<b>Reporting Period:</b>	01.01.2018-31.12.2018
<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
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<b>E-mail:</b>	<a href="mailto:yatirimciliskileri@teb.com.tr">yatirimciliskileri@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 2018

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 2018.

### 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**

Alain Georges Auguste Fonteneau who was elected as a member of the Board of Directors at the Ordinary General Assembly dated 26 March 2018 resigned his office as of 31 December 2018. Nicolas de Baudinet de Courcelles has been appointed to this post as of 7 January 2019.

The Bank issued a 70-day maturity bond with TRFTEBK31919 ISIN code at a nominal value of TL 143.937.154 on 11 January 2019.

The Bank issued a 98-day maturity bond with TROTEBK00ZA6 ISIN code at a nominal value of TL 7.400.000 on 18 January 2019.

The Bank issued a 71-day maturity bond with TRFTEBK41918 ISIN code at a nominal value of TL 87.358.235 on 24 January 2019.

The Bank issued a 70-day maturity bond with TRFTEBK41926 ISIN code at a nominal value of TL 237.704.462 on 7 February 2019.

Turgut Boz, Deputy General Manager and Senior Assistant General Manager Responsible from SME Banking Group resigned his office as of 15 February 2019.

The Bank issued a 70-day maturity bond with TRFTEBK51917 ISIN code at a nominal value of TL 194.089.418 on 22 February 2019.

The bond with a nominal value of TL 163.246.356 with a maturity of 70 days and the ISIN Code of TRFTEBK21910, issued by the Bank via the book building method at the dates of 10-12 December 2018, expired as of 22 February 2018 and was redeemed.

## TEB: PAST AND PRESENT

Starting out as Kocaeli Halk Bankası T.A.Ş. 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 73 countries as of end-2018. By joining forces with the BNP Paribas Group, one of the most respected names in international markets, TEB further expanded the scope of its global vision.

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

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

At a time when TEB’s publicly-traded shares were listed on Borsa İstanbul National Market, on 14

November 2014, BNP Paribas Fortis Yatırımlar Holding A.Ş., acting on behalf of shareholders controlling a sufficient majority in TEB, applied to exercise their squeeze-out rights as provided for under current capital market regulations. With the completion of the delisting process on 25 June 2015, the shares in TEB A.Ş. were delisted from the stock exchange and TEB A.Ş. was excluded from the scope of Capital Market Law as a share issuer. Following an application from TEB, which is listed on the London Stock Exchange, depository receipts were also closed to processing and delisted as of 31 March 2015. Furthermore, the depository receipt program was terminated on 6 June 2015.

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

As of year-end 2018 TEB was at the service of 5,8 million customers with,

- 9.487 employees,
- 503 branches,
- 1.736 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 73 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

Dear stakeholders,

**In terms of world economy, one of the major developments of 2018 has been the significant protective trade measures.**

In its World Economic Outlook report dated January 2019, IMF confirmed its growth projection for 2018 as 3,7%.

In 2018, while the developed economies demonstrate healthy growth performances, a relative slowdown was observed in developing countries. On the other hand, risks which have potential to negatively impact the global economy are on the rise. Geopolitical developments in various parts of the world, particularly conflicts at the Middle East, global restrictive acts in global trade, slowdown in the outlook of some developed markets, particularly Brexit uncertainties, tightening monetary and fiscal policies were among primary factors affecting the global financial markets in a negative way.

USA government tended towards protective measures in foreign trade and took concrete steps in 2018. Tariffs levied on many products imported from China to USA had been reciprocated by retaliatory tariffs by China. After the escalation of the conflicts for a while, USA and Chinese leaders came to an agreement in November at the G-20 summit to hold off on new tariffs for 90 days. Tensions in international trade and potential unfavorable impacts on global economy are likely to be on the 2019 agenda which need closer scrutiny.

In 2018, decisions taken by the leading central banks which steer the global economy were realized parallel to expectations. Fed continued to reduce its balance sheet in 2018. After hiking the interest rates 4 times during the year, Fed released to the public its intention to follow a more moderate interest policy in 2019.

ECB gradually decreased the size of the asset purchase program and announced that it finally ended the program at 2018 year-end. Maintaining the interest rates stable throughout the year, ECB signals it may revise the interests up in the second half of 2019, depending on the performance of the Euro Zone. On the other hand, high unemployment rates and debt stock in many European countries, primarily in Italy, maintain their spots on the

European Union's agenda which will take a long time to solve.

Another major development that stands out in 2018 was the fluctuation of oil prices. Growth in developed countries triggered the increase in demand and oil prices tested the levels above USD 80. On the other hand, expectations on increasing concerns around recession in global economy due to Fed's tight monetary policy and trade wars caused sharp decreases in oil prices.

**Emerging markets have been affected by global liquidity conditions.**

Strong recovery of the economies of developed countries in 2018 leads its way to a process where global liquidity conditions became tighter. This situation became more concrete in the third quarter and risk perception about developing economies deteriorated. Although the fluctuations did not last long, sharp falls have occurred in some markets including our country. Major value decreases were realized in national currencies while borrowing costs moved upwards and inflationary pressures increased.

According to International Finance Institute's (IIF) data, as a result of tight monetary policies imposed by developed countries, portfolio investments in developing countries have declined in 2018.

Despite all these developments, common opinion is that no additional decline will occur in risk perception towards developing countries in 2019 and current growth composition of global economy will carry on.

**Decreasing pace of Turkish economy became more evident in the last months of 2018.**

After recording a strong growth performance of 7,2% and 5,3 % in the first two quarters of 2018, respectively, Turkish economy started to ease down and slowdown in economic activities became more evident.

Developments in August and increasing exchange rates caused significant losses in markets. The resulting scene put extreme pressure on companies' balance sheets; tightened financial conditions and increase in resource costs suppressed the economic activities downward.

As a result of these developments, Turkish economy had a relatively low growth rate of 1,6% in the third quarter of the year. At the same quarter, increasing export performance with the support of strong foreign demand showed that a balancing trend in our economy is becoming more evident.

During the period, favorable developments in Turkey's international relations and declining oil prices supported the upward trend of the values of Turkish assets. In the last quarter, it is expected that net exports had a significant role in growth.

In response to these sudden and rapid developments, the Government announced its new economic program named Balance, Discipline and Transformation in September 2019. Immediately after that, Total Fight against Inflation program has been enacted. Measures taken and rapid adoption of policies supported the balance in exchange rates and limited decline in interests in the last quarter of 2018.

In 2019, monetary and fiscal policies of the central banks of developed countries will be the determinant of global liquidity conditions. These circumstances will draw the outline of potentials to access global capital by Turkey and other developing countries.

#### **Turkish banking sector experienced a loss of pace in 2018.**

Developments in 2018 and recession in domestic market had its reflections in the banking sector as decrease in demand for borrowing and increase in interest rates.

Placement operations of the industry which improved its transaction volume in 2017, thanks to the support of debts extended with Credit Guarantee Fund (KGF) warranties started a slowing trend after the first quarter of 2018. While the exchange rate fluctuations became the determinant of the course and composition of deposits which is the main funding resource of the banking sector, the need for non-deposit resources have decreased.

As a result of declining economic activities, asset quality of the banking sector demonstrated a slight deterioration.

In our opinion, stabilization of the Turkish economy will continue in the first half of 2019. In the second quarter, recovery will start and Turkey

will strengthen its position in global arena with new success stories. In this process, it is expected that the recovery will be gradual and Central Bank of Turkey will remain strong in its tight monetary policy until a permanent recovery is achieved.

#### **Dear stakeholders,**

In this second part of my message I would like to share TEB's achievements in 2018, our synergic and strong collaboration with BNP Paribas, developments in our affiliate portfolio and my opinions for the future.

#### **TEB ended 2018 with an asset size that approximates TL 97 billion and a credit volume of TL 64 billion.**

As one of the building stones of Turkish banking sector and along with the global and regional vision of its shareholder BNP Paribas Group, TEB reinforced its strong position in Turkish market in 2018.

Our Bank demonstrates its concrete support to Turkish economy with a loan to asset ratio of 66%. In this context, TEB provided its high valued product and service proposition to its extensive customer base including millions of SMEs, start-ups and individuals with its one of a kind service and quality approach and achieved operational success at business lines, in line with its budgeted targets.

TEB is focused on offering products, services and solutions which provide high added value to its customers in all areas. Our Bank adopted many progresses towards differentiating and simplifying the customer experience.

#### **TEB embedded innovation in its DNA.**

Embedding innovation in its corporate DNA, TEB accelerated its efficiency and effectiveness in digital banking through progress in all business lines and continued to keep its operational costs at an optimal and competitive level.

Technology based innovative products we offer reinforce the legitimate and prestigious position of TEB brand in the Turkish market. These projects which are recognized as best practices within the BNP Paribas Group support our know-how exports.

#### **TEB is also assertive in start-up universe.**

Our Bank strives to bring innovative business ideas into the economy with an inclusive and supportive

approach through its Start-up Banking structure for the last six years.

As being the first recognized name in Turkish banking sector as far as start-ups are concerned, TEB supports start-ups at every platform for their sustainable success and to help them find their way in the international arena. Adopting a lean strategy, TEB will continue to strengthen its existence in the start-up universe and create value for its stakeholders.

**In 2018 we had the pleasure of initiating the financial literacy program.**

TEB initiated the Digital Financial Literacy Program in 2018 for university students of today which are the financial consumers of tomorrow.

In this context, TEB visited each city to meet with university students and share information on new generation technologies and digital transformation topics.

Significance of improving the savings trend to increase the welfare of our country is non-negligible but pervasiveness of savings at every base is also of key value. Starting from the point of view of these simple facts TEB continues its efforts to raise a financially literate generation. Having provided financial literacy education to around 19 million people from different segments of the society TEB will continue its efforts in this area without losing pace.

**We continue our operations in cooperation with BNP Paribas which is based on trust and respect and we create value for all.**

Being a member and strategic partner of BNP Paribas, TEB continues its operations in cooperation with global elements of the Group based on mutual trust and respect.

Within the scope of its strategic partnership with BNP Paribas, TEB is focused on assuming pioneering roles and demonstrating its service

difference in all areas. TEB combines its extensive experience and knowledge in Turkish market with its partner's global service power and vision at appropriate scales.

TEB makes use of this synergy built on a global scale to constantly develop its service offering capacity in Turkey and to have an effective role in building an economic future for a large population of people along with its affiliates. In this platform, another topic which I deem important and would like to share is the fact that our affiliates demonstrated performances in 2018 which are worthy of their leading and pioneering positions in their industries.

With its professional management team, strong ownership structure and equity, TEB continues its progress towards future by firm steps.

In today's busy and ever changing economic and political agenda of the global market, our expectations for 2019 are positive. We will keep on creating value with our business model designed on innovation.

Before finishing my message, I would like to present TEB's 2018 financial results and statements for our esteemed stakeholders' view.

On behalf of our Board of Directors and myself, I would like to thank TEB Management Team and all our employees who contributed to our 2018 performance and express my gratitude to all our shareholders for their valuable and continuous support.

Yours sincerely,



**Yavuz Canevi**

Chairman of the Board of Directors

## CEO'S LETTER

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

We are leaving behind 2018 which was a critical period for the banking industry. Despite the fluctuations which took place, especially in the second half of the year, we have rapidly moved on to a stabilization process, thanks to rapid economic decisions and high collaboration between the industry and regulatory authorities.

Towards the end of the year, banks started to renew their syndication loans, Turkish Lira has started to appreciate again and positive developments occurred in terms of current deficit.

Turkish economy stands on strong foundations and the infrastructure of banking industry is profoundly robust. Efficiency is one of the most significant problems of our country. I believe we will overcome this challenge by expediting the reform process. Every decision which reduces the current deficit while sustaining our growth will increase our efficiency. As banks, we should join hands with the real sector maintaining our strong asset quality and continue to grow.

As far as TEB is concerned, I can state that we reached our targets by managing the difference between reality and perception in a year when each quarter had different characteristics compared to others. In this process, in order to do our part in the best way possible and contribute to our country's economy, we have not only focused on financial growth but also to efficiency and continued to add value to all our stakeholders.

### **In 2018, we continued our support for the economy.**

Total assets of our bank increased by 13% YoY as of 31 December 2018 and reached TL 96.9 billion. Our net profit was realized as TL 1 billion. Credits which are the most important indicators of the support we provide to the economy and our customers constitute 66% of our total assets.

Giving priority to risk management and asset quality, as always, our bank's total credits were TL 64 billion and deposits were up by 15.5% and reached TL 64.2 billion. Our shareholders' equity increased to TL 9.7 billion, while capital adequacy ratio was registered as 16.93%, significantly above the target ratio of 12%.

### **We have renewed the syndicated loan at 101%.**

As an indicator of international investors' trust to Turkey and TEB, a syndicated loan agreement was signed in October 2018 for Euro 433.5 million and USD 33.5 million with a 367 day maturity with the participation of 17 banks. This syndication loan is a representation of TEB's success and banking sector's robust standing and contributed a great deal to Turkish economy, specifically through its use to finance exports. Total cost of the loan is Euribor+2.65% for Euro and Libor+2.5% for USD.

### **The banking model of the future, "TEB Practical Branch" is expanding throughout the country.**

We have increased the number of TEB Practical Branches which we initiated last year as an indication of our leadership in digital banking and the digital transformation of our industry and they started to provide services in many different parts of the country. Number of TEB Practical Branches, our new banking approach which combines digital and physical branches, is 24, eight in İstanbul, eight in Bursa, five in Denizli and four in İzmir.

With TEB Practical Branch, where all documentation is being approved digitally over devices, we are enabling the performance of various transactions that need a wet signature, as well as transactions requiring a physical exchange such as money withdrawal, deposits, money transfers, payment transactions and credit card delivery. TEB Practical Branches which we plan to expand more as we see it as the banking model of the future, also serve to contribute to operational efficiency.

### **CEPTETEB reached 600 thousand customers.**

As one of the first banks to invest on digital banking, we keep on developing products and services we provide through digital channels and renew ourselves with our knowledge in this area. Accordingly, 2018 has been a year when we focused on digitalization to make our customers' lives easier. As of 2018 year-end, number of users of CEPTETEB, our digital banking platform, exceeded 600 thousand in its third year. Every other person among TEB customers use online banking while 86% of the banking transactions of our customers were realized through digital channels. Number of customers using mobile banking has exceeded 1 million. Standing out with its ease of use, high security standards and rich



content, CEPTETEB allows customers to perform their banking transactions easily through digital channels.

#### **Our support for SMEs continues increasingly.**

We pay specific attention to the development of SMEs which are the driving force of the Turkish economy. With our “Consultant Bank” approach under TEB SME Banking, we not only provide financing to our SMEs but also support them with non-financial products and services. Accordingly, we conduct trainings and workshops for SMEs through TEB SME Academy by travelling from one city to another and providing guidance on their growth plans and standing out in a competitive environment.

Industry 4.0 was another major topic for SMEs in 2018. By means of meetings with SMEs, TEB aimed to share information for changing needs of our SMEs and help them draw their future visions and increase their capabilities of strategic thinking and structuring. We will continue to be on our SMEs’ sides to help them adapt to technological transformation for sustainability and stand strong in global competition.

#### **TEB Women’s Academy continues on its way.**

We believe being a sustainable bank starts with sustainability of the region where it operates and sustainability of the society. Accordingly, through the programs we conduct, we aim at strengthening women’s existence in business world and encourage them to increase their involvement in the economy. With TEB Women Banking we provide financing for women entrepreneurs and offer them information and consultancy on areas they need. Through TEB Women’s Academy, which we started to bring together women business owners with inspiring successful business women, we support women in business life on key areas such as accessing information they need to grow their businesses, reaching new markets, and establishing networks through trainings, consultancy and mentoring programs.

#### **We are among the most significant components of entrepreneurial ecosystem.**

2018 has also been a very important year with the support we provided for entrepreneurial ecosystem. A very comprehensive entrepreneurial ecosystem has developed in our country which includes start-ups, incubation centers, acceleration centers, universities, representatives of business

world, angel investors, corporate infrastructure and incentive systems of the government. Our bank has focused on this area with TEB Startup Business Banking and has been an important component of this ecosystem for the last six years.

TEB conducts projects with many institutions and organizations to bring in innovative business ideas to the economy and contribute to the entrepreneurial ecosystem. Our Bank has been the only bank in TÜBİTAK’s BIGG Program for the last four years to support startups which are in this program. TEB has been the second organization to provide support to highest number of startups in the BIGG Program last year and with this success it was entitled to be an implementing institution for another two year period.

Through our cooperation with Turkish Exporters Assembly (TİM), we have launched TİM-TEB Start-up Houses in many parts of our country which virtually operate as innovation centers and support start-ups which will build our future economy with their innovative ideas. Our Bank supports entrepreneurs from other countries as well. Through TİM-TEB Start-up House in Silicon Valley, USA, TEB contributes to projects with a high export potential to expand abroad. We will continue to develop TİM-TEB Start-up Houses and open up new ones.

#### **We support Turkish fintechs to expand abroad.**

We believe that fintechs which are the new actors of digital transformation will play a significant role in the future of finance industry along with banks. Finance industry needs to live together with innovative finance technologies. TEB stands out as the most active organization to steer this transformation.

TEB started the TEB Fintech Future Four Program last year with an aim to support start-ups which create innovative solutions for the banking and finance industry and to develop and offer innovative products together. This year we cooperated with a strong partner from abroad to enable fintechs to expand abroad. TEB Fintech Future Four Program has gone beyond being just a competition and has been transformed into a platform where applications are received and bright ideas are being evaluated throughout the year.

We will continue our support for fintechs to help them access and introduce themselves in global markets with TEB Fintech Future Four Program.

We are proud of our structure which allows us to offer financial and advisory service to a start-up at an idea phase through public offering.

In 2018, TEB started activities on social entrepreneurship area which became popular in Turkey as well as the rest of the world. With “Distinctive Investments” events organized in cooperation with Ashoka, the first and widest social entrepreneur network in the world, we brought together social entrepreneurs with investors with an aim to support sustainable business models.

#### **We started TEB Digital Financial Literacy Program.**

TEB is one of the first implementers of Financial Inclusion Program which assumes a significant role in reaching Sustainable Development Goals. With TEB Family Academy we continue to work towards expanding savings habits to all segments of the society and raising a financially literate generation. Financial literacy trainings brought together expert trainers with a large number of participants in 2018.

Our Bank enabled approximately 19 million people to participate financial literacy trainings so far. In 2018 a major development in this area has been in digital financial literacy. As a bank which creates solutions with fintechs and develops and implements its own fintech development program during its digital transformation process, we started “TEB Digital Financial Literacy Program” for university students who will be financial consumers of the future. In this context, we travelled from one city to another to meet with university students and shared information on new generation technologies and digital transformation.

#### **2018 has been a year with many awards.**

In 2018, TEB has been granted numerous awards for its innovative and distinctive products and services. In Retail Banking, TEB Family Academy received Global Business Excellence Awards while CEPTETEB won two prizes at Altın Örümcek (Golden Spider) awards. TEB Private Banking has been awarded by Global Finance and World Finance as the “Best Private Bank” and also received the “Most Innovative Private Bank” award in International Finance.

In Corporate Banking, TEB’s products and services in Cash Management have been rewarded by Asian Banking and Finance 2018 and Best Business Awards. In a survey conducted by Euromoney, which is the most effective publication in finance, TEB has been selected as “Best Cash Management Service Quality Bank in Turkey” and took the second place in “Market Leader” category.

Two international awards have been received in SME Banking this year. TEB SME Consultancy Marathon Program has been awarded by CSR Excellence Awards and TEB Academy Industry 4.0 Meetings conducted all around Turkey has been awarded by Global Business Excellence Awards.

TEB focuses on employee happiness under “Employee Value” principle which is at the foundation of its corporate culture. We are proud to receive the “Best Employer of Europe and Turkey” given by Top Employers Institute one more time.

Aside from the awards in banking and finance, TEB has a year full of many prizes as a result of 27 awards received for our successful communication activities. Our digital advertising campaign realized through our tennis platform “We Are Tennis” achieved to receive Felis, Inflow, Stevie and MIXX awards.

TEB strives to contribute to its society as well as the Bank and its customers. Among our communication campaigns, “Elalem Ne Der” (No Matter What Others Say) which we launched on March 8 International Women’s Day encourages women to contribute to the economy without being discouraged by offending expressions from others.

#### **We will continue our journey towards our goals in 2019.**

We have a new year and new goals ahead of us.

TEB will continue its efforts in 2019 with its knowledge and experience from its long-standing background and without compromising competition. With our customer oriented approach we will be on our customers’ sides with most appropriate products and services for their needs and expectations. As one of the most significant players of the banking industry we trust our country and our people.

As always, we are determined to be “a good bank” for our employees, customers, shareholders and society; in summary all our stakeholders and we will continue our efforts to add value to increase the welfare level of our country.

On behalf of myself and TEB Management Team, I would like to thank all our stakeholders who trust and believe in TEB brand, particularly our dearest employees who created our 2018 performance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ümit Leblebici', with a large, stylized initial 'Ü'.

**Ümit Leblebici**

CEO

## AN OVERVIEW OF THE ECONOMY AND THE INDUSTRY IN 2018

### Global growth trend has been revised for both developed and developing economies in 2018.

IMF's global growth slowed to 3,7% in 2018. The same organization decreased its growth forecasts for some countries including USA, China, Germany and France for 2019.

IMF revised Turkey's growth expectation as well and stated that it anticipates a growth rate of 0,4% in 2019.

### 2018 has witnessed significant fluctuations in financial markets.

USD/TL rate which started the year at 3,80, ending the year at 5,29. After experiencing a significant loss of value in August, Turkish Lira has recovered some of this loss with favorable developments in foreign policies in the months to follow.

After the exchange rate shock in August, a rapid rate of increase in Turkey's risk premium has been observed in comparison with other developing countries. Credit default swap premium which was at 155 base points at the beginning of 2018, closed the year at 361 base points.

Fluctuation in exchange rates caused an increase in bond interests as well. 2-year benchmark bond interest was 13,43% at the beginning of 2018 and reached 20,71% at the end of the year. 10-year bond interest which started the year at 11,6% was up to 16,69% at year end.

### Central Bank of Turkey responded to price developments with interest rate hikes.

Central Bank of Turkey (TCMB) continued its tight monetary policy in 2018 and increased interest rates 5 times during the year. Following the 125 base point increase in June, CBRT hiked another

625 basis points in September due to high FX volatility and inflationary pressures. By 2018 year end, one week repo rate was set at 24%, overnight lending rate at 25,5% and late liquidity window interest rate at 27%.

### Ratio of current account deficit to GDP has decreased by almost 2 points YoY.

In addition to shrinking growth trend and decreasing import demand, as well as decrease in tourism revenues, current account deficit to GDP ratio has gone down from 5,6% to 3,6% in 2018.

On the finance side, while financial fluctuations during summer months resulted in fx deposit outflow and repayment of FX denominated loans from abroad. Throughout the year, Central Bank foreign currency reserves increased by USD 19 billion.

### Economic stabilization that started in the second half of 2018 in Turkey is expected to continue until mid-2019.

Turkish economy which grew by 1,6% annually in the third quarter of 2018 due to shrinking credit growth and tightening financial conditions is expected to have a negative annual growth for the last quarter of 2018 and first two quarters of 2019. However it is anticipated that net exports will run strongly during that period and it will have a positive contribution to growth performance. In the second half of the year, annual growth might turn out to be positive thanks to credit-incentive programs and increase in minimum wages.

The New Economic Program estimates growth rate will be close to 2,3% in 2019

Turkish Banking Sector Key Indicators		
	December 2018	December 2017
Assets	TL 3,87 trillion	TL 3,26 trillion
Loans	TL 2,46 trillion	TL 2,15 trillion
Marketable Securities	TL 478 billion	TL 402 billion
Deposits	TL 2,16 trillion	TL 1,80 trillion

## TÜRK EKONOMİ BANK'S PERFORMANCE IN 2018

### IN GENERAL

Presented below is a summary of TEB's shares of the banking industry's basic indicators as of 31 December 2017 and 31 December 2018 together with information about changes in those shares.

Looking at the highlights of the Bank's performance in 2018 as compared with that of 2017 we observe that:

- Total assets increased by 13% in 2018.
- Shareholders' equity reached TL 9.739 million.
- Total deposits accounted for a 66% share of the Bank's balance-sheet.

- Total credits, which is the most significant indicator of the Bank's support for its customers and the economy, has been TL 64 billion in 2018 which represents 65,9% of total assets.
- NPL ratio has been 4,15 % which reflects the Bank's robust credit policies and prudent risk management approach.
- Loan-to-deposit ratio has been realized as 100%, capital adequacy as 16.93% and return on equity as 11,18%.

### TEB'S POSITION IN THE INDUSTRY

(million TL)	31.12.2018		
	TEB	Industry	Bank's share (%)
Total Assets	96.997	3.867.135	2,51
Total Credits	63.999	2.457.276	2,60
Total Deposits	64.217	2.163.611	2,97
Number of Branches	503	11.565	4,35
Number of Employees	9.487	207.716	4,57

Resource (for industry figures): BRSA's December 2018 monthly bulletin

## AWARDS

In 2018, TEB's activities have been recognized and rewarded as always both in Turkey and abroad.

RETAIL BANKING		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
Global Business Excellence Awards	Outstanding Community Initiative Category 1.st Place	TEB Family Academy
Altın Örümcek (Golden Spider)	Banking and Finance Category - Mobile Application 1 <sup>st</sup> Place	CEPTETEB
Altın Örümcek (Golden Spider)	Most Accessible Mobile Application 1 <sup>st</sup> Place	CEPTETEB
PRIVATE BANKING		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
Global Finance	Best Private Bank Turkey 2019	
World Finance	Best Private Bank Turkey 2019	
International Finance	Most Innovative Private Bank 2018	
CORPORATE BANKING		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
Asian Banking and Finance 2018	Turkey Cash Management Bank of the Year	Cash Management
Best Business Awards	Best New Product /Service / TEB Tax Payment via SMS Account	Cash Management
Euromoney 2018	Best Cash Management Service Quality Bank in Turkey	Cash Management
Euromoney 2018	2nd Place "Market Leaders in Turkey"	Cash Management
SME BANKING		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
CSR EXCELLENCE AWARDS	Corporate Citizenship - Bronze Prize	TEB SME Consultancy Marathon Program
Global Business Excellence Awards	Outstanding Event	TEB SME Academy Industry 4.0 Meetings
Best Business Awards 2018	Best New Product	My Weather
Best Business Awards 2018	Best Customer Focus	Consultancy Marathon Program
HUMAN RESOURCES		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
Top Employer	Top Employer of 2018 in Turkey and Europe	
BRAND AND COMMUNICATION		
AWARD	CATEGORY/ RANKING	PRODUCT / SERVICE
IAB Mixx Turkey	Mobile Campaigns / Bronze	We Are Tennis
Communicator Awards	Co-creation / User generated content / Award of Distinction	We Are Tennis
Communicator Awards	Use of photography / images / Award of Distinction	We Are Tennis
Stevie Awards	Sales: Other / Gold	We Are Tennis
Stevie Awards	Marketing Campaign of the Year - Entertainment & Sports / Silver	We Are Tennis
Stevie Awards	Communications or PR Campaign of the Year - Social Media Focused / Silver	We Are Tennis
Inflow	Best Healthy Life Influencer Campaign / 1 <sup>st</sup> Prize	We Are Tennis
Felis	Social Media Campaign / Achievement Award	We Are Tennis
Felis	Celebrity Integration in Social Media/ Felis Award	We Are Tennis
Felis	Visual Story Telling / Felis Award	We Are Tennis
Felis	Real Time Data Usage / Achievement Award	We Are Tennis
Felis	Creative Celebrity Use / Achievement Award	We Are Tennis

Felis	Celebrity, Influencer, Expert Use in Social Media / Achievement Award	We Are Tennis
Felis	Finance and Economy / Achievement Award	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Online Advertising-Social Media for Online Advertising & Marketing / AWARD OF EXCELLENCE WINNERS	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Film / Video-Social Issues / Responsibility for Film / Video / Television /AWARD OF EXCELLENCE WINNERS	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Film / Video-Motivational for Film / Video / Television / AWARD OF EXCELLENCE WINNERS	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Content & Marketing Campaign-Branded Social Campaign for Social / AWARD OF EXCELLENCE WINNERS	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Marketing-Corporate Image for Interactive Marketing / AWARD OF EXCELLENCE WINNERS	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Campaign-Video for Marketing Effectiveness / AWARD OF DISTINCTION	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Video-Social Video for Online Video / AWARD OF DISTINCTION	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Online Advertising-Video for Online Advertising & Marketing / AWARD OF DISTINCTION	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Branded Content-Social for Online Video / AWARD OF DISTINCTION	#EIAlemNeDer (#NoMatterWhatTheySay)
Communicator Awards	Features-Video or Moving Image for Interactive Marketing / AWARD OF DISTINCTION	#EIAlemNeDer (#NoMatterWhatTheySay)
Stevie Awards For Women in Business	Communication or Public Relations Campaign of the Year Communications Research Category / Gold	#EIAlemNeDer (#NoMatterWhatTheySay)
Stevie Awards For Women in Business	Communication or Public Relations Campaign of the Year Public Relations Research Category / Gold	#EIAlemNeDer (#NoMatterWhatTheySay)
Stevie Awards For Women in Business	Social Responsibility Regarding Women Category / Silver	#EIAlemNeDer (#NoMatterWhatTheySay)

## CORPORATE BANKING GROUP

Supported 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 125 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 2018, TEB further reinforced 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 line with its goal of being "the first bank that comes to mind of customers" in the corporate banking business line.

## GLOBAL TRADE SOLUTIONS AND 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 in foreign trade.

Among the world's top three banks in foreign trade finance, BNP Paribas ranks first in Europe. BNP Paribas' operations in 73 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 73 countries.

### **Low-cost money transfer services**

Through its correspondent network, TEB facilitates money transfer services 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 also offers cash transfer services to customers who want to make lump sum payments at competitive costs through its wide correspondent network.

### **Syndicated loan renewed at 101%**

TEB has renewed its syndicated loan with a renewal rate of 101%, 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.

The loan consists of a portion of EUR 433,5 million and USD 33,5 million with a maturity of 367 days and the agreement was signed on 11 October 2018, which was participated by 17 international banks.

All-in-cost of the portion to be allocated for financing of foreign trade transactions with a maturity of 367 days is Euribor+2,65% and Libor+2,75%, respectively.



## **TEB Foreign 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.

### **Distinctive 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 16,6% of Bank's performing loans portfolio.

TEB has 5,3% market share in export loans, which puts the Bank in the 6th place.

In terms of number of transactions, TEB mediated 6,2% of counter-guarantees provided to Turkey from outside and 5,2% of export letters of credit.

Every TEB Trade Center employs a team whose members have expertise in "structured trade and commodity finance". This team devises financing solutions that are specifically tailored 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 grains, 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.

With its licensed warehousing activities which commenced in early 2013, TEB was the first bank to offer structured commodity financing credit in Turkey. The Bank has provided credit facilities by accepting product certificates as collateral issued against commodities being held in the first licensed

warehouse in Turkey. 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.

TEB actively plays a role in the market as a provider of one of the solutions offered to exporters which is rediscount credit opportunities the Central Bank of Turkey allocates to Turkish exporters.

### **Foreign trade trainings**

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**

BPO is a new trade finance solution which has been issued by the International Chamber of Commerce (ICC) in 2013.

BPO has been designed to facilitate trade via open account and to combine the speed of open account payment method with the security of letter of credit.

Offering innovative payment solutions, TEB was one of the first two banks in Turkey to introduce BPO to its customers. TEB's introduction of BPO makes it the 16th bank in the world to do so and the 5th in Europe, Middle East and Africa.

Also, TEB was the first in the world to carry out BPO transactions that include funding for the importers.

Having attained a significant rise in the number of customers regularly using BPO in 2018, 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.

### **CASH MANAGEMENT**

TEB Cash Management will continue its efforts in 2019 to be recognized as the first bank that comes to mind. In this context, it will take steps to increase its wallet share of its strategic customers

in each business line and continue to invest in its innovative product range.

TEB has been awarded in a number of international competitions thanks to its constant improvements in innovative products in cash management.

Euromoney Magazine, one of the most influential publications in world finance, awarded TEB in two different categories at its Euromoney Global Cash Management Survey this year. Elected as the “Turkey’s Best Service Providing Bank in Cash Management”, TEB took the 2nd place in “Market Leaders” category.

TEB was granted the “Turkey’s Cash Management Bank of the Year” award for the fifth time in 2018, at one of the most prestigious award programs of international finance and banking world, Asian Banking & Finance. TEB received this award based on the opinions of judges from world’s top international consulting firms: KPMG, Deloitte Consulting and Ernst & Young Advisory.

In 2018, TEB developed a service where customers can pay Special Consumption Tax via SMS and presented this service to its customers. The product received the prize at Best Business 2018 awards in “Best New Product/Service of the Year” category.

#### **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 2018, customers were presented 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 in the years to come.

#### **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” motto, calling upon the resources of its own extensive network of domestic branches in Turkey as well as those of BNP Paribas’ 196 thousand employees, over 23 million customers, more than 7 thousand branches and 99 trade centers all located in 73 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 activities through powerful synergy**

With its cross-selling culture focused on “creating value for the group” strategy, Corporate Banking adopts a customer-oriented approach in its product and service processes. In 2018, TEB continued to provide end-to-end solutions to corporates at all business lines, including their whole ecosystem with a holistic approach offering TEB Group’s range of financial and non-financial products and services.

TEB Corporate Banking aims to create value for its customers, primarily the ones who need investment banking products and services, by taking advantage of strong international network and product line of BNP Paribas Group. In order to achieve this goal, TEB Corporate Banking provides the following services:

- support for commercial and investment activities,
- local and international resources for the funding of foreign trade activities,
- financial advisory
- M&A advisory
- project finance facilities
- mediating in international bond issues and public offerings.

In addition to the synergy developed with BNP Paribas, Corporate Banking conducts cross-selling and business development activities together with the Bank’s other business lines, in order to create

value for corporates in all areas of their interests such as agricultural banking, consumer finance, housing finance projects, payment systems with card and POS services, solutions for dealers, corporate finance and salary agreements.

TEB's domestic and international product and service variety stands out in its services provided through its affiliates as well:

- TEB Arval offers its international experience to the fleet management sector as a solution partner for Corporate Banking customers' fleet management activities and provides fleet rental services to more than one million vehicles worldwide,
- BNP Paribas Leasing Solutions provides financial solutions to Corporate Banking customers for their investments in equipment and real estate,
- TEB Faktoring, with over 20 years of experience, was ranked 1st 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 since 2017, particularly within the frame of the "Auto Enrolment System".

### BUSINESS DEVELOPMENT ACTIVITIES

Taking customer focus and satisfaction as the baseline, business development activities continued in 2018 keeping a close watch on technological advancements and delivering comprehensive digital banking solutions to corporate banking customers.

Progress has been achieved in increasing service quality and efficiency, primarily in Foreign Trade, in cooperation with BNP Paribas Group and partnerships with industry expertise.

Within the context of business development activities, serious steps have been taken to develop customer base and collaborations with major non-governmental organizations, industry and trade exchanges were realized.

Corporate banking customers' needs were supported through new protocols with Credit Guarantee Fund (KGF) in 2018 in addition to the ones realized in 2017. Additionally, Investment Loans with Interest Support were offered to corporate customers to decrease finance cost of their R&D and environmental investments in cooperation with the Undersecretariat of Treasury.

### PUBLIC SECTOR BANKING

Public Sector Banking Department, which has been set up under Corporate Banking, continued its operations in 2018 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.

It is intended to meet public sector's needs in foreign trade, structured trade finance, cash management, and alternative funding facilities with BNP Paribas' industry expertise and support for longer term and lower-cost funding.

In 2018, efforts have been made to develop relationships with new public institutions and satisfy their banking needs, as well as to make alternative funding facilities more accessible for public institutions in accordance with their medium and long term strategies, primarily through capital markets.

### 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 accordance 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 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 this 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 carries out its SME Banking activities under its “consultant banking” approach since 2005.

TEB constantly improves the products and services it offers to SMEs within the scope of SME Banking activities and assists them with diverse solutions introduced in various areas such as growth and competition that represent the biggest challenges for 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. In this context, the Bank provides solutions in 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.

### **Guidance for SME’s technological transformation**

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 be considered 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, adopts 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 digital transformation 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 SME Academy Industry 4.0 Gatherings which were organized to make sure SMEs adjust to the changing world compete in the global markets and adapt to the “digital transformation” process continued in 2018 in major organized industrial zones known as the heart of the industry.

Through gatherings held in İstanbul İkitelli OSB, Bursa Nilüfer OSB and Ankara OSTİM, key information has been shared with SMEs to increase their awareness and knowledge on “Digital Transformation”.

Through these gatherings, tech startups within the scope of TİM-TEB Start-up Houses and SMEs got together in a common platform and had the opportunity to meet potential customers. At the same time, SMEs had the chance to access domestic hardware and software solutions they need for their technological transformation which will provide them with competitive advantage at reasonable costs.

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 3.000 businesspeople.

Under the TEB SME Academy, the Bank reached more than 30.000 business people in 147 events as at year-end 2018.

### **Support for SMEs to accomplish their short and long term strategic goals**

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 and what kind of a managerial strategy they should adapt.

### **TEB SME Consultancy Program**

During the process of digital transformation, it is 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.

TEB SME Consultancy Program which started in 2007 aims to equip branch customer representatives with additional skills to use towards the mission of being an SME Consultant Bank.

With the strategic perspective gained at this program, TEB customer representatives provide guidance to SME's on their journey of sustainable growth.

TEB SME Consultancy Program continued with new classrooms in 2018. In addition to existing guidance and expertise programs, Technological Proficiency training program has started which aims to equip customer representatives with skills to help them get to know the dynamics of technology oriented production firms and prepare short and long term strategic development plans for them.

In 2018, 4 new classrooms were opened and 122 customer representatives finished their trainings and graduated within the scope of TEB SME Consultancy Program.

Guides and specialists trained in TEB SME Consultancy training programs since its inception in 2007 has touched hundreds of SMEs, prepared their strategic roadmaps and accompanied them in their growth journey with teams from regions and headquarters within the scope of TEB SME Consultancy Marathon Program.

### **TEB SME TV-guiding SMEs in a digitalized world**

TEB SME TV is the first internet-based television in Turkey dedicated to SMEs.

TEB SME TV which differentiates TEB in the industry reached a news content of more than 10.000 and a monthly viewing figure of 2 million in 2018. It continued to be a trustworthy online information/news source with programs dedicated to the business and career development of the business world in general and SMEs in particular.

In 2018, 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 Manager Screen" and "Career and Personal Development" thematic channels that went live in earlier years, "Industry 4.0" channel went on air and began broadcasting SME success stories so as to be inspirational for adaptation to the process.

### **Products and collaborations that will provide competitive advantage for SMEs**

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. TEB offers services to companies who intend to make exports with its informative digital service [www.tebledisticaret.com](http://www.tebledisticaret.com) (foreign trade with TEB).

[tebledisticaret.com](http://tebledisticaret.com) 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](http://tebledisticaret.com), companies are able to find the information they need to access new markets in one source.

[tebledisticaret.com](http://tebledisticaret.com) contains export information SMEs need such as market data for more than 160 countries, potential customer lists, transportation tax rates, up-to-date information on trade fairs and more than 10.000 sectoral reports that include market research about foreign markets.

Users can access detailed information about the general profile, geographic location, economic conditions, cultural differences of the markets that they are interested in through [tebledisticaret.com](http://tebledisticaret.com).

Additionally, for some countries there is exporter/importer information for products that are subject to international trade as well as the opportunity to check out on country and industry basis the trade fairs where they can find new clients.

[tebledisticaret.com](http://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.

## Support for the real sector

TEB SME Banking made another collaboration to support SMEs achieve their sustainable growth and foreign trade targets. TEB's cooperation with Association of Turkish Machinery Manufacturers (MİB) which is one of the key representatives of machinery production industry, increased its support to the real sector.

In accordance with the terms of the agreement, joint projects will be conducted and implemented in areas such as technology, entrepreneurship and production with mentoring programs. In addition to that, TEB will provide tailored financial services and products for MİB members.

TEB's support for MİB members will not be limited to financing. In 2019, TEB will provide assistance on developing their sectoral strategic plans to help them stand out in competition and increase their business volumes.

TEB will be a sponsor in Turkey Machine Industry Future Strategies Conference where alternative strategies for machine industry manufacturers and their stakeholders will be discussed. TEB will also coordinate growth and development programs to contribute to MİB members' exports and Turkish economy.

Within the scope of this collaboration, events will be organized to bring together MİB members, who carry out approximately 60% of Turkey's machine exports, their suppliers and tech start-ups who are within TEB's entrepreneurial ecosystem. MİB members and organizations within TEB's entrepreneurial ecosystem will meet in events such as Technoday and Network Day to create common values and this synergy will provide opportunity for SMEs to reach domestic technological solutions to meet their digital transformation needs at lower costs.

## TEB reaches SMEs through social media platforms

According to Hootsuite 2018 data, Turkey is at the 13th place in social media usage in the world, with approximately 51 million users. SMEs' activities on social media are also increasing every passing day.

TEB SME Banking continues its contact with SMEs through social media platforms such as Facebook, Twitter and YouTube.

Active communication with customers continued in 2018 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 2018, @tebkobi account on Facebook has over 52 thousand followers, @teblekadin account has more than 49 thousand, and @teblegirisim account has more than 49 thousand, whereas on Twitter, @tebkobi has over 17 thousand followers, @teblekadin has more than 22 thousand and @teblegirisim has more than 12 thousand followers.

## Three international awards for non-financial services of TEB SME Banking

Two initiatives of TEB SME Banking have captured the attention of international organizations; Academy Industry 4.0 Gatherings which support SMEs in their global competition and their adaptation to Industry 4.0 process; and TEB SME Consultancy Marathon Program where SMEs are individually analyzed and their strategic roadmaps are drawn.

TEB SME Banking has been awarded by two organizations in 2018. TEB SME Consultancy Marathon Program received The International CSR Excellence Award in Corporate Citizenship category and Best Business Award in Best Customer Focus category.

TEB SME Industry 4.0 Gatherings also received Global Business Excellence Award in Outstanding Event category.

## MICROBUSINESS BANKING

**With its Microbusiness Banking segment, TEB continues catering financial and non-financial needs of micro businesses.**

TEB microbusiness customer representatives continued their guidance to tradesmen and small enterprises in 2018 with company analyses and roadmaps.

In 2018, 44 customer representatives attended TEB Microbusiness Guidance trainings within TEB SME Consultancy Program.

Number of TEB Business Guides reached 181 in 2018.

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.

The Boss Card offers businesses operating in the tourism sector seasonal loan payment options. They are able to make their loan repayments in May-October period in two installments 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. Additionally, the Card provides a 50% discount for parking in contracted airport car parks and free airport lounge access in contracted airport terminals.

TEB DIY Expense Packages allows businesses manage their banking expenses based on their needs. Accordingly, businesses can design their own packages for transactions they use most considering their budgets.

Practical Messenger product allows customers to inform the Bank about topics they want to follow up related to daily banking transactions by sending text messages and/or e-mail.

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. Micro business owners are advised on how to grow their businesses or how to use risk management to meet their specific needs.

## AGRICULTURAL BANKING

### **TEB carries on activities for the development of agricultural sector and meeting producers' needs.**

TEB Agricultural Banking aims to stand by the producers with agricultural banking products which are aligned with the needs of the sector and producers, and designed according to the conditions and dynamics of agricultural production.

Carrying out its operations with appropriate products, pricing and operations, 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 2018, 19 agricultural customer representatives graduated from the program. At the end of the year, the number of TEB Agricultural Specialists reached 64 who provide 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.

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 solution proposals were discussed.

TEB attended 10 domestic and international agricultural fairs in 2018 and promoted its financial and non-financial products.

Celebrating World Farmers' Day on 14 May with events and campaigns, TEB offered an introductory 50% discount on "My Weather" services.



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.

Since 2007, TEB has been standing by the producers with its products and services in agricultural banking and continues to offer favorable opportunities and develop collaborations.

TEB continues its collaborations with various organizations to expand the use of “TEB Harman Kart” (TEB Harvest Card), which plays an important role in procuring essential inputs for farmers, with once-a-year payment term at harvest period and advantageous interest-free period.

Shell, Petrol Ofisi and OPET, the largest three brands in the fuel oil industry, and İGSAŞ Gübre, a solid fertilizer brand, are covered under Harman Kart POS infrastructure.

#### **Technological solutions from TEB to ease farmers' lives**

With products and services in Agricultural Banking TEB continues to support Anatolia's value, farmers. Operating with the mission of being the consultant of the farmer, TEB opened up its technological infrastructure for their use.

With Lexus, the automated surveying system for producers wishing to obtain cash loans collateralized with land lien, the appraisal process can be completed within seconds as opposed to former applications.

Making use of the Farmer Registry System (ÇKS) integration, TEB can meet financial needs of farmers without any additional documents.

With “My Weather” service launched in 2018, TEB sends farmers customized information based on field location and crops being produced as well as detailed three-day meteorological forecasts of humidity, precipitation and wind data, warnings and suggestions regarding the timing of fertilization and pest control.

“My Weather” service received the first prize in Best Business Awards in 2018 in Best New Product and Service category.

## **START-UP BUSINESS BANKING**

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

TEB Start-up House model was developed to reach entrepreneurs all around the country, increase the number of tech start-ups, introduce their innovative business ideas to the economy and enable their healthy growth. The first house was launched in İstanbul in 2013 and the model was expanded all around Turkey with collaboration with Exporters Association of Turkey (TİM).

As of 2018 year end, start-ups located in 10 cities, İstanbul, İzmir, Konya, Gaziantep, Denizli, Bursa, Trabzon, Edirne, Mersin and Erzurum can reach end-to-end support provided by TİM-TEB Start-up Houses.

At TİM-TEB Start-up Houses, aside from strength and experience of TEB and TİM, the effectiveness of the business model takes the leading role.

Through Start-up Business Banking, entrepreneurs capture the chance to access funding, public sector incentives, to present their innovative products on domestic and international platforms, to grow and further improve their companies.

TİM-TEB Start-up Houses provide specific programs for technology companies at different stages such as incubation, acceleration and development to support their sustainability and rapid growth, steering the ecosystem at the same time.

TİM-TEB Start-up Houses offered start-ups the advantages of approaching the business plan methodology with a perspective appropriate for Turkey and achieved to provide unique, local and effective models.

As a result of this level of contribution, TİM-TEB Start-up Houses enjoyed the power of being a development program which tech start-ups trust and want to be a part of, who are already being supported by techno cities or technology transfer offices.

### **TEB supports all start-ups whether at early or later stages of development.**

Start-up Houses, which conduct entrepreneurship programs at universities such as Wake up and Let's up, prepare projects that will bring young entrepreneurs who see entrepreneurship as a career into the ecosystem.

Start-up House trainers paved the way for inclusion of the “Entrepreneurship and Project Management” heading within the course programs at seven 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.

Since 2013, TİM-TEB Start-up Houses aims at fast commercialization of companies located at techno cities through new breakthroughs under Start up and Level up programs. With this new growth approach to increase turnovers at considerable levels, companies are directed towards effective marketing methods, efficient R&D and product development processes and a whole new financial perspective starting with pricing. In an effort to accomplish these, TİM-TEB Start-up Houses collaborate with techno cities, technology transfer offices and development agencies in line with their collaboration and capacity development mission since their inception.

Turkish technology firms work on growing fast at their own industries under Start up and Level up programs. Besides technological entrepreneurship and innovative product efforts, technology firms also need to develop their corporate structures in order to reach a size of TL 100-150 million.

In order to facilitate this, TİM-TEB Start-up Houses initiated Grow up Advanced Growth Support programs and invite the most successful tech start-ups to join this program. These programs provide support for corporate and sustainable growth models and they constitute a significant step towards supporting the unicorn technology firms to grow globally. TİM-TEB Start-up Houses’ efforts have been rapidly recognized by not only technology start-ups but also corporate entities.

“Start-up to Corporate” model which brings start-ups and corporate firms together has been introduced by TİM-TEB Start-up Houses for the first time in Turkey under Grow up program.

The program turned out to be a platform where tech start-ups request support in growth management from leading corporate technology firms.

Offering specialized support for entrepreneurs and following the needs of technology firms, TİM-TEB Start-up Houses initiated the Global up program in

2018 which aims to increase export potential of start-ups and to help them reach global markets.

Until today, more than 700 business ideas have been accepted in Start-up Houses out of 5.100 applied. TL 151 million has been invested at more than 80 entrepreneurs and more than 290 entrepreneurs had the opportunity to obtain government incentives at approximately TL 100 million.

### **TEB listens to tech start-ups, brings together potential customers and investors.**

In 2018, TEB Start-up Banking was the pioneer in bringing start-ups and corporates together and facilitating the initiation of cooperation between parties.

Start-up2Corporate meetings and activities enabled companies to follow up technological trends and reach new technology products and services while start-ups had the opportunity to reach target customers. In 2018, 35 tech start-ups got together with executives from Oracle, Zurich Sigorta, TEB Faktoring, MİB (Association of Turkish Machinery Manufacturers), BUSİAD (Bursa Industry and Business Association) and Gülermak (a heavy industries construction firm).

To facilitate meeting with new technology trends and closely following up the improvements in technology, the Bank has organized start-up presentations to TEB Executive Board. Entrepreneurs who can offer innovative technology solutions applicable to TEB are given the chance to meet with Information Technologies and Operation directors of the Bank.

Under SME Banking, “Meet up” gatherings were organized in order to increase awareness on technological developments and to allow tech start-ups to introduce themselves. At these meetings 8 start-ups got together with executives of technology firms.

At the ecosystem gathering organized at İstanbul Start-up House on 5 September 2018, start-ups met with TİM and TEB network. This meeting allowed start-ups to get to know significant investors, mentors and business people of the ecosystem and discuss potential business cooperations.

### **TEB is the only bank among the 30 implementing institution of TÜBİTAK's BiGG Program**

TEB has been accepting applications from entrepreneurs for the last four years as the only private financial institution among the accredited enterprises under TÜBİTAK's Young Enterprise (BiGG) Program. The Bank was one of the top three enterprises to have intermediated the allocation of the highest amount of grants among 30 implementing institutions.

In 2018, 1.000 applications for technological business ideas were received from 64 cities in Turkey and the Bank supported entrepreneurs to turn these ideas into commercial structures and receive grants.

So far, TEB intermediated funding support worth TL 9,6 million for a total of 64 technological business ideas.

### **The most global acceleration program has been initiated by TEB Start-up Banking.**

TEB initiated activities to expand the entrepreneurial ecosystem in Turkey and to increase the level of support provided to entrepreneurs to improve export of innovative and technological business ideas from our country to the world.

TEB Start-up Business Banking collaborated with Middle East Technical University (METU) for the most global acceleration program in Turkey and launched the Growth Circuit.

Out of hundreds of business ideas applied in April 2018, 34 qualified Start Ups were selected to the program and had the privilege of participating in an intensive training program by UC Berkeley with the mentorship of TEB Start-up Business Banking. Entrepreneurs received training on topics to help them gain global competitive advantage.

Eight entrepreneurs which have been selected to open up to the world had the opportunity to attend trainings and receive mentorship at TEB's San Francisco Office and to listen to experiences of Turgut Boz, Deputy CEO and Senior Vice President in charge of SME Banking.

Entrepreneurs who successfully finished the program got to attend at a meeting hosted by Draper University to make presentations to introduce their businesses to more than 50 global investors.

### **TEB supports young entrepreneurs at every platform.**

Under Let's up program designed and implemented by TEB in cooperation with the US Embassy in Ankara, in order to search out for young entrepreneurs, trainings are provided at Turkey's major universities and awareness is raised about entrepreneurship, new economy, information society and developing entrepreneurial ecosystem.

Within the scope of Let's up program, a total of 250 students from 7 universities presented their business ideas before a jury during the Demo Day event, after successful completion of various education and mentorship phases.

At Demo Day events organized in April and May of 2018, a total of 14 students, 2 students from each university, have been selected to go to Silicon Valley in August 2018 to acquire an entrepreneurial vision and familiarize themselves with the start-up ecosystem. Students had the opportunity to meet investor consultants, successful Turkish entrepreneurs and executives of tech giants at Silicon Valley.

### **TEB supported entrepreneurs at METU New Ideas New Businesses and ITU BigBang programs.**

TEB initiated a program called New Ideas New Businesses (YFYİ) at METU in order to discover Turkey's young entrepreneurs.

Thousands of applications were received, evaluated and 50 entrepreneurs with innovative business ideas were elected. TEB Start-up Business Banking assumed an active role throughout the process starting with the trainings until the Demo Day held in Ankara in October. With its participation in this program TEB Start-up Banking proved that it is a significant player in bringing qualified entrepreneurs into the ecosystem.

The winner of the great prize of TL 100.000 at YFYİ Demo Day has been an entrepreneur of TİM-TEB Start-up House while TEB Special Award went to a start-up who produces light and ecological composites for the transportation industry.

TEB Start-up Business Banking has been the highlight of ITU BIGBANG in November 2018, which is the most important event in Turkey hosting entrepreneurs and investors. The second prize of the event, in which a total source of TL 21 million was allocated, was given to TİM-TEB Start-

up House entrepreneur while the two other entrepreneurs from TIM TEB Start Up House who make their presentations at the final received their awards and started working towards growing their businesses and moving up at competition.

#### **Entrepreneurs supported by TEB Start-up Business Banking attended Slush for the 3rd time.**

TEB Start-up Business Banking provided opportunity for entrepreneurs to attend SLUSH for the third time, one of the world's biggest entrepreneurship and innovation events which is organized in Helsinki, Finland for eight years. Through this event, start-ups had a chance to meet with investors and companies which they can potentially collaborate with to grow their businesses globally.

#### **Turkey's best start-ups have been awarded.**

TEB Start-up Business Banking, in cooperation with TIM, organized Entrepreneurs of Turkey Award Ceremony with the objective of bringing in high quality and innovative business ideas into Turkish entrepreneurial ecosystem. The most successful entrepreneurs of Turkey were awarded at the event which took place at Çırağan Palace in October with the attendance of Minister of Commerce Ruhsar Pekcan. Special awards for Turkey's inspirational entrepreneurs were given to journalist Ayşe Arman and the Chairman of Turkey Game Developers Association Ali Erkin.

#### **The first Start-up House in automotive industry**

TİM-TEB Start-up House will establish in Tuzla Organized Industrial Zone in cooperation with Automotive Supply Experts Organized Industrial Zone (TOSB), Uludağ Exporters Association (UIB) and Automotive Suppliers Association of Turkey (TAYSAD) continue to provide support to Start Ups developing technology in automotive sector with innovative business models.

Facilitating an environment where automotive industry and entrepreneurs work closely and collaborate, Start-up House will operate as one of the most significant acceleration centers for tech start-ups.

Providing entrepreneurs opportunity for quick access to information, the Start-up House reinforces the connection between tech start-ups and automotive industry and took its place in the entrepreneurial ecosystem as a center for service procurement and investor opportunity discussions.

## **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.

#### **TEB supports women with high economic potential.**

In 2018, TEB continued its activities targeted to cater women business owners'.

In this context, the Bank is focused on providing support for financial and non-financial needs of women business owners for sustainable economic growth and aims to reveal the hidden potential of women bosses in keeping with its vision of being the "women's consultant bank" and "the bank women want to work with the most".

#### **TEB eases access to international funding facilities.**

The common problem of women bosses is accessing financial resources, especially in finding collateral and obtaining loans which makes them to give up at the early stage of setting up their businesses.

Solving these problems is highly important for preparing the stage for women where they can take part in the economy not only as consumers also as producers.

#### **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 and brings women bosses together with the inspiring women of the business world.

In 2018, 6 events were organized in 6 cities which aimed to contact women in various Anatolian

cities. These events were conducted in collaboration with local non-governmental organizations and TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Women Entrepreneurs Board.

Approximately 3.500 women were reached through 30 Women Academies organized in 24 cities.

In keeping with the aim of presenting information to women bosses through different modes of communication, @teblekadin (women with TEB) Facebook page and TEB SME TV are actively utilized.

In the TEB SME TV Women Bosses Screen 340 videos were uploaded as of 2018 year end and in these videos a wide range of content varying from finance management to developing leadership skills along with inspiring success stories were featured.

At the Women Bosses Chanel, we mention 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 Women Bosses Channel view average was 4 minutes which made it one of the most popular video channels on internet. 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 ways to increase operational profitability to stories of success and inspiration.

By the end of 2018, the channel reached approximately 800.000 viewings.

### **The Bank that meets women bosses’ coaching and mentoring needs.**

Worldwide research concluded that women display an increase in their self-confidence, awareness and use of skills when they receive mentoring.

Accordingly, TEB initiated Women Banking support programs in order to fulfill one of the most

important needs of women bosses which is coaching and mentoring.

By this vision TEB is the pioneer bank that has started a program called by TEB Star Cluster project, with this project, TEB branch managers selected to extend support to women bosses were trained as “Enterprise Coaches” with a special curriculum. The project was intended to provide coaching to women bosses 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.

Branch managers who were selected for the program had different trainings for being a mentor for women bosses. The project was first launched in İstanbul in 2017 and expanded to Anatolia in its second phase in 2018. Star Clusters 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.

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

Research shows that women bosses have a harder time compared to men dealing with sociocultural norms and creating means to access new markets. This difficulty is costing women bosses a lot of lost opportunities.

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 and conducts communication activities.

On a research conducted at 8 March 2018 on major obstacles for women in realizing their dreams, it was concluded that “Elalem Ne Der”(No matter what they say) hashtag was one of the most popular topics on twitter indicating the most significant obstacle facing women.

“Elalem Ne Der” video of TEB Women Banking aired on TV and social media between 27 February and 8 March. The film was about women’s need for chasing their dreams and goals independent of what other people say or think about them and giving a message of TEB’s support.

This strong message was well received and reached a level of more than 33 million access on online + offline channels and over 14 million viewings.

TEB participated in the “Power of Women Conference” as sponsor which was organized by Hürriyet newspaper. In the conference, TEB’s support for women to get them stronger in economy was discussed.

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 700 women from Turkey in 2018. Within the scope of the event, the inspiring stories, problems and points were shared made by those women who have an idea, a project or a standing and interviews by TEB SME TV were broadcasted live on Facebook so the women who have potential to be women boss had chance to be heard by the masses. During the event day, the live broadcast through Facebook reached an audience of 100.000.

TEB was the “training sponsor” of annual conference of WeConnect International. While delivering “Leadership and management” trainings to women entrepreneurs, opportunities were also provided for collaboration with each other.

#### **TEB Women Banking consolidated its robust standing in international arena in 2018.**

While providing the necessary support for women in all segments, from entrepreneurs to women bosses and from micro businesses to SMEs to help them overcome some of the obstacles they face in business life, TEB Women Banking draws attention in taking distinctive steps for encouraging and strengthening women as well.

At Stevie Awards For Women in Business event, TEB received two gold prizes in “Communications or Public Relations Campaign of the Year/ Communications Research” and “Social Media Focused Communications or Public Relations Campaign of the Year” categories and one silver prize in “Achievement in Women-related Corporate Social Responsibility” category.

## **GOLD BANKING**

### **Industry leader in gold credits**

Steadily increasing the value that it generates for customers all over the country through its expertise, accessibility and efficiency and contributing to the industry 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, has been one of the most important players in the sector at the end of 2018 as in the prior years. According to BRSA’s October data, the Bank maintained its leadership position in the sector with a market share of 35%.

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, Type B Gold Fund and the New Golden Age for individual and corporate customers wishing to make savings.

Besides its market leadership position, TEB maintains its close relationship with the jewelry industry by participating in the most critical gatherings of the sector as the main sponsor. In 2018, TEB continued its traditional support for the “Istanbul Jewellery Show” which is the world’s 5th biggest fair on jewelry. Jewelry Show 2018 hosted over 1.000 domestic and foreign jewelers from East Europe to Russia, from Middle East to North Africa and Turkic Republics of Central Asia.

In 2018, the trade fairs have been instrumental in bringing the Bank together with market professional visitors. Gold Meetings were organized in Antalya, Sivas and Diyarbakır with the participation of 255 jeweler customers and the Bank had the opportunity to interact face-to-face with customers.

## LOCAL GOVERNMENT BANKING

### **TEB works with 560 municipalities and their agencies.**

TEB Public Sector Banking continued to be one of the leading players in this business line in 2018 by developing specialized banking products and services that address the unique needs of local governments.

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 broadcasts special news programs about current problems of local governments on TEB SME TV and support operations of associations and institutions to help local governments' access financial resources more easily.

## RETAIL AND PRIVATE BANKING GROUP

TEB Retail Banking has continued to expand its customer base by offering customer oriented, innovative products and services in line with its vision of being a 'Good Bank'.

The Bank continued its activities in line with its digital transformation strategies to improve customer experience and focused on developing service channels and service models through the implemented projects.

TEB Retail Banking defined its priorities for 2018 as Digital transformation applications, personal loans, marifetli, new customer acquisition, customer experience and increasing the efficiency of the service models with automation and optimization.

With the vision and goal of being "The Most Recommended Bank" TEB continuously measures the customer experience and conducts its activities to improve customer experience with design oriented thought principles.

### **Customer satisfaction more than doubled**

With NPS (Net Promoter Score) TEB measures the experience of 185.000 customers annually asking about their experience and recording their comments on whether they would recommend TEB or not after the execution of their transactions. With NPS, business units and related teams regularly analyze the "voice of customers" to identify the problem areas in customer experience and to make improvements where needed.

Improvements developed based on the feedback received from TEB customers show that customer satisfaction more than doubled since 2013. The increasing trend in customer satisfaction based on transaction based independent measurements continued in 2018.

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

"Customer Journey Maps" are used to evaluate how different products and processes are experienced by the customers and the outcomes of the project are translated into actions in

marketing, communication, systems, processes, products etc.

In addition to improving the existing experience journeys, "redesign projects" continued to be carried out in 2018 in the form of a joint creation process incorporating all teams employing the "Design Thinking" method.

Projects were conducted with BNP Paribas International Retail Banking business line. The impact of these projects on customer experience started to be observed in 2018.

The fourth 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 270 people from 107 institutions. Participants had the chance to hear about the methods and best practices employed by companies from ten different industries.

The activities of "Customer Experience Council" continue. The platform aimed to identify priorities in customer experience, to expand Customer Experience culture at all levels and to adopt the necessary decisions based on joint working culture.

"My Customer Experience" portal, whereby TEB employees are able to evaluate and interpret the Bank's products and services from the viewpoint of customers, is being actively used and its outputs are being monitored.

## RETAIL AND AFFLUENT (YILDIZ) BANKING

With its innovative retail banking approach, TEB aims to reach more customers through more channels. In doing so, rather than creating physical connection with customers, it facilitates convenient, fast and secure access to all banking transactions through digital channels.

Within the scope of this goal, all TEB Retail Banking products and services are made available and visible to all customer segments with access to banking services in Turkey throughout the year with an effective communication approach. A problem-solving banking approach has been demonstrated offering same high quality service through all channels.

In accordance with this goal, comprehensive banking solutions for different areas in life are



being supported with innovative products. With TEB Fintech Future Four, a first of its kind in Turkey, TEB created a joint working platform to help fintechs offer their products to end-users and allowed fintechs to use this platform throughout the year. As a pioneer in Turkish banking industry, TEB recognizes the importance of its contributions by offering their innovative products and services.

**Personal loans increased by 30%, share of non-branch channels grew significantly by 50%.**

With the investments made on technology and infrastructure, TEB made it possible to receive credit applications through 11 channels and allocate funding through 7 channels. Ongoing customer focused design works are being evaluated and current processes are simplified and improved.

The objective is to make personal loans available whenever needed regardless of place and time on a 7/24 basis. Credit documents are obtained in digital format, not only at the distant channels but also at the branches within the concept of paperless banking resulting in improvement of customer experience.

Cooperation with PTT which started in previous years grew stronger. New cooperations have been set up under the lending at the point of sale infrastructure. Through these two business models, along with traditional channels, TEB increased its new customer gain ratio by 20% compared with prior year. "Digital credit" service that will become effective in 2019, will give e-commerce business owners with high transaction amounts an opportunity to offer alternative payment options aside from credit card.

Last year, TEB Responsible Banking Loan, a consumer loan with lower limits, was introduced in order to bring customers, who were somewhat distant from the financial system due to difficulties they face in repayment, back to the system. In 2018, the Bank took a step further with this responsibility and collaborated with KKB (Credit Bureau of Turkey) to offer a service which marked a first in banking sector. Within the frame of this service, TEB offers its credit customers Findeks Gold Advisory (KKB product) package with the objective of increasing their financial awareness and be on their side through their credit journey. Additionally with the same objective on mind, customers are being supported with reminders for their payment installments to help them form a habit of payment.

For customers who improved their credit scores TEB applied more convenient interest rates and ensured they have access to these rates at every channel.

With improvements in credit products and processes, along with analytical studies, the Bank executed an effective portfolio management for appropriate target audience. Limits assigned to customers which are readily available are offered to be used not only for long term consumer loans but also for overdraft accounts and as credit card limits to facilitate their daily cash needs. With this approach which puts the customer at the center, not the product, customers have the chance to use their available credit products as they suit their needs.

With all these efforts, credit customer experience have been improved and transaction-based NPS increased by 14% YoY.

**In 2018, Marifetli account has been the most preferred savings account by the account holders.**

"Marifetli account", introduced by TEB to change Turkey's savings habits, is a savings account with a daily term and provides account holders the flexibility of depositing or withdrawing cash at any time.

In 2018, Firsat account, which was a sub product of Marifetli account for affluent and private segment customers, was combined with Marifetli account and upper limit of Marifetli account was raised to TL 750.000.

Based on BRSA data, in comparison with 6,1% increase in up-to-one month maturity savings accounts, the number of Marifetli accounts doubled in 2018. The product contributed to the growth of deposits with similar maturity in the sector in addition to while supporting TEB's liability structure.

In 2018, commercial films of Marifetli account which highlight the importance of savings have been broadcasted on national TV channels as well as digital media, supported by posters and banners in open areas.

Marifetli account offered favorable interest rates to savings account holders and for those who would like to increase their savings with attractive campaigns throughout the year. The number of first time customers of our Bank has increased thanks to Marifetli account. Our financial relations

currently continue with more than 90% of our first time customers.

Being a good alternative for foreign currency deposit savings as well as for Turkish Lira, Marifetli account allows for application of daily interest to USD, Euro and GBP accounts, thereof became a product preferred by savings account holders. TEB FX Platform which was launched in 2018 offers customers favorable foreign exchange rates for sales and purchases. Savings holders also made use of favorable interest rates available for their daily foreign currency transactions.

Global Youth Account which is a sub product of Marifetli Account offers a lower limit of 100 TL/EUR/USD/GBP to encourage youngsters' savings. By this account, youngsters earn interest income on savings of lower amounts and gain awareness on savings at an earlier age.

TEB launched another product in 2018 called Planned Account. Contributing to the improvement of maturity structure as well as supporting savings, Planned Account allows customers to tie up their deposits for a term of one year while supporting them for their cash flows. The product offers monthly, quarterly and half year interest payment plans which are not affected by interest rate changes while giving the customers an opportunity to choose the terms when interest payments are deposited to their accounts.

In 2018, in addition to alternative products offered to Retail and Affluent Banking customers the Bank continued to differentiate its services. While increasing the services for following up developments such as market notifications, Strategy Bulletins and Customer Gatherings, TEB continued to provide services with favorable costs for FX, DCD and Eurobond transactions through new platforms on the investment side.

**As the basis of growth in Retail Banking, salary accounts constituted 40% of newly acquired customers in 2018.**

TEB mediates salary payments of numerous large corporate and public sector institutions with the vision of being "the most preferred bank" in salary payments.

In 2018, special packages offered to customers with salary accounts are enriched with favorable credit terms, deposit rates and discount campaigns for a range of products and services from clothing

to holidays organized through cooperation with various companies.

Custom-tailored retention programs are developed for those customers whose salary agreements ended to allow them to make use of privileges TEB has to offer resulting in increased customer satisfaction.

In 2018, Product Packages program has been initiated which are customized for specific customer needs that can offer more than one product with various advantages with a complete dynamic and flexible nature. These packages are offered through branches, digital and call center channels. In the following periods, packages will be more extensively used with contents differentiated and diversified specific to customers.

Paying close attention to pension account customers in 2018, TEB offered favorable rates for credits and deposits to retirees in addition to special call center, credit card with no fees and priority services which were already available. With "suggest a retiree" campaign, advantages were offered to relatives and friends. In 2019 TEB will focus on attracting more retiree customers by offering attractive opportunities.

**Products and services tailored for specific needs of different occupations**

In 2018, TEB cooperated with 43 different professional organizations or chambers such as the Bar, universities, practitioners, public accountants, veterinarians, dentists and pharmacists.

A significant protocol has been signed with Turkish Pharmacists Association in 2018. In accordance with the protocol, TEB offers a monthly contribution payment of TL 170 to pharmacists' individual pension accounts (BES) who open an account for the deposit of Social Security Institution (SGK) payments and who actively use TEB POS devices.

Individual and commercial credits up to a limit of TL 60 thousand with Turkish Pharmacists Association's guarantee, free of charge money transfer and EFT via internet banking, account maintenance fee exemption for commercial accounts and cash register fee waiver for POS devices are provided. All members of Turkish Pharmacists Association can benefit from these advantages TEB offers.

Focusing on university collaborations since 2015, TEB processed salary payments of 24 universities in 2018.

TEB provides services for accounts of management of more than 7 thousand apartment buildings and apartment complexes, thus becoming the leader of apartment complex management with its strong structural support and digital solutions.

Increasing similar cooperations and salary payments TEB aims to be the major bank of customers from various professional groups in 2019.

**With new customer win projects in 2018, TEB Affluent (Yıldız) Banking increased the number of affluent customers, growing by 61% in net revenues and 50% in total assets.**

In 2018, TEB offered privileged services to upper-segment customers with products and services customized for their specific financial needs, priority service through all channels and solutions for their social lives via customer representatives who have been specifically assigned to them.

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

Customers' lifestyles and needs are analyzed and advantageous services were offered to TEB Affluent Priority Card holders, such as 10% restaurant bonus, 50% discount at airport parking, 50% discount at movies and theaters on weekends, free of charge VIP transfers, mileage program, free dry cleaning and discounted Motovale services. With Affluent Privilege application, customers had the opportunity to get special discounts on a wide range of areas, such as distinguished hotels, restaurants, events, concerts or personal hobbies in Turkey or abroad.

Continuous and intense contact was established with customers via social network accounts, TEB Yıldız Instagram and TEB Yıldız Twitter, about banking products and services as well as new developments in the world.

Adopting a customer focused approach in 2018, TEB Affluent Banking made use of various organizations to understand customers' needs and expectations and increase satisfaction, such as one

on one meetings, surveys, breakfast meetings and other events. Affluent Customer Meetings with Işık Ökte were organized to share market information.

In 2019, TEB Affluent Banking started to work on renewing its value proposition presented to Affluent customers.

TEB aims to be the pioneer bank in this segment by providing investment services customized based on affluent customers' risk preferences, robot consultant services, new loyalty program where they can get privileged services through digital channels as well.

### **Effective service approach in bancassurance**

With the frame of ongoing powerful cooperation with BNP Paribas Cardif A.Ş. and Zurich Sigorta in bancassurance services, TEB continues to offer insurance products in a wide spectrum and with an effective service approach.

Becoming an effective distribution channel in bancassurance, specifically in life insurance, banks continue to develop in other segments as well.

Based on December 2018 figures of the sector, 77,6% of life insurance premium and 14,4% of non-life premium are produced via banks. As of 2018 year end, TEB's bancassurance premium production was TL 207,4 million in life and TL 204 million in non-life insurance contributing to Bank's commission income.

In 2018, TEB bancassurance continued providing services through its branches and alternative distribution channels to meet their customers' needs on their insurance and individual pension accounts. While allowing for policy purchasing and monitoring via customer interaction center and internet banking, studies are carried out on diversifying the range of products offered through these channels and on digital solutions. TEB presented its microbusiness customers an Automatic Participation to BES (individual pension system) product called Super Microbusiness Package.

In addition to insurance products, communication and marketing campaigns were carried out to inform existing and potential customers of Private Pension System regulations and government contribution 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. In 2019, TEB will offer its customers Return of Premium Life Insurance and Supplementary Health Insurance.

### **Free-of-charge trainings for all at TEB Family Academy**

TEB Family Academy established in 2012 in order to enhance financial literacy and raise an awareness of savings in society offers all individuals free basic financial literacy to all TEB customers and non TEB customers.

Trainings focusing on saving, budgeting, debt management and correct banking product usage intend to contribute to families' finances and consequently to the growth of the national economy.

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

Additionally, with protocols signed with General Directorates of Lifelong Education and Vocational and Technical Education which are affiliations of Ministry of National Education, 7,5 million trainees and students had a chance to receive financial literacy trainings.

### **Aiming for a young generation who has a command of financial technology and who saves**

Taking its pioneering position in financial literacy a step further, TEB started Digital Financial Literacy Program for university students based on the necessities of the new era. Within the frame of the program the Bank met with 5.000 students at 20 universities on trending subjects such as Blockchain, Fintech, coding and digital transformation.

The objectives of the program are, raising individuals who have a command of financial technologies, who save, manage their money properly, know how to evaluate financial advantages and technologies and who are economically strong, hence contributing to digital transformation.

## **PRIVATE BANKING**

Providing private banking services since 1989, TEB is the first bank implementing private banking and wealth management services in real terms. TEB Private Banking has a pioneering approach that seeks to offer its customers 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 all around 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.

With distinctive practices and services in its sector, TEB Private Banking received the "Most Innovative Private Banking" award at the Finance Awards of International Finance Magazine which is a finance and business analysis magazine published in UK rewarding the most successful organizations in their areas every year.

Outstanding practices and services of TEB Private Banking in 2018 are presented below:

### **CEPTETEB Private**

CEPTETEB application which enables customers to perform their banking transactions easily from wherever they want has been differentiated exclusively for Private Banking customers in 2018 based on Private Banking customers' needs. With CEPTETEB Private version our customers can access their daily and monthly investment strategy reports, follow up credit card campaigns and call TEB Private Line with a single click. Different functions and additional features are planned in 2019 to make our customers' lives easier.

### **Mobile Approval**

TEB Private Mobile Approval Project was initiated in 2018 to digitalize bank order delivery process. With this project, processes for written bank orders and obtaining wet signature are digitalized enabling TEB to forward the orders to customers and receiving their approvals via CEPTETEB Mobile Banking and Internet Banking. With this project, operational workload, delays, courier/taxi/ telephone costs and risk of not being able to

obtain the wet signature approvals are minimized. The process got more reliable with the digital solution leading to an increase in customer satisfaction.

### **Investments that Make a Difference**

Supporting the entrepreneurship ecosystem with numerous private projects such as TEB Private Angel Investment Platform, TEB Private Investor Club and TEB Fintech Future Four, TEB Private Banking initiated a new project on social entrepreneurship concept which is gaining popularity in the world, as well as in Turkey. TEB has signed a collaboration agreement with Ashoka, the world's first and leading social entrepreneurship network, and organized events called "Investments that Make a Difference" to bring together social entrepreneurs with potential investors and support sustainable business models. Within the context of this collaboration, "Social Finance Meetings" were organized in the previous years with the objective of creating awareness on social finance concept. In 2018, the focus point was 'social entrepreneurship'. The meeting organized within this frame highlighted the fact that in today's world the meaning of investment go beyond money and represent effective steps to be taken towards the future. Initiatives such as good4trust.org which started to expand prosumption economy, E-Bursum which makes access to scholarships easier and fairer for students, LaborVoices who works for the transparency of supply chains made their presentations during the meeting. The objective was to provide support for these entrepreneurs in terms of social financing, resources and network.

### **TEB Private Meetings**

CXO Club- the Leaders of the Future Club meeting which started in 2017 as an initiative of TEB Private Angel Investor Platform continued in 2018. Digital trends all over the world and principles of angel investment together with current entrepreneurship stories were discussed at these meetings.

At CXO Club Meetings, TEB's knowhow was shared with customers to give them an opportunity to turn into investment either individually or as a corporate. The objective of the CXO Club Meetings is to strengthen the corporate collaborations to achieve a healthy structured entrepreneurial ecosystem through closed meetings where new business models, global trends, concepts and threats for large corporations are discussed.

Within the frame of TEB Private Meetings, "TEB Private Economy Talks" were organized in various cities which hosted Işık Ökte, TEB Investments/BNP Paribas Strategist, and latest developments in markets were shared with customers.

### **Sponsorships**

TEB Private Banking sponsored WBAF 2018 World Conference in Istanbul which is organized by World Business Angels Investment Forum, the largest organization in angel investment in the world. TEB Private Banking met with more than 1.000 start-up friends from 80 countries through its Angel Investment Platform initiative.

Sponsorships for sports organizations continued in 2018. TEB Private Banking was the sponsor of TAYK sailing race in July and TEB Private Banking Golf Tournament in Bodrum in September. Aside from sports, TEB Private Banking continued its endorsement for art and sponsored the BASE event which supports young artists from faculties of fine arts at various branches.

### **Investment Consultancy Services**

Through the Investment Consultancy model developed under the context of TEB Investments at the beginning of 2017, 5 specialty branches were launched in 4 cities and Investment Consultancy services were provided to TEB Private Banking customers by a total of 15 investment consultants. In this context, TEB Group investment strategy and investment products and suggestions in line with this strategy were presented to customers who sign an Investment Consultancy agreement. In addition to those services, monthly teleconferences were held with the participation of Florent Brones, BNP Paribas Chief Investment Consultant, where latest developments in global markets were shared with customers.

### **DIGITAL BANKING**

TEB continued its investments on mobile technologies in 2018, with CEPTETEB Mobile Application which was renewed in 2017 enabling customers to tailor its design and offering a wide range of transactions. With new versions, CEPTETEB now provides a distinctive banking experience to TEB Private Banking customers as well. Using the mobile application, TEB Private Banking customers can follow up market developments via daily and monthly reports and benefit from special campaigns.

In 2018, TEB launched the new TEB FX platform under its Digital Banking Platform CEPTETEB to enable individual and corporate customers to make their foreign exchange transactions instantly and quickly.

TEB FX platform users can identify the currency pairs they want to track, perform analyses of developments on these exchange rates via advanced graphics. Detailed market analyses and market news can be followed up on TEB FX using filters for your specific interest areas. In addition to those features, transactions made through TEB FX can be reviewed on transaction history page and average costs of previous transactions can be tracked with indicative prices. At TEB FX platform, exchange rates are locked for transactions in the pre-selected currency pairs for 5 seconds to allow customers realize their sales and purchases at favorable rates.

Additionally, with POS transaction menu installed in CEPTETEB Corporate Mobile Branch, customers can now view their POS and terminal transactions and unlock blocked transactions.

#### **Investing in value added technologies**

Aside from providing support for customers to develop and change their technologies, TEB also focused on value added technologies for its customers. With the integration realized via its collaboration with a Fintech, TEB started sending location based campaign messages. Location information received from the application feeds TEB CRM and campaign messages are delivered to target customers.

#### **81% of customers use digital banking channels**

TEB continued its investments in digital channels and had 81% of its customers use digital channels. One out of two TEB customers uses online banking channels. Number of customers using mobile banking channels reached 1,1 million.

As of December 2018, Digital Banking Platform CEPTETEB kept its growth and reached 665 thousand customers. Credit applications through digital channels constituted 27 % of sales and deposit volume share through digital channels reached 21%.

#### **CEPTETEB offers its customers a rewarding experience.**

CEPTETEB Mobile Application received the “Best Mobile Application” award in “Banking and Finance” category at 2018 Altın Örümcek (Golden Spider) Web Awards and selected as the “Most Accessible Mobile Application” among all mobile applications.

#### **TEB carries on its social responsibility projects.**

With TEB My Tree project, the Bank prevents carbon emissions that would come out as a result of the vehicles used by customers going to the branch rather than using CEPTETEB Internet Banking Branch. When the carbon emission prevented through internet banking reaches the level that will be produced by a tree, a donation is made to TEMA Foundation for one tree sapling. So far, TEB has supported planting of 25 thousand trees on behalf of its customers.

#### **ATM**

Having one of the youngest networks of ATMs in the industry, TEB offers 7/24 services with an ATM market share of 3,4% whether the user is a customer or not. All ATMs of TEB allows for depositing cash, 87% has recycling feature (meaning cash deposited may be used for withdrawal) and 85% allows for foreign currency withdrawals. Approximately 67 million transactions are realized through 1.736 ATMs annually.

TEB’s Global ATM agreement enables the use of TEB cards for cash withdrawals at BNP Paribas ATMs in various countries as well as other banks’ ATMs free of charge. This service is being offered in 6 continents at around 50.000 ATMs.

In addition to those, new channels are being set up for customers to perform their cash or other banking transactions through new ATM sharing collaborations.

TEB ATMs will continue to provide services to customers with their new user-friendly display in 2019.

#### **Open banking operations**

TEB started 2 significant programs in 2018 for Open Banking transformation which translates into a new business model implemented all around the world, particularly in Europe. These two programs are API (Application Programming Interface) and Fintech Collaboration programs.

Under API program, banking products and services are opened up to customers' use through different channels using APIs. Within the scope of Fintech collaboration program, various projects are being conducted. Among the projects prioritized, biometric signature project was completed. Following legal arrangements, this project will be launched as pilot at two TEB branches on 17 January 2019. This project will end paper usage in all processes requiring wet signature.

Through another Fintech Project, TEB will prepare a platform where investors will find thematic and factor based investment baskets together. This project is being carried out by the collaboration of one of the participants of Fintech Future Four, TEB Investments and TEB Portfolio. The Bank worked on robot consulting with that same business partner and the application performed successfully at the pilot test.

Another agreement was signed with another Fintech with a strong added value proposition for a platform where landlords, tenants and real estate commissioners meet. Through this platform TEB will provide various product and services, primarily credits, to its customers when needed.

Within the scope of BNPP IRB Home, studies are being carried on with an objective of using psychometric scores to allocate credit to new customers with no TEB history. The project will start with a foreign Fintech start-up that was selected in Paris.

#### **Number of TEB Practical Branches reached 25.**

Practical Branches, TEB's new banking approach bridging digital with physical, have continued to expand across Turkey.

TEB Practical Branches are equipped with Turbo® devices developed by TEB's information processing and operations departments and R&D engineer staff. Number of these branches have reached 25 by the end of the year; eight in Bursa, five in Denizli, eight in Istanbul and four in İzmir.

Turbo® devices at TEB Practical Branches facilitate transactions such as cash withdrawals, deposits, transfers, payments and credit card deliveries as well as cash loan applications and loan booking which require wet signatures.

#### **TEB Customer Interaction Center kept is leading position in the sector in many areas.**

TEB Customer Interaction Center handled 22 million interactions with its distinctive service models and various work experience opportunities provided to its employees. Live Chat channel started to operate in 2018 and quality assessment processes were automatized.

#### **PAYMENT SYSTEMS**

##### **TEB continued its efforts in 2018 to facilitate payments of individual and corporate customers and develop new payment alternatives.**

TEB carries on its activities to help customers perform their shopping transactions more easily, quickly and securely. While enabling a more secure environment for card payments, additional features are added to make shopping more fun. On the other hand, the target is to offer all kinds of payment alternatives to ensure businesses increase their turnover.

In this context, in 2018 significant increases were realized in volume of operations of cards and contracted merchants. During the last five months average turnover of contracted merchants increased by 44% to reach TL 2,6 billion. In December 2018, the average amount increased by 25% YoY to reach TL 4,1 billion.

The Bank realized another achievement on usage of its cards abroad. With free of charge cash withdrawal and access to accounts from 50.000 ATMs all around the world, TEB's foreign transaction volume increased substantially and reached to 15% market share in December.

In 2018, TEB Business Procurement Card was launched to ease B2B transactions, particularly aiming to provide solutions for cash collection processes of producers and distributor companies.

TEB provides uninterrupted and secure service to card holders and contracted merchants all around the world thanks to its infrastructure.

Changes and improvements realized in credit and bank card segments in 2018 are summarized below:

- TEB-BONUS cooperation completed its 12th year.
- Available to all cardholders and being 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 15% of the total turnover of debit cards.
- In 2018, TEB Individual Credit Cards reached the highest level for the last five years in turnover market share.
- Average turnover of Commercial Credit Cards increased in 2018 by 23% YoY and market share has been realized as 4,3%
- With Contactless MasterCard Public Transportation application, card holders can use their bank cards, credit cards or mobile wallets in public transportation in cities selected for this project.
- TEB credit card customers were given the opportunity to make mobile payments with NFC compatible cell phones on all contactless POS devices, including public transport in certain cities. Number of contactless payments and card transaction volume has increased accordingly.
- TEB cards which are in mobile wallet applications in collaboration with BKM Express and MasterPass kept offering safe alternative payment options to customers.

#### **Member merchant sales, marketing and product development activities are expanded.**

TEB keeps on increasing its POS solutions and packages offered for each segment.

Through acceptance of all popular cards via single bank and account, the Bank aimed to make the merchants' lives easier and add value to their businesses. In 2018, along with Visa, MasterCard, Amex and Union Pay, TEB member merchants started accepting TROY cards, Turkey's new payment system. This way, members are able to accept five card brands with one single agreement.

In the context of responding to sector-specific needs, the Bank expanded its service spheres by offering solutions and packages catering to customer needs and expectations, such as

TEB Milyem POS for jewelers, Harman Card and Harman POS for the needs for farmers, Doctor POS for doctors and Professionals Packages.

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 2018, the number of banks with joint POS deals reached seven and the number of brands & models collaborated for cash registers reached 15.

Along with POS payment services, TEB provides support to member merchants with analyses and special reports which offers added value for business specific needs and expectations. The following activities were realized to make merchants lives easier within the frame of digitalization:

- POS functions were developed on CEPTETEB Mobile and studies on additional functions are ongoing
- Functional studies such as accepting POS applications on tablets, DCC, fixed-price POS and second end of day were prioritized in 2018 and their contents were enriched.

As of 2018 year end;

- TEB POS, providing services at nearly 123.000 points, offers member merchants shopping opportunities with installment and bonus point redemption capability with a total of 50.000 POS devices with Bonus feature.
- TEB is ranked as third among the banks that do not have their own brands
- With 52.000 PRDs (Payment Recorder Device), cash register POS market share went above 4%.
- In 2018, the POS volume of TEB closed in on TL 28 billion, and about 25% of the total turnover was generated within the scope of the Bonus loyalty program.
- With POS portfolio activities conducted at the Headquarters and additional TL 1,1 billion turnover was realized in 2018. Thus an increase of 7% in POS activity ratio has been recorded.
- Fixed price POS product was appreciated by the customers in a short time within the simple banking concept. In 2018, a package of TL 100 thousand was added to TEB product portfolio which is offered to member merchants with high turnovers among SME portfolio. This product was one of a kind in the industry. TEB



will also offer POS packages with Bonus installments in a very short time.

- TEB aims to support payment organizations which are the new players, thus contributing to the industry. The Bank continues its virtual POS activities with a number of payment institutions. Infrastructure studies are also being carried out for sub-merchant management. Approximately 25.000 sub-distributors were identified systematically.
- Sales in 7 different currencies were offered with TEB POS. Along with TL, USD, EUR, GBP; sales with Ruble (RUB), Riyal (SAR) and Japanese Yen (JPY) have also started. TEB is among the three banks that support Riyal (SAR) in the industry.
- TEB POS was also active in social media. First of all, digital ads for Fixed-price POS and POS Which Comes by Itself ran on social media and digital channels, primarily on Instagram, the latter being a product which allows for active sales teams to visit customers at their work place and combines obtaining information and documentation services together.
- POS agreements were signed with large corporate customers and chain stores renowned worldwide.
- With its in-flight POS Project, TEB took place as one of the 3 banks in the industry who offers in-flight POS services.

#### **Payment system collaborations increased in 2018.**

The Bank's market share in payment systems kept growing in 2018 with 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, one of them being an affiliate of Turkey's leading telecom operator. The number of companies TEB provides services increased to 18 in 2018 from 15 in 2017.

Operations under European Union Payment Service Directive 2 (PSD2) which came into effect in January 2018 were closely monitored and steps were taken towards new collaboration in this context.

TEB has been providing services to payment institutions who handle bill payment of Turkey's largest corporations. In 2018, Turkey's leading electric, GMS and natural gas companies were included in TEB's portfolio and bill payment services grew even larger.

The Bank will go into more depth in the services provided for these companies in 2019 and will work on collaborations to increase value added to the customers, primarily in automatic bill payment instructions.

**In 2018, 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 improvements for bridges and highways, including Northern Marmara Highway, one of the most significant projects of 2018, have been completed timely and smoothly in 2018.

## ASSET AND LIABILITY MANAGEMENT

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 manage interest rate, liquidity and structural exchange rate risks with the aim of maintaining a sustainable profit for the Bank.

The 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 2018, 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 2018, despite the economic 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 within limits during 2018 which has been a year of frequent fluctuations.

**Close watch of global and local markets** The Group monitors 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’s balance sheet. The specialty that is required to be able to mitigate those risks is another strength of the Asset-Liability Management and Treasury Group.

The Group is in close communication with all the business lines to ensure the balance sheet is managed with the right costs and effective competition. Periodical meetings and visits are scheduled to establish an efficient relationship with the branch network.

Asset-Liability Management and Treasury Group plays an important role in modeling interest and liquidity risks accurately, measuring the realizations and the decision making processes of the Bank through reports prepared for matters under the Group’s responsibility.

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

In 2018, 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 Bank focused on Marifetli account and a substantial growth has been recorded in that product.

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 working on a cash flow based funding product towards securing long term funding from international markets. Particularly in the first 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 of experience with BNP Paribas for effective liquidity and risk management**

Information flow between specialist teams to adapt BNP Paribas know-how in modeling analyses to the requirements of Turkey by the TEB ALMT modeling team continued efficiently in 2018.

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. Specific activities were performed for intraday liquidity management and experiences were shared to effectively manage intraday liquidity under stressful situations. Efforts continue to adapt best practices within the Group to TEB.

**TEB funding transfer cost (FTP) infrastructure has been updated.**

FTP infrastructure is updated and it is turned into a complete automatic software responding to increasing needs of ever growing TEB. The changes were made to serve the following objectives:

- Effective and trackable management of credit and deposit costs
- More sensitivity in intrabank profitability and interest risk transfers
- Simplifying, accelerating and automatization of operational processes.

## CORPORATE INVESTMENT BANKING GROUP

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

The main purpose of Corporate Investment Banking Group is to deliver customized 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 2018, the Group carried on with its customer-oriented activities in Financial Markets, Large Corporate Groups, Finance of Large Corporate Groups and Corporate Finance.

In 2018, 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 offered 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 provided consultancy services in big infrastructure projects in 2018, helped private capital funds in Turkey with their business ideas thanks to the rich client portfolio of TEB and intermediated strategic investments.

### **TEB built a structure that meets all the requirements of Investment Banking.**

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 provides post-trade services for securities of its clients with its team of specialists at the TEB Head Office.

In cooperation with BNP Paribas Securities Services, which is Europe's largest custodian bank, the department creates solutions for post-trade needs pertaining to capital market instruments, which may arise subsequent to the investment decisions of financial institutions, institutional investors and issuers, with an innovative and meticulous approach.

TEB Securities Services who has been providing local custody and settlement services was originally inaugurated by BNP Paribas in Turkey back in the 1990s, started to operate within TEB since 2007 and completed its 11th year in the industry.

As part of BNP Paribas Corporate Investment Banking (CIB), TEB Securities Services serves with a consultancy approach in terms of market operations and new products.

TEB Securities Services provides the following services:

- Settlement and custody services for cash equities, government bonds and bills and other capital market instruments
- Collateral and cash management services for 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
- Individual custody, collective custody and funding services for portfolio management companies.

### **TEB Securities Services sustained its successful performance in 2018.**

Sustaining its successful performance as in the previous years, Securities Services Department won new clients and managed the transactions of existing clients successfully in 2018.

The department started to offer individual and collective portfolio custody services to other non-group portfolio management firms as well.

TEB Securities Services ranked number one in the following surveys conducted by leading institutions and based on comments and ratings of clients:

- Global Custodian-Agency Banks in Emerging Markets
- Global Finance Magazine-Country Award, Annual Survey for World's Best Securities Services Providers.

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

Having the global perspective with a pioneering and client-focused approach TEB 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 bodies, namely Capital Markets Board of Turkey (CMB), Takas Istanbul (Istanbul Clearing, Settlement and Custody Bank Inc.), Borsa Istanbul (BIST) and Merkezi Kayıt Istanbul (Central Securities Depository of Turkey) 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.

Making use of these developments as an opportunity to cooperate with clients and developing joint projects with them, 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 developing capital markets and being the pioneer organization in the markets, collaborations continue with Turkish Capital Markets Association (TSPB), Merkezi Kayıt Istanbul (MKK) and Takas Istanbul.

### **Significant developments occurred in Turkey's capital markets in 2018.**

Technological infrastructural transformation which has been going on with the strategic collaboration of Borsa Istanbul and Nasdaq OMX was completed in July 2018 with the addition of Debt Instruments Market (BAP) and Precious Metals Market. In this context, Takasbank has become the central counterparty (CCP) at Debt Securities Market (BAP) as of July 2018. Additionally, as of October CCP services began at newly established Borsa Istanbul Swap Market. The common objective of all these developments and innovations is to increase confidence in Turkish capital markets and help markets grow and develop transparently and in a controlled manner.

### **New product developments and collaboration efforts continued in 2018.**

As the CCP services started to be provided in securities markets, TEB Securities Services conducted comprehensive evaluations with Takas İstanbul and the clients on the impacts of these changes on markets and services provided. Following these developments, TEB started preparations towards being a General Clearing Member in the BIST Equity Market with the objective of supporting the development and growth of the market by being the pioneer bank to provide this new service.

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.

Ongoing collaborations with professional organization within the market continued in 2018. TEB Securities Services took part in the Content Committee of the Capital Markets Congress 2018. TEB participated the Congress at the highest level as the Gold Sponsor with its innovative mission in supporting the markets.

Having strong relations with TSPB, TEB sponsored one of the most significant panels at the Congress with the title "Future of Capital Market" with the moderation of TEB CEO, Ümit Leblebici. Participants of the panel were Chairman of CMB, Turkey Wealth Fund CEO, Chairman of the Investment Office of Turkish Republic Presidency and Borsa Istanbul CEO. Another panel titled "We Should Create Corporate Investors for our Future" was co-sponsored and organized by TEB Securities Services in cooperation with TEB Portfolio Management.

The most significant services introduced in 2018 by TEB Securities Services were individual custody, collective custody and fund operations services for portfolio management companies. The department utilized the opportunity to offer this service to non-group portfolio management companies, besides group companies. Activities to adapt the service in line with the needs of portfolio management companies and CML regulations were completed and service has been rendered to non-group portfolio management companies.

## NEW PRODUCTS AND SERVICES

### **New retail banking products**

In 2018, TEB introduced TEB FX platform under its **Digital Banking Platform CEPTETEB** which allows retail and corporate customers to perform their foreign exchange transactions instantly and quickly.

Through TEB FX platform, users can easily follow graphics, analyses and market news filtering by currencies. Platform also facilitates viewing their transaction histories and average costs of users. TEB FX platform locks the prices for 5 seconds allowing customers to perform their transactions at favorable rates.

With the new versions of CEPTETEB, TEB Private Banking customers can follow daily and monthly reports on market developments and keep track of special campaigns over the mobile application. In addition to that, TEB Private Mobile Approval project which digitalized the bank order delivery process was launched. Thanks to this project, orders can be delivered and approval received through CEPTETEB Mobile Banking and Internet Banking.

TEB Retail Banking launched Planned Account in 2018. Planned Account is a one year time deposit account which offers monthly, quarterly and half year interest payments based on customers' preferences. It allows for savings to benefit from long term interest rates while giving the opportunity to manage the cash flow.

### **New cash management products.**

TEB updated its systems to comply with TEB SWIFT gpi application in 2018. SWIFT developed this solution to improve cross-border payments. TEB customers can now track their cross-border payments transparently from start to finish along the payment chain, including the stages of the payment and fees charged.

In 2018, TEB launched SGK payment service via SMS, online and offline inquiry service, customs ID automatic message service, e-bill of lading service, DBS Distributor invoice online message service, online HGS label message service and online EFT Payment API service.

### **TEB's support for the real sector- MiB cooperation**

In order to contribute to sustainable development and foreign trade targets of SMEs, SME Banking cooperated with Association of Turkish Machine Manufacturers (MiB). In accordance with the terms of the agreement, joint projects will be developed, implemented and mentorship programs will be adapted in technology, entrepreneurship and manufacturing fields, in addition to providing financial products and services tailored to specific needs of MiB members.

### **As the consultant bank of farmers, TEB supports producers with its new technological service.**

TEB Agricultural Banking launched another technological solution to help farmers achieve more efficiency in their production. With My Weather service, TEB sends farmers customized information based on field location and crops being produced as well as detailed three-day meteorological forecasts of humidity, precipitation and wind data, warnings and suggestions regarding the timing of fertilization and pest control.

### **TEB helps women bosses achieve their targets for future with Star Clusters.**

TEB Women Banking carried the TEB Star Clusters project to Anatolia to respond to mentoring and coaching needs of women bosses. The Bank carried on its activities to help women bosses discover their potentials all around Turkey. With TEB Star Clusters project, selected TEB branch managers are trained to have Business Coaching formation to support women bosses.

### **TEB prepares women engineers for being entrepreneurs.**

To bring more value added and innovative entrepreneurs into the entrepreneurial ecosystem, TEB Women Banking started delivering trainings to women engineers on various areas from building their business models to commercialization and from dynamics of entrepreneurial ecosystem to opening up to the world.

First training was delivered in İzmir and the project will continue in 2019 at different cities.

**With Global up program, TEB supports technology firms' expansion abroad.**

Technology firms who have potential to export and who want to reach global markets are being accelerated with TEB Global up program.

In this program, entrepreneurs who achieved a certain scale of structure with their innovative business models and value added products are provided with trainings and consultancy on topics such as developing global expansion strategies together with cross-border market research, operational process management and pricing.

In 2018, 17 entrepreneurs were selected to the program and studies were performed for their export targets for 2019.

**TEB supports technological business ideas and innovative business models with its collaboration with METU and ITU.**

TEB Start-up Banking has been among the most significant business partners at METU YFYI and ITU BigBang programs where innovative business ideas and models are evaluated and awarded.

Throughout the process of evaluating and selecting the applicants until the final stage, TEB provided trainings and mentorship to develop their ideas. At the final stage, 40 entrepreneurs were evaluated, 20 from METU YFYI and 20 from ITU BigBang. After the selection, TEB Start-up Banking awarded two most innovative technology ideas, one from each university.

TEB and METU collaborated for another project, TIM-TEB Start-up House Growth Circuit

Acceleration Program. Selected entrepreneurs in this program received early stage funding (seed funding) from Growth Circuit (METU affiliate) and trainings from UC Berkeley mentors.

After the acceleration stage in Turkey, 15 entrepreneurs accepted to the program participated in two different programs in Silicon Valley and received guidance from important mentors. Upon the completion of the trainings, entrepreneurs had the opportunity to make presentations to numerous investors at the Demo Day at Draper University, in particular to Tim Draper.

**Products planned to be launched in 2019**

**Digital banking platform for SME customers**

The digital platform designed for SMEs' financial needs will make TEB customers' lives easier while helping them through their own digitalization transformation.

The platform will consist of mobile and web applications and it will not only accelerate customers' banking transactions but also have functions which make it easier for them to track their financial status.

**Expert branch**

With Expert Branch that is established by analyzing the needs of SMEs, TEB aims at developing experts in Foreign Trade, Manufacturing and Technology sectors and bringing together value added people raised for the industry with the digital world. The Bank's objective with this service model is to make a difference in the industry.



## TEB FINANCIAL SERVICES GROUP

### TEB FAKTORING A.Ş.

One of the top five players in its industry, TEB Faktoring A.Ş. (TEB Faktoring) provides export, import and domestic factoring products and services to corporate and commercial customers and SMEs.

TEB Faktoring's business volume was up to TL 8,9 billion in 2018 from TL 8,2 billion in 2017 and its total assets were TL 1.682.248 thousand.

The Company had net income of TL 39,957 thousand in 2018, which represents an increase of 142%, the highest profitability ratio since the Company's inception and a performance which is well above the sector's profitability increase. As of 2018 year end, TEB Faktoring's return on equity is 36,02% and return on assets is 2,19%. Return on equity for the industry has been 20,4% for 2018.

Economic recession, increase in input costs, increase in number of companies going for debt composition agreements with creditors due to difficulties in payment all affected the repayment of credits. In 2018, non-performing loan ratio (NPL) was up to 6% in the factoring industry. Focusing on risk management, TEB Faktoring's NPL ratio was 3,8% for 2018, which is below the industry average.

In 2018, the total number of customers in TEB Faktoring's portfolio went up to 28.406. As of year-end, the company had 1.892 active customers, 16 branches and 119 employees.

TEB Faktoring remained among the largest factoring companies in Turkey and the world in terms of the export factoring business volume according to Factors Chain International (FCI), the world's biggest factoring chain.

With the aim of better serving its customers and helping them achieve success in challenging economic conditions with an efficient and effective company management principle, TEB Faktoring focuses on digitalization and accordingly initiated many projects in this context in 2018. This allowed for risk management, increased efficiency and automation, which are the key elements of profitability.

Supply Chain Finance, another product used extensively around the world, has been in the focus of the factoring sector and the Supply Chain Finance Platform under the umbrella of Association of Financial Institutions was established upon the completion of all infrastructural studies. This platform will allow for financing of suppliers at favorable costs by financial institutions before the maturity based on the buyers' credibility. On the buyers' side, this platform allows them to manage their own cash flows through financial institutions. Thanks to this platform, factoring transactions will be realized and followed up in electronic environment and provide contribution to corporate firms, SMEs and more importantly the country's economy.

2019 is expected to be a year when impacts and uncertainties resulting from political and economic fluctuations continue. Economic recession, particularly in domestic market, stresses the importance of better risk management. In today's economic environment, for healthy growth SMEs will need to focus on exports with more favorable conditions. Their most significant needs will be to open up to new markets, realize trade with companies in countries they do not know and which they cannot measure their risk while protecting their cash flow and equity. Factoring firms providing all these services will be their biggest supporters by providing factoring guarantee and finance. In this context, being on SMEs side, TEB Faktoring signed a collaboration agreement with TİM to provide factoring services to exporters with favorable terms. Accordingly in 2019, TEB Faktoring will allocate a funding of USD 50 million to TİM exporters with special interest advantages.

## TEB PORTFÖY YÖNETİMİ A.Ş.

TEB Portföy Yönetimi A.Ş. (TEB Asset Management) has been operating in asset management sector since 1999.

As of year-end 2018, it is the 8th largest asset management company in Turkey, with TL 6,7 billion assets under management and 3,87% market share in 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 an authorization certificate numbered PYŞ/PY.22-YD.11/524. The Company's authorization certificates for Asset Management activity dated 03 January 2000 and Investment Advisory activity dated 12 May 2004 have been cancelled as of the said date.

The main activity of the company is to launch and manage mutual funds subject to the Capital Market Law and the provisions of applicable legislation.

Within the framework of the principles of the new legislation which is effective as of 1 January 2018, an asset manager is allowed to manage maximum 40% of pension fund assets launched by a pension company. In order TEB Asset Management took this as an opportunity to diversify its assets under management , and signed contracts with 5 new pension companies other than BNP Paribas Cardif Emeklilik to manage their funds they have established, which are suitable for Group's vision and strategy . In parallel with these developments, TEB Asset Management now manages pension funds of 3 of the 4 largest pension companies of Turkey.

TEB Asset Management also provides investment management services to institutional and retail clients in line with their risk profiles as a proxy under portfolio management agreements and investment advisory services to international funds.

As of 2018 year end TEB Asset Management had

- a 3,83% market share in the mutual funds market, with a total of TL 1,75 billion of assets,
- a 3,59% market share on the actively-managed mutual funds,

- a total of TL 10 million assets under management in its discretionary portfolio management business line,
- a total of TL 115 million assets under management in its institutional wealth management service business line,
- a 4,98% market share in the pension funds market, with a total of TL 4,4 billion assets a total of TL 409 million in international investment funds,
- with a wide external distribution channel.

The synergies that TEB Asset Management generate by collaborating with BNP Paribas Asset Management, one of Euro Zone's leading asset managers, are accelerating the company's progress in 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 Parvest Turkey Fund, a leading Turkish equities based fund whose assets of TL 202 million are invested in the stocks of companies established in Turkey. TEB Asset Management also manages Japan-based Turkey Equity Mother Fund, whose assets amount to about TL 111 million.

Besides those two international funds mentioned above, TEB Asset Management provides investment advisory to other international funds which invest in Turkish equities with asset size of TL 96 million for which the company acts as consultant make TEB Asset Management Turkey's biggest asset manager working for international clients..

In terms of its "simplification" process for mutual funds which started in 2017, TEB Asset Management decreased number of funds from 23 to 21 and made relevant changes to the remaining funds to ensure managerial and operational optimization. In addition, TEB Asset Management captured a good acceleration in new customer acquisition in the institutional client segment during 2018, in line with its targets.

### In 2019

In 2019, TEB Asset Management aims to complete and develop "Digitalization" projects which started in 2018 of. In this context, TEB Asset Management web site which became live at the end of 2018 will

be improved and smart phone application which is at concept stage will be completed.

The joint project with TEB on robo-advisory services, which was completed and currently being tested, is expected to be launched to be used by customers, upon the completion of relevant tests and the process of compliance with regulations. Additionally, applications to CMB were filed to merge some of the mutual funds to decrease the total number under the “simplification” process,. These processes are expected to be completed during 2019.

In the forthcoming period, TEB Asset Management will continue to develop strategies to guide its investors in making the right investment choices with right timing, to work with domestic and international stakeholders in exploration of ways to increase its 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 of the Capital Market Law numbered 6362: 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.

The company currently provides the following investment services:

- Brokerage services (domestic and abroad)
- Portfolio intermediation services (domestic)
- Investment advisory services
- Issuance intermediation services
- Underwriting
- Best effort underwriting
- Custody services (Limited custody services)
- Introducing brokerage services.

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.

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 supports its extensive and efficient marketing

network. TEB Investment has been a company recognized with a number of awards in research in recent years.

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.

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 its collaboration with 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 transactions, customer acquisition activities 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.

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.

In 2018, as the first step of achieving these targets, transformation initiatives were launched in order 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.

Activities were 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.

Volatility in financial markets during the year caused an increase in the transaction volume of

stock and derivative markets particularly in the second half of the year.

On the other hand, changes in prices and macro balances limited the interest of both individuals and corporate investors.

As a result of these developments, TEB Investments successfully achieved its budgeted targets for 2018.

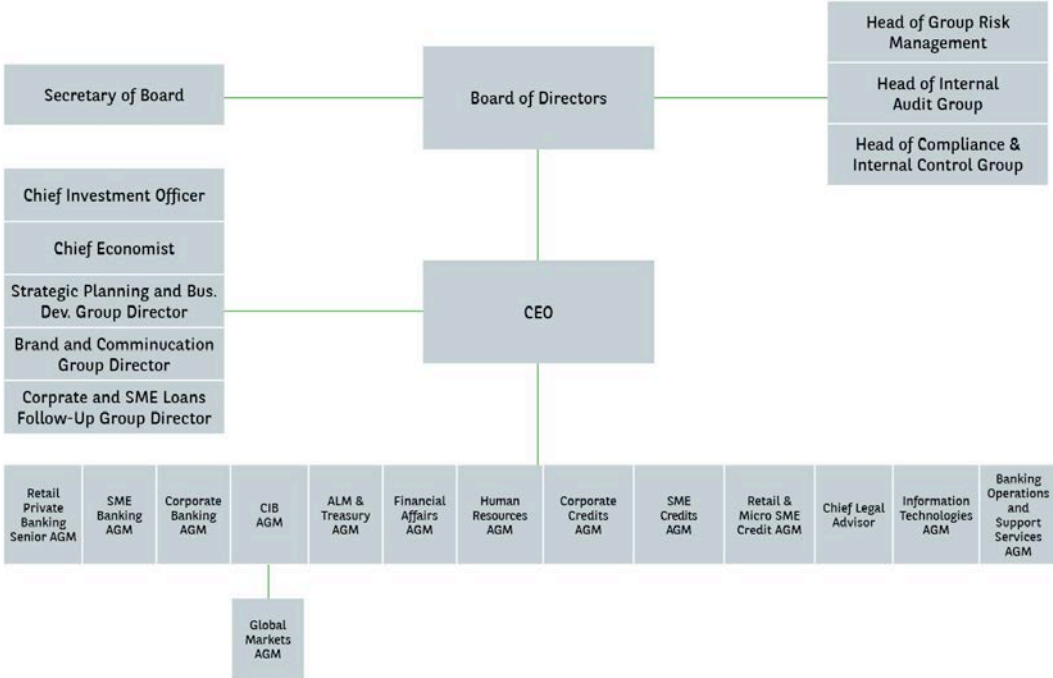
The company ranked 11th with 3,24% share of the market for its trading volume worth TL 129.189 million in Borsa İstanbul Equity Market.

TEB Investment ranks 3rd in Borsa İstanbul Derivatives Market with an 8,90% market share secured with a trading volume of TL 224.324 million.

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

**HEAD OFFICE ORGANIZATION CHART**

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
Nicolas de Baudinet de Courcelles (*)	Board Member
Ayşe Aşardağ	Board Member and Deputy Chairman of the Audit Committee
Yvan L.A.M. DeCock	Board Member and Member of the Audit Committee
Sabri Davaz	Board Member and Member of the Audit Committee
Jacques Roger Jean Marie Rinino	Board Member and Chairman of the Audit Committee
Özden Odabaşı	Board Member
Xavier Henri Jean Guilmineau	Board Member
François Andre Jesualdo Benaroya	Board Member

\* Alain Georges Auguste Fonteneau resigned effective 31 December 2018, and Nicolas de Baudinet de Courcelles has been appointed to fill the vacated membership effective 7 January 2019.

Yavuz Canevi, Chairman	
March 2015-present	TSKB, Board Member
2013-present	FERB Turkish - French Business Forum, Vice President
2001-present	FERB Turkish - Holland Business Forum, Board Member
2004-2010	NETAŞ, Board Member
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
1989-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	EuroTurk 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, CEO of Foreign Exchange
1960-1975	Auditor, 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. Akın Akbaygil, Deputy Chairman</b>	
1988-present	TEB A.Ş., Deputy Chairman
1986-present	TEB A.Ş., Credit Committee Chairman
2017 April-present	Ekonomi Yatırımlar LTD., Board Member
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
2013-2016	TEB A.Ş., Independent Board Member
2005-present	TEB Faktoring A.Ş., Chairman
2011-2017	TEB Holding A.Ş., CEO and Board Member
1999-2013	Ekonomi Bank IBU Ltd., Deputy Chairman
2003-2011	TEB Mali Yatırımlar A.Ş. General Manager
2005-2010	TEB Finansal Kiralama A.Ş., Chairman
2004-2007	TEB Portföy Yönetimi A.Ş., Chairman
1998-2005	TEB Mali Yatırımlar A.Ş. Deputy Chairman
2003-present	TEB Holding A.Ş., CEO
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
1988-2003	TEB A.Ş. Deputy Chairman, Executive Member and CEO
2003-2005	TEB Mali Yatırımlar A.Ş., Deputy Chairman and CEO
1986-1988	İlkesan Yatırım ve Geliştirme Board Member
1983-1988	TEB A.Ş. Board Member and CEO
1982-1983	TEB A.Ş. Board Member
1965-1983	Akbank T.A.Ş. Director of Foreign Affairs
1962-1973	Istanbul University, Faculty of Economics, BA, MBA and Ph.D.

<b>Ümit Leblebici, Executive Member and CEO</b>	
July 2017-present	FERB Board Member
May 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 CEO
2002-2013	TEB A.Ş. Assistant General Manager, ALM and Treasury Group
April 2013-September 2013	TEB Yatırım Menkul Değerler A.Ş., Chairman
2012-2014 Aralık	TEB Portföy Yönetimi A.Ş., Chairman
2011-2012	TEB Portföy Yönetimi A.Ş., Board Member
1999-2002	TEB A.Ş. Director, Treasury Group
1997-1999	Osmanlı Bankası, Treasury Manager
March 1997 -July 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
October 2010 - November 2010	TEB A.Ş., Audit Committee Member
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 of Board of Directors 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
2013-2015	BNP Paribas Polska SA, Chairman of the Audit Committee, Poland
August 1998-present	LDC, Board Member, France
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>Nicolas de Baudinet de Courcelles, Member</b>	
January 2019 -present	TEB A.Ş. Board Member
December 2018-present	TEB Faktoring A.Ş. Board Member TEB Yatırım Menkul Değerler A.Ş. Board Member TEB ARVAL Araç Filo Kiralama A.Ş. Deputy Chairman
1986 - 2019	BNP PARIBAS Compliance Group
1981 - 1984	Sciences Po / Economics and Finance

<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. Chairman TEB İletişim ve Yayıncılık Hizmetleri A.Ş. Chairman Etkin Personel Taşımacılık Hizmetleri A.Ş. Chairman Etkin Temizlik Hizmetleri A.Ş. Chairman TEB Tüketici Finansman A.Ş. Board Member 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, Advisor to the CEO
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. Delcrederedienst
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., Audit Committee Member
2013-2016	TEB Sh.A., Board Member, Audit Committee 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
1997-1998	Undersecretariat of Treasury, Vice President 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 of the Board of Directors
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

<b>Özden Odabaşı, Member</b>	
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

<b>Xavier Henri Jean Guilmineau, Member</b>	
January 2018- December 2018	TEB Arval Deputy Chairman
January 2016-present	BNP Yatırımlar Holding A.Ş. Board Member BNP Paribas Fortis Yatırımlar Holding A.Ş. Board Member
January 2016- December 2018	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
1993-1998	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>François Andre Jesualdo Benaroya, Member</b>	
January 2018-present	TEB A.Ş., Board Member
October 2017-present	BNP Paribas -IRB, Head of Central & Eastern Europe/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 Ecole Polytechnique/ Engineering

<b>Alain Georges Auguste Fonteneau, Member (*)</b>	
April 2016-present	Advisor to BNP Paribas International Retail Banking President
March 2011-December 2018	TEB A.Ş., Board Member
2009-31 March 2016	BNP Paribas Retail Banking, Head of Financial Affairs
2010-2011	TEB Holding A.Ş., Board Member
April 2009-present	Chairman of the Supervisory Board of BMCI, Morocco
2009-2013	Board Member, BNP Paribas Egypt
March 1995-present	BNP Paribas/IRB (International Retail Banking) CFO
October 2009-present	UKRSIBBANK, Audit Committee Member, 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

(\*) Alain Georges Auguste Fonteneau resigned on 31 December 2018.

## 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 <sup>(*)</sup>	Senior Assistant General Manager and Deputy General Manager	SME Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager	Financial Control (Affairs) Group
Dr. Nilfen Altıntaş	Assistant General Manager	Human Resources Group
Gökhan Özdil	Assistant General Manager	Corporate Credits Group
Ali İhsan Arıdaşır <sup>(**)</sup>	Assistant General Manager	SME Credits Group
Osman Durmuş	Assistant General Manager	Retail and Micro SME Credits Group
Melis Coşan Baban	Chief Legal Advisor, Secretary of the Board of Directors	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	Global Markets
Tuğrul Özbakan	Assistant General Manager	Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager	Corporate Banking

(\*) Turgut Boz, Senior Assistant General Manager responsible for SME Banking Group and Deputy General Manager, resigned from his position as of 15 February 2019.

(\*\*) Nuri Tuncalı, Assistant General Manager responsible for SME Credits Group resigned due to retirement on 28 September 2018. Ali İhsan Arıdaşır was assigned as Assistant General Manager responsible for SME Credits Group as of 10 December 2018.

### Managers of Internal Systems

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

### Ümit Leblebici, Executive Member and CEO

July 2017-present	Board Member of Foreign Economic Relations Board (FERB)
May 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
2002-2013	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
1999-2002	TEB A.Ş. Director, Treasury Group
1997-1999	Osmanlı Bankası, Treasury Manager
March 1997- July 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	Interbank Card Center (BKM) 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., Deputy Chairman
2007-2011	Fortis Bank A.Ş., Head of Retail Banking & Bancassurance, Board Member
2003-2007	Finansbank, Retail Banking Assistant General Manager, Finans Sigorta A.Ş., Finans Portföy & Finans Yatırım, Board Member
2001-2003	Finansbank, NL, Consumer Banking, Assistant General Manager
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 Services & Product Manager
1991-1992	British Petroleum Istanbul, Marketing Services Manager
1990-1991	British Petroleum Istanbul, Assistant of Engineering Manager
2000-2002	London Business School, Executive MBA
1987-1988	Istanbul University, MBA
1983-1987	Istanbul Technical University, Civil Engineering

<b>Mustafa Aşkın Dolaştır, Assistant General Manager, Financial Control Group</b>	
March 2018-present	TEB ARVAL Araç Filo Kiralama A.Ş. Board Member
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., CFO
2007 February-November	TEB Arval/Factoring/Leasing, CFO
1998-2007	The Economy Bank N.V. Amsterdam, Deputy CEO and Member of the Execution Committee
1994-1998	Finansbank (Holland) N.V., CFO
1992-1994	Commercial Union Hayat Sigorta A.Ş., CFO
1990-1992	Finansbank A.Ş. Istanbul, Group Head, Subsidiaries
1986-1989	Arthur Andersen & Co. Istanbul, Lisbon, London and Cambridge Offices, Senior Auditor
1985-1986	The Central Bank of the Republic of Turkey, Specialist
1984-1985	Istanbul Technical University, Management Engineering Lecturer, Operational Research
1983-1986	Istanbul Technical University, Master Degree in Management Engineering
1979-1983	Istanbul Technical University, Management Engineering



<b>Dr. Nilfen Altıntaş, Assistant General Manager, Human Resources Group</b>	
April 2018-present	TEB Sh.A Board Member
2005-present	TEB A.Ş., Assistant General Manager, Human Resources Group
2003-2005	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
2005-2011	Fortis Bank A.Ş., Corporate and Commercial Banking Credits Assistant General Manager
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., Retail Banking Credits Assistant General Manager
2005-2007	Fortis Bank A.Ş., Credits Group Assistant General Manager
2004-2005	Türk Dış Ticaret Bankası A.Ş., Credits Group Assistant General Manager
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>Ali İhsan Arıdaşır, Assistant General Manager - SME Credits Group</b>	
December 2018-present	TEB A.Ş., Assistant General Manager - SME Credits Group
October 2018 - December 2018	TEB A.Ş., Credits Advisor
November 2016 - October 2018	Anadolu Bank A.Ş., Assistant General Manager, Credits Allocation
January 2008 - November 2016	TEB A.Ş., Credits Monitoring Director / Credits Director / SME Credits Allocation Director
August 2003- December 2007	TEB A.Ş., South Anatolia Commercial Credits and Credits Allocation Supervisor
August 2002- August 2003	TEB A.Ş. Gazipaşa Bulvarı Branch Corporate Banking Branch Manager
June 2002- August 2002	TEB A.Ş., Commercial Banking Marketing and Product Development Manager
June 1996 - June 2002	TEB A.Ş. Adana Branch Commercial Marketing Manager
August 1993- May 1996	Pamukbank A.Ş. Corporate Marketing Manager
1987 - 1992	Boğaziçi University Economics and Administrative Sciences Faculty, Department of Economics

<b>Osman Durmuş, Assistant General Manager - Retail and Micro SME Credits Group</b>	
March 2018 - present	TEB Yatırım Menkul Değerler A.Ş., Board Member
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 Bank A.Ş./Demirbank T.A.Ş., Head of Retail and Small Business Credit and Risk Group
1997-1998	Yapı Kredi Kart Hizmetleri A.Ş., Head of Credit Cards and Risk
1994-1996	Yapı Kredi Bankası A.Ş., Unit Manager, Retail Banking Accounting Department
1990-1993	Yapı Kredi Bankası A.Ş., Specialist, Retail Banking Accounting Department
1988-1990	Yapı Kredi Bankası A.Ş., Chief Assistant, Accounting Department
1986-1987	Yapı Kredi Bankası A.Ş., Clerk, Retail Banking Accounting Department
1982-1986	Marmara University, Faculty of Press and Media, Journalism and Public Relations Department

<b>Melis Coşan Baban, Chief Legal Advisor, Board General Secretary, Assistant General Manager</b>	
2008-present	TEB A.Ş., Assistant General Manager, Legal Affairs
2005-present	TEB A.Ş., Chief Legal Advisor, Board General Secretary
2000-2005	Pekin & Pekin Law Firm, Partner
1998-2000	Pekin & Pekin Law Firm, Senior Lawyer
1993-1998	Postacıoğlu Law Firm, Lawyer
1996-1997	Columbia University, New York, USA, Master of Law (LL.M.)
1989-1995	Istanbul University, Law School, Law Degree
1981-1989	Istanbul American Robert College

<b>Mehmet Ali Cer, Assistant General Manager, Information Technologies Group</b>	
May 2012-present	Fortis Bank A.Ş., Mensupları Emekli Sandığı Vakfı, Board Member Fortis Bank Personeli Güvenlik Vakfı, Board Member
2011-present	TEB A.Ş., Assistant General Manager, Information Technologies Group
February 2011-November 2011	TEB A.Ş., Infrastructure Management, Group Director
2010-2011	Fortis Bank 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 (Master Degree)
1985-1990	Hacettepe University, Department of Computer Engineering

<b>Kubilay Güler, Assistant General Manager, Banking Operations and Support Services</b>	
2017-present	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. Deputy Chairman
2014-present	Interbank Card Center (BKM), 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
1994-1995	AKK (INTERBANK) Manager
1989-1995	Netbank (Marbank), Manager, Credit & Marketing Department
1985-1989	İmarbank, Management Trainee, Card Sales & Operations Department
1983-1985	Akbank A.Ş., Exchange Department Specialist
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., Advisor to the Board
2003-2014	TEB Portföy Yönetimi, CEO
March 2011 - March 2018	TEB Yatırım Menkul Değerler A.Ş., Board Member
2013-2015	TKB BNPP IP JSC & LLC (Saint Petersburg - Russian Federation), 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, Global Markets</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, Global Markets
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 the 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, ALM &amp; Treasury</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)
1991-1995	Stanford University, Palo Alto, USA, BA in Economics
1984-1991	Istanbul American Robert College

<b>Gülümser Özgün Henden, Assistant General Manager, Corporate Banking</b>	
March 2018 - present	BNP Paribas Finansal Kiralama A.Ş., Board Member
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>Turgut Boz, Deputy General Manager and Senior Assistant General Manager, SME Banking Group (*)</b>	
March 2016 - March 2018	BNP Paribas Finansal Kiralama A.Ş., Board Member
October 2013 - February 2019	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, Internal Audit, Inspector
1976-1980	Ankara University, Academy of Economic and Administrative Sciences, Banking and Insurance

(\*) Turgut Boz, Senior Assistant General Manager responsible for SME Banking Group and Deputy General Manager, resigned from his position as of 15 February 2019.

<b>Nuri Tuncalı, Assistant General Manager, SME Credits Group (*)</b>	
March 2016-present	BNP Paribas Finansal Kiralama A.Ş., Board Member
2011 September 2018	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., Internal Audit, Inspector
1984-1986	Akbank A.Ş., Internal Audit Department, Inspector
1978-1982	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department

(\*) Nuri Tuncalı, Assistant General Manager responsible for SME Credits Group resigned on 28 September 2018.

<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., Internal Audit, 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, Consumer Relations Coordination Officer</b>	
March 2016-present	TEB Sh.A., Board Member
April 2015-present	Banks Association of Turkey-Risk Center, Board Member
September 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
2008-2012	TEB A.Ş., Banking Regulation Director
2007-April 2013	TEB Cetelem Tüketici Finansmanı A.Ş., Auditor
2006-2008	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
July 2017-present	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. Internal Audit, Inspector /Assistant Inspector
1991-1995	İstanbul University, Faculty of Economics, Department of Economics

## COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş

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

As of 31.12.2018 the Board of Directors have accepted 192 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

### SENIOR EXECUTIVE COMMITTEE

Monitoring and surveillance of TEB and TEB Group's operational performance on behalf of TEB's Board of Directors and in accordance with its directions.

#### Chairman

Jean Paul SABET, Vice Chairman of the Board of Directors

#### Deputy Chairman

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

#### Members

General Manager

Committee meets as required.

### CREDIT COMMITTEE

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

#### Chairman

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

#### Deputy Chairman

Jacques Roger Jean Marie RININO, Board Member

#### Members

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 COMMITTEE

Responsibilities of the Committee: To audit and assess risk policies

#### Chairman

Jacques Roger Jean Marie RININO, Board Member

#### Deputy Chairman

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

Committee meets 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 as required.

**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

Data Management Director  
Core Banking Operations Director  
Business Process 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, Financial Institutions Risk and IFRS 9 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 2018 and 31 December 2017 were as follows:

%	31.12.2018	31.12.2017
Share in total cash loans	0,19%	0,39%
Share in total non-cash loans	1,24%	2,12%
Share in total cash and non-cash loans	0,46%	0,82%

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 2018 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
PRONET GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	OFF SITE ATM ALARM SYSTEMS LEASING AND SERVICE AGREEMENT
E-KART ELEKTRONİK KART SİSTEMLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	CREDIT CARD PURCHASES	PURCHASING CREDIT CARD PLASTIC AND CHIP AGREEMENT
GENOM BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TİC. A.Ş.	SOFTWARE (OTHERS)	HUMAN RESOURCES UPDATE AND TELEPHONE SUPPORT SERVICE
G4S GÜVENLİK HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	CASH TRANSPORT SERVICES
İNFİNA YAZILIM A.Ş.	SOFTWARE (BANKING)	FINBASE CUSTODY SYSTEM AND PROJECT AGREEMENT
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	CALL CENTER	UPDATE ADDRESS SEARCH SERVICE
ECZACIBAŞI BİLİŞİM SAN.VE TİC.A.Ş	SOFTWARE (BANKING)	ELECTRONIC FORECLOSURE MANAGEMENT SYSTEM SOFTWARE LICENCE AGREEMENT
COLLECTÜRK ALACAK YÖNETİMİ VE DANIŞMANLIK ANONİM ŞİRKETİ	OPERATIONAL SERVICES	LEGAL PROSECUTION COLLECTION SEARCH
ERETİM BİLGİSAYAR HİZMETLERİ VE DANIŞMANLIK LTD.ŞTİ.	SOFTWARE (BANKING)	CAMPAIGN MANAGEMENT TOOL LICENSE AND IMPLEMENTATION AGREEMENT
RİSK YAZILIM TEKNOLOJİLERİ DANIŞMANLIK EĞİT.TİC.LTD.	SOFTWARE	RISKTURK SOFTWARE, PROCUREMENT, WARRANTY AND MAINTENANCE AGREEMENT
ECZACIBAŞI BİLİŞİM SAN.VE TİC.A.Ş.	SOFTWARE (BANKING)	EBIFLOW PAYMENT ORDER SYSTEM LICENCE AND SERVICE AGREEMENT
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD.ŞTİ.	OPERATIONAL SERVICES	POS REMOTE INSTALL AGREEMENT
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	MARKETING	EXTERNAL CALL, CREDIT CARD SALES AND MARKETING
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL.HİZM.AŞ	OPERATIONAL SERVICES	CENTRAL BANK OF THE REPUBLIC OF TURKEY (CBRT) CASH WITHDRAWAL AGREEMENT
ASSECO SEE TEKNOLOJİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	CYBER POS SERVICES
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ ANONİM ŞİRKETİ	ARCHIVING	ARCHIVES SERVICE AGREEMENT
GÜZEL SANATLAR ÇEK BASIM LTD.ŞTİ.	OPERATIONAL SERVICES	CHEQUE PRINTING SERVICES AGREEMENT
DİEBOLD NİXDORF TEKNOLOJİ ANONİM ŞİRKETİ	SOFTWARE (OTHERS)	SOFTWARE MAINTENANCE AGREEMENT
ECZACIBAŞI BİLİŞİM SAN.VE TİC.A.Ş.	SOFTWARE (BANKING)	MOBILINK MAINTENANCE AGREEMENT
KONUT KREDİSİ COM TR DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES	RETAIL LOAN PRODUCT MARKETING

BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL.HİZM.AŞ	OPERATIONAL SERVICES	SECURITIES TRANSPORTATION, PROCESS AND PUTTING IN SAFE SERVICES AGREEMENT
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL.HİZM.AŞ	OPERATIONAL SERVICES	ATM SERVICES AGREEMENT
CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ ANONİM ŞİRKETİ	CALL CENTER	EXTERNAL CALL AND TELEMARKETING SERVICE
IBM GLOBAL SERVICES İŞ VE TEKNOLOJİ HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	INFORMATION TECHNOLOGIES	EMERGENCY SITUATION SERVICES
SUPERONLINE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	INFORMATION TECHNOLOGIES	ELECTRONIC COMMUNICATION SERVICE FRAMEWORK AGREEMENT
SİSTAŞ SAYISAL İLETİŞİM SAN TİC A.Ş.	SOFTWARE (SYSTEM)	GVP MAINTENANCE AGREEMENT
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	SOFTWARE (BANKING)	SWIFT ALLIANCE SYSTEM
PRONET GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	ALARM MONITORING CENTRE SUBSCRIPTION AGREEMENT
MATRİKS BİLGİ DAĞITIM HİZ.A.Ş.	SOFTWARE	TEB PRIVATE BANKING IPAD APPLICATION
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	SCAN DATA ENTRY OUTSOURCING
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	OPERATIONAL SERVICES	SERVICE AGREEMENT REGARDING MORTGAGE PROCESSES
KEY YAZILIM ÇÖZÜMLERİ ANONİM ŞİRKETİ	SOFTWARE	APPRAISAL SOFTWARE AGREEMENT
NETAS TELEKOMUNİKASYON A.S.	OPERATIONAL SERVICES	NETWORK MAINTENANCE AGREEMENT
BDH BİLİŞİM DESTEK HİZM.SAN.VE TİC.A.Ş.	SOFTWARE	HIRING STAFF FOR INFORMATION SYSTEMS
MATRİKS BİLGİ DAĞITIM HİZ.A.Ş.	SOFTWARE	MOBILE PRACTICE DEVELOPMENT AND MAINTENANCE AGREEMENT
MASTERCARD PAYMENT TRANSACTION SERVICES TURKEY BİLİŞİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	PRINTING AND ENVELOPING AGREEMENT
FOREKS BİLGİ İLETİŞİM HİZ.A.Ş.	SOFTWARE	SERVICE FACILITATION
MOR TEKNOLOJİ YAZILIM İLETİŞİM BİLİŞİM DANIŞMANLIK VE ENERJİ SANAYİ TİCARET LİMİTED ŞİRKETİ	SOFTWARE	CENTRAL BANK OF THE REPUBLIC OF TURKEY (CBRT) INTERFACE SYSTEM INTEGRATION AND MAINTENANCE SUPPORT SYSTEM
BNP PARIBAS SECURITIES SERVICES	SOFTWARE (OTHERS)	ABS CUSTODY SOFTWARE CONTRACT
COMMENCİS TEKNOLOJİ ANONİM ŞİRKETİ	SOFTWARE (BANKING)	POZITRON MOBILE BANKING AGREEMENT
ETCBASE YAZILIM VE BİLİŞİM TEKNOLOJİLERİ A.Ş.	SOFTWARE (BANKING)	SOFTWARE
İNNOVA BİLİŞİM ÇÖZÜMLERİ A.Ş.	OPERATIONAL SERVICES	COMPANY OPERATION CENTER SERVICE AGREEMENT
RİSK YAZILIM TEKNOLOJİLERİ DANIŞMANLIK EĞİT.TİC.LTD.	SOFTWARE	SOFTWARE, MARKET RISK REPORTING MODULE AGREEMENT
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SAN.A.Ş.	SECURITY	PRIVATE SAFETY AGREEMENT
SECURITAS GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	SECURITY	PRIVATE SAFETY AGREEMENT

NCR BİLİŞİM SİSTEMLERİ LTD.ŞTİ.	OPERATIONAL SERVICES	ATM HARDWARE-SOFTWARE MAINTENANCE AND REPAIRING SERVICES AGREEMENT
MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİCARET A.Ş. KARBİL YAZILIM VE BİLİŞİM TEKNOLOJİLERİ TİC.A.Ş.	OPERATIONAL SERVICES	CASH REGISTER POS AGREEMENT
BNP PARIBAS S.A./FRANCE	SOFTWARE (OTHERS)	SOFTWARE DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICE
KARTNET BİLGİSAYAR SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SERVICES	CAPv 2.1 MAINTENANCE AND REPAIRING SERVICES AGREEMENT
VERİSOFT BİLGİ İŞLEM TİCARET VE SANAYİ ANONİM ŞİRKETİ	SOFTWARE	TEB POS MACHINE SOFTWARE IMPLEMENTATION ON CASH REGISTER MACHINES AGREEMENT
HUGIN YAZILIM TEKNOLOJİLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	PAYMENT REGISTRATION EQUIPMENT SERVICE AGREEMENT
R2 SERVİS ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SERVICES	PAYMENT REGISTRATION EQUIPMENT SERVICE AGREEMENT
POSTA VE TELGRAF TEŞKİLATI ANONİM ŞİRKETİ	OPERATIONAL SERVICES	CREDIT APPLICATIONS AND REPAYMENTS FROM PTT BRANCHES
ARÇELİK A.Ş.	OPERATIONAL SERVICES	CASH REGISTER POS SLA AREA SERVICE
EKSİ BİR ARTI BİR YAZILIM DANIŞ. SAN. VE TİC. A.Ş.	SOFTWARE	BRANCH CASH OPTIMIZATION SOFTWARE RENTAL AGREEMENT
D.T.P.BİLGİ İŞLEM İLETİŞİM VE TİCARET A.Ş.	SOFTWARE	E-INVOICE PROJECT
HOBİM DIGİTAL ELEKTRONİK HİZMETLER A.Ş.	OPERATIONAL SERVICES	PURCHASING CREDIT CARD EXTRACT PRINTING AND ENVELOPING SERVICE
KEYTORC TEKNOLOJİ HİZMETLERİ VE DANIŞMANLIK ANONİM ŞİRKETİ	OPERATIONAL SERVICES	TEST CONSULTANCY SERVICE AGREEMENT
KİBELE İLETİŞİM SİSTEM VE SERVİSLERİ TİC LTD.ŞTİ.	SOFTWARE	HARDWARE AND MAINTENANCE AGREEMENT
ONUŞ ORTAK NOKTA ULUSLARARASI HABERLEŞME SİSTEM SERVİS BİLGİSAYAR YAZILIM DANIŞ.VE DIŞ TİC.LTD.ŞTİ.	SOFTWARE	SOFTWARE
OBSS BİLİŞİM BİLGİSAYAR HİZMETLERİ DANIŞMANLIK SANAYİ VE TİCARET LİMİTED ŞİRKETİ	SOFTWARE	SOFTWARE
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET ANONİM ŞİRKETİ	SOFTWARE	REAL-TIME CAMPAIGN MANAGEMENT PROGRAM AGREEMENT
FİNANCİAL ENGINEERING ASSOCIATES, INC.	SOFTWARE	FINALYSE SOFTWARE AGREEMENT
TÜRKKEP KAYITLI ELEKTRONİK POSTA HİZM.SAN.VE TİC.A.Ş.	SOFTWARE	REGISTERED E-MAIL LICENSING SERVICES
İSEMARKET BİLGİSAYAR YAZILIM VE DANIŞMANLIK LİMİTED ŞİRKETİ	SOFTWARE	SECURE LOGIN SOFTWARE MAINTENANCE FOR THE INTERNET BRANCH
KARTNET BİLGİSAYAR SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SERVICES	POS NETWORK MAINTENANCE AGREEMENT

KURYE NET MOTORLU KURyecİLİK VE DAĞITIM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES	COMMODITY DELIVERY AGREEMENT
AKTİF İLETİ VE KURYE HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	COMMODITY DELIVERY AGREEMENT
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	OPERATIONAL SERVICES	PERSONALIZATION OF CARDS WITH CHIP AND MAGNETIC STRIPES
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
İNGENİCO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş	OPERATIONAL SERVICES	PRACTICE DEVELOPMENT, TECHNICAL SUPPORT, UPDATE AND MAINTENANCE AGREEMENT
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD.ŞTİ.	OPERATIONAL SERVICES	PRACTICE DEVELOPMENT, TECHNICAL SUPPORT, UPDATE AND MAINTENANCE AGREEMENT
BNP PARIBAS SA / HEAD OFFICE	SOFTWARE (OTHERS)	CORTEX
AKTİF İLETİ VE KURYE HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES	COURIER SERVICES UNDER ROBIN PROJECT
E-KART ELEKTRONİK KART SİSTEMLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SERVICES	METAMORFOZ TEB HCE
3-D BİLİŞİM TEKNOLOJİLERİ DANIŞMANLIK VE TEKNİK SERVİS ANONİM ŞİRKETİ	SOFTWARE	NICE SOUND RECORDING MAINTENANCE AGREEMENT
SİSTAŞ SAYISAL İLETİŞİM SAN. TİC. A.Ş. SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK.SAN.TİC.A.Ş.	SOFTWARE (SYSTEM)	VOICE-SIGNATURE AND VOICE-GUIDE AGREEMENT FOR CALL CENTER
360 TRADING NETWORKS	SOFTWARE	EXCHANGE TRADING PLATFORM
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİ TİCARET ANONİM ŞİRKETİ	SOFTWARE	INTELLICA REAL/ACTUAL TIME SERVICES
İNGENİCO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş	OPERATIONAL SERVICES	CASH REGISTER MACHINES - FIELD SERVICES
İNFİNA YAZILIM A.Ş.	SOFTWARE (BANKING)	FINBASE MAIL INFLEX MODULE - MAINTENANCE
D.T.P.BİLGİ İŞLEM İLETİŞİM VE TİCARET A.Ş.	SOFTWARE	E-ARCHIVE INTEGRATION
MARO ULUSLARARASI BİLGİ TEKNOLOJİLERİ DANIŞMANLIK GELİŞTİRME DESTEK HİZMETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	SOFTWARE (OTHERS)	CONSULTANCY, APPRAISAL AND LABOR AGREEMENT
DATA MARKET BİLGİ HİZ. LTD.ŞTİ.	OPERATIONAL SERVICES	HIRING STAFF FOR INFORMATION SYSTEMS
SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK.SAN.TİC.A.Ş.	SOFTWARE	SPEECH ANALYTICS
SİSTAŞ SAYISAL İLETİŞİM SAN. TİC. A.Ş.	SOFTWARE	CALL ME LICENCE AND MAINTENANCE SERVICES
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.SN.VE TC.LTD.ŞTİ.	SOFTWARE	EXCHANGE RATE BROADCASTING DEVELOPMENT SERVICE PROCUREMENT
EKSİ BİR ARTI BİR YAZILIM DANIŞMANLIK SANAYİ VE TİCARET A.Ş.	SOFTWARE	CASH MANAGEMENT COST OPTIMIZATION
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA GÜVENL.HİZM.AŞ	OPERATIONAL SERVICES	SERVICE PROCUREMENT AGREEMENT
LİNK TERA BİLGİ TEKNOLOJİLERİ A.Ş.	OPERATIONAL SERVICES	HIRING STAFF FOR INFORMATION SYSTEMS
ARTGE TEKNOLOJİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş	SOFTWARE	FACE RECOGNITION SYSTEM PROJECT
İŞ ZEKASI YAZILIM DANIŞMANLIK HİZMETLERİTİCARET A.Ş.	OPERATIONAL SERVICES	HIRING STAFF FOR INFORMATION SYSTEMS
ÇÖZÜMEVİ YÖNETİM DANIŞMANLIĞI VE BİLGİSAYAR YAZILIM TİCARET ANONİM ŞİRKETİ	SOFTWARE	ÇÖZÜMEVİ HYPERION APPLICATION MAINTENANCE
PLANİST BİLİŞİM HİZMETLERİ VE DANIŞMANLIK TİC. LTD. ŞTİ.	OPERATIONAL SERVICES	HIRING STAFF FOR INFORMATION SYSTEMS
ÖZ GÖNÜL MOBİLYA EV TEKSTİLİ İNŞ. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BERNA UYSAL- FUNDAGÜL ZEYTİNCİOĞLU ADI ORTAKLIĞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVEN EVİN DAYANIKLI TÜKETİM MALLARI AKARY.MOB.TAŞ.TİC.VE SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYGUN TİCARET ŞAKİR UYGUN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYAR TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERHAT GENCAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SELÇUKLAR TİCARET DAYANIKLI TÜKETİM MALLARI PAZARLAMA ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OĞUZ MUHARREM SERTKAYA / İSTANBUL MERMER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
LEVENT SUBAŞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSMAİL DEMİRELLİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HNS YAPI SANAYİ VE TİCARET LİMİTED ŞİRKETŞİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HARUN ELEKTRONİK BEYAZ EŞYA LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FUNDA İNAM YEMELEK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATMA GENCAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EVYAŞAM TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERSİN YILDIZOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERKAN KÜÇÜK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMSA TEK ELEKT.EŞ.GI.HAYV.İNŞ.TAH.VE DAY.TÜK.MAL.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMİN ULAK - GÜNCEL İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZLİ GÜNNUR OTOMOTİV LTD ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CENGİZ ÜLGÜDÜR DAY.TÜK.MAL.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BURHANIYE KEMER İLETİŞİM İNŞ.TURZOTO KİR.GID.İTH.İHR.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYSANLAR DAY.TÜK.MAL.EL.EŞ.MOT.OTO.İNŞ.TA.D.GAZSA N.VETİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARG ELEKTRONİK NAKLİYE BİLİŞİM TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YÜKSEL ŞAHİN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT



YCL BİLİŞİM ELEK SAN TİC LTD	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VEYİSOĞLU SAN VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HASAN ÇAVUŞOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TOKDEMİR BİLİŞİM TEKNOLOJİLERİ İNŞAAT GIDA İTHALAT İHRACAT SANAYİ VE T	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞEKERCİLER HALI MOBİLYA TEKS.ELEKT.AV.ZÜC.MUT.DAY.TÜK.MAL.A	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SOYGÜR DAYANIKLI TÜKETİM VE İLETİŞİM PAZZARLAMA LİMİTED ŞİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERGÜR DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERVE İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SEMİH GÜNGÖR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SEHER TÜZÜN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SADIK SARI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖMER BİLKAY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ON MÜCEV.SAN.VE DIŞ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OKM TELEKOM SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ODAK PAZZARLAMA İHRACAT İTHALAT MÜMESSİLLİK A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NEVAL BULUTTEKİN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA ATEŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA AKKOÇ MAKİNA SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MURAT DEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERAL BEYAZ EŞYA MOBİLYA SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MELİH BAĞIRGAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MARMARA SERAMİK ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
LİZAY KUY.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KORKMAZ MOBİLYA VE ORMAN ÜRÜNLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KINIK MOBİLYA SANAYİ TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KEMAL UZEL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KADİR SALIK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSMAİL ŞAHİN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLKER HORASAN / ASLİM İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İBRAHİM KIZĞIN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSTRON İSKENDERPAŞAELEKT.OTOM.GIDASAN.TİC.LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN MURAT BOLLUCUOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜNCELL İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HALİDE KUNDAKCI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HALDIZ İNŞ. OTOMOTİV VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜRLEK İLETİŞİM VE BİLİŞİM LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLSERİN BAYRAK-GÜLAY TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖKHAN ÇOLAKOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

GÖKAY ŞEN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GİYA KUYUMCULUK LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GENÇ MOB VE EV GEREÇLERİ KUYUMCULUK SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GALERİ İRFAN AVM.DAY.TÜK.MAL.TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATİH SAĞLAM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATİH BARBAROS	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ESEPAY YAPI MALZEMELERİ İNŞAAT GIDA PAZARLAMA TİC. VE SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERSİN KIRGÖZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EROL YILDIZ-DOST İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERİKCİLER MOBİLYA VE KANEPE SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERHAN İLHAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DÖNMEZ ELEKTRONİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EGE BİRLEŞİM MOBİLYA İNŞ.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DUYGU KÖSEOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DERYA İLETİŞİM BİLG.ELEK.TUR.VE REKL.HİZM.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇİSİY TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CİHAD KOCAŞAHAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CAN DEVECİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BÜLENT SERDAR MAMUR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BURSA UĞURLU DAYANIKLI TÜK MAM SN TİC AŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BURHAN CAVLANLAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİRİKİM TELEKOMÜNİKASYON SİSTEMLERİ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİRİKİM BEYAZ EŞYA VE DAYANIKLI TÜKETİM MALLARI GIDA İÇ VE DIŞ TİC.A.Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAKİ BEYHAN-MERT İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARİŞ HEDİYELİK EŞYA SAN.VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARELNET İLETİŞİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKBAYIR ELEKTRİK EV ALET HALI MOB VE TİC LTD ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ABDULLAH AYDIN HALI VE EV ALET LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PINAR İNŞAAT SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET SEZEN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZÜHAL SEVİM KOŞAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TUSE İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEKUĞUR DAY.TÜK.MAL.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAŞ-KAR DAY.TÜK.MAL.BEYAZ EŞ.TAM YED.PAR.BÜRO.MLZ.İNŞ.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZEL METİN SAN EĞİTİM HİZM.BİLG.GID.İNŞ.SAN.VE TİC.LTD ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖNDER ESEN / ESTEK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NOMANOĞLU İNŞ KUY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARDEŞLER TİCARET-İSMET TAŞKAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

GÖKSAM İLETİŞİM ELEKTRONİK DAY.TÜK.MLZ.SAN VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GENÇER DAYANIKLI TÜKMAL PAZ ÖZEL EĞTİNŞ TAH SN LTD Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ELİT HM DAYANIKLI TÜKETİM MALLARI TURİZM VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EFELEER DAY.TÜK.MAL.TAR.AL.İNŞ.TAAH.TUR.İTH.İHR.O TOM.SAN.VE TİC.LTD. ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
COŞKAN MOBİLYA TİCARET VE SANAYİ LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
COŞAR MOBİLYA SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKTİF BİLİŞİM İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CER TİCARET DAYANIKLI TÜKETİM MALLARI PAZARLAMA ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATİLLA YILMAZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATA YILDIZ İNŞAAT VEİNŞ MALZ TAAH GIDA PA SN T LTD Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YILMAZER EV GEREÇLERİ İTHALAT İHRACAT SAN.VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EŞREF YAVUZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YAKIŞAN DAYANIKLI TÜKETİM MALLARI PAZARLAMA SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VEBSER İLETİŞİM İÇ VE DIŞ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TURGUT AKAR HALICILIK TUR.SAN.VE TİCLTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TURGAY İLETİŞİM DAY.TÜK MAL VE TAŞ.SAN VE TİC LTD ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZ İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TOZKOPARAN YAPI İNŞAAT DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET ANO	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEZCAN EML.KOZ.MOB.DAY.TÜK.MAL.İNŞ.TUR.TİC.LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SÜERLER HAYAT DAYANIKLI TÜKETİMMALLARI GIDA İNŞ.TUR.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SEZER ORT.HASAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZKONAK KUYUMCULUK SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZ SPOT- KEMAL ÖZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OKTAY DAYANIKLI TÜKETİM MADDELERİ GIDA EL. EV AL.PAZ.SAN.VETİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NETFORMİLETİŞİM İNŞAAT VE MOBİLYA SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MVG İLETİŞİM TEKNOLOJİ ÜRÜNLERİ PAZARLAMA ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MURAT ACAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MKC İLETİŞİM - MUSTAFA KÜRŞAT CEYLAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERAM MİMARLIK MÜHENDİSLİK MOBİLYA LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET KORKUT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YILDIZ İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

MACROCOM BİL.DAY.TÜK.MAL.GIDATEK.TUR.İNŞ.SAN.TİC.LT D.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KMR DAYANIKLI TÜKETİM MAL.SAĞ.HİZ.GIDA TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HULUSİ İLHAN- AK ÇARŞI ALIŞVERİŞ MERKEZİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HİKMET EV ALETLERİ SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAŞİM ŞEN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAKAN ATIL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLER İLETİŞİM İNŞ.TURZ.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖNENÇ MOB.DAY.TÜK.MAL.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VEDAT BOZKURT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAKİM PETROL VE EMRE İNŞAAT ORTAKLIĞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ECS DAYANIKLI TÜKETİM MAL.MOB.HALI TEK.İNŞ.İTH.İHR.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DOĞU VE BATI MOTORLUTAŞITLAR SANAYİTİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DOĞAN DAYANIKLI TÜKETİM MALLARI PAZARLAMA TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DERİN DAYANIKLI TÜK.MAL.TURZ.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CEM TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SİBEL BALIK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BTA RESTORAN İŞLETMECİLİĞİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BEYAZ EV İNŞ.MÜH.DAY.TÜK.MAL.TİC.LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NURİ ATEŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ASYA HALI SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARTI İNŞAAT GIDA TURİZM LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALTIN MOBİLYA TİCARET VE SANAYİ A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALKARALAR SARRAFLIK KUYUMCULUK MADENCİLİK TİCARET VE SANAYİ VE LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALİ KEMAL KAYACAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKTEL GSM A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AK-EL MOBİL İLETİŞİM HİZMETLERİ SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YALÇIN AKAY - AKAY TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET VAKKAS YILDIZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ADA TELEKOMÜNİKASYON İNŞ.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEĞER BEYAZ EŞYA GIDA .EĞ.DAN.TAR.ÜR.SAN VE TİC LTD ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MURAT BOZDAĞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
A E AZİZ DOSTUM İLETİŞİM SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MURATEL İLETİŞİM HİZMETLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PUPA BİLİŞİM HİZMETLERİ TİCARET A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEDIA MARKT TURKEY TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

RECAİ BALTAŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YASİN YURTSEVER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZ ALDEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YAKUP YILMAZ DAYANIKLI TÜKETİM MALLARI TEKSTİL İNŞ.SAN. VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA DÖNMEZ DAY.TÜK.MALLARI ALIM SATIMI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KOBİHATTI BİLGİSAYAR VE YAZILIM HİZ SAN VE TİC LTD STİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KÜÇÜKSÜLÜ İLET.HİZ.İNŞ.TAAH.TEKS.ÜR.T.İ.T.VE G.M.P.SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET PİŞTAV	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HATİCE SARIDOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BULUTOĞLU DAY.TÜK.MAL.NAK.İNŞ.VE GID.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEKNOMAR DAYANIKLI TÜKETİM TAR. HAY.BİL.İNŞ.GID.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HİKMET TARIK ALTIKULAÇOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZİRVE İNŞAAT İLETİŞİM ELEKTRONİK TUR.GIDA SAN. VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DÜNYA OFİS BİLİŞİM DANIŞ.YAZ.ELEKT.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞENER BAYDAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SUAT GÜNDOĞAN SUAT İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HMR İLETİŞİM İNŞAAT TAAHHÜT TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN ÜRKÜT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UŞAK MOBİL MARKET İLETİŞİM ELEKTRONİK SANAYİ VE TİCARET LİMİTED ŞİRKET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA ALTINTOP	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DÜNYA OFİS BİLİŞİM DANIŞ.YAZ.ELEKT.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EGEMEN ELEKTRİK EV ALETLERİ PAZARLAMA ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZİRVE İNŞAAT İLETİŞİM ELEKTRONİK TUR.GIDA SAN. VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CEPMODA İLETİŞİM HİZMETLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EFE İLETİŞİM DAYANIKLI TÜKETİM MALLARI LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET KOÇYİĞİT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZEYNEP KALKANLI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BUKA MAĞAZACILIK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞAKALAKOĞLU EĞİTİM HİZMETLERİ TURZM İNŞ.VE NAKL.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YILDIZ MOTOSİKLET AKSESUAR SANAYİ VE TİC.LTD.STİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PANOMİ MOBİLE PAZARLAMA TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MARMARA ATILIM DAYANIKLI TÜK. MAL. PAZ. İTH. İHR. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

KAM İLETİŞİM TELEKOMÜNİKASYON İNŞAAT GIDA BİL.KUYUM.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KADİR SEVİMLİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DATAPARK İÇ VE DIŞ TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLKER KAYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVENEL DAYANIKLI TÜKETİM MALLARI İLETİŞİM BİLİŞİM SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VADULLAH MESUT GENCER-ONURLU İNŞ. İŞLERİ DAY.TÜK.MAL.TRAKTÖR BAYİLİĞİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SCS AKSESUAR İLE.TELEK.ELEK. ELEKTRONİK İN.TAAH.İTH.İHR.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SPLAZA SAY.TÜK.M.İN.T.SAN.VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HASURAN EV GEREÇLERİ PAZARLAMA SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İMO DAYANIKLI TÜKETİM MALLARI TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BATIKAN HAZAR MIZRAK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET AKSOY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KÜÇÜKLER ÇEYİZ DAYANIKLI TÜKETİM MALLARI İNŞAAT SANAYİ VE TİCARET LİMİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RAGİP BİRCAN BİRCAN TELEKOM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ESER-FAYSAL ŞAHİN ORT.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA KIZILBENT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PENTA TAŞIT TİC.VE SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FARMET TEK.LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAVİLOĞLU EV ALETLERİ TİCARET VE TURİZM NAKLİYAT LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CYM DAYANIKLI TÜKETİM MALLARI İNŞAAT İTH. İHR. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ASİLLER DAYANIKLI TÜKETİM MALLARI SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İREM TURİZM MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YAVUZLAR BEYAZ EŞYA DAYANIKLI LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET DİRİK DAYANIKLI TÜK MAL GD TEKS SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NET MOBİL LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KEREM CAN AYTAÇ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATALAR TELEKOMÜNİKASYON VE İLETİŞİM GIDA TEKSTİL SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NEFES MOBİL İLETİŞİM İNŞAAT TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖKHAN DOĞRU İLETİŞİM Bİ.ELEK.ÜR.SAT.DA.İTH.İHR.SAN.TİC.LT.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CANTEKBİL TEKNOLOJİBİLİŞİM ÜRÜN.ELKTİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CEYLANLAR İNŞAAT NAK. TAAH. TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEMİRHAN DAYANIKLI TÜKETİM MALL.MOB.TUR.GIDA SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SAYIN TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DELİKANLI EV GEREÇLERİ SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SENETSEPET COM ALIŞVERİŞ MERKZ LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

3 MİR YAPI İNŞAAT MÜHENDİSLİK MİMAR VE ELEKT SAN TİC LTD ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKYOL MİMARLIK İLETİŞİM İNŞAAT TUR.SAN.İÇ VE DIŞ TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET AKŞİT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAŞİM DEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZLER KARDEŞLER SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GALERİ BURAK MOBİLYA LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KIVRAK MOTOR OTO VE MAK.TUR.İTH.İHR.İNŞ.TUR.TAŞ.TİC.VE SAN. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TADA İLETİŞİM TELEKOMÜNİKASYON GIDA REKLAM ORG.TEKS.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CİHAT YAZICI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FİKRET KAPUCU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MOTOTAŞ OTOMOTİV AŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YUSUF KAHRAMAN-ANTAKYA ERAY ELEKTRONİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUHAMMED EROĞLU - EROĞLU TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ENİSE KASTACI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NESRİN TÜRK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇORLU DAYANIKLI TÜKETİM MALL.İNŞ.SAN.VE.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖNCEL KLİMA VE ENERJİ TEKNOLOJİLERİ PET.ÜR.İNŞ.SAN. TUR.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEMİRLER ELEKTRONİK TELEFON İNŞAAT TAAHHÜT TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YAVUZATA DAY.TÜK.MALLARI İNŞ.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞAHİN ÇALI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NURETTİN ÖZKAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RECEP SAMİ KAYIŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYDIN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEKOR MOBİLYA HALI ORMAN ÜRÜNLERİ NAKLİYE SAN VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HACI CUMALİ BOZDOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜROLCAN DAYANIKLI TÜKETİM MALLARI SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVEN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AY HAN DAY.TÜK.MAL.HALI MOB.VE İNŞ.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UĞUR KILIÇ MİM. İNŞ.TAA.NAK.ÖZE.EĞİ.SAĞ. VE TUR.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KEMAL ŞENGÜL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SOMMAR SOMA MARKETÇİLİK PAZARLAMA TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYARLAR DAY.TÜK.MALL.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MNR BALIKESİR MOTOR PAZARLAMA SEVİS VE TİCARET LİMEDŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARINCA İHTİYAÇ MADDELERİ İNŞAAT MADENCİLİK TİCARET VE SANAYİ ANONİM Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT



KÜÇÜKLER DAYANIKLI TÜKETİM MAL.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YUSUF KIVILCIM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EKMEKÇİOĞULLARI TEKS TURZ.İNŞ.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERDAR KARAKUZU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TONAY ATİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BÜYÜK ÖNCÜ DAYANIKLI TÜK.MAL.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZ ÇINAR HALI DAY.TÜK.MAL.TEKS.TUH. KON.İNŞ.TURZ.GI.MOB.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KESİMALOĞLU KARDEŞLER TURİZM TİCARET LTDŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYDIN UYANIK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞANLI MOBİLYA ELEKTRONİK EŞ.EV TEK.ZÜC.VE İN.ŞSAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
REAL ÇAĞDAŞ TELEKOMÜNİKASYON TAAHHÜT SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET EKREM TURĞUT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZEKİ ALVER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YORULMAZLAR TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İŞİK MOTORSİKLET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UĞURLAR PAZARLAMA TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMEL MÜCEVHERAT PERAKENDE SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NCK MOBİLYA VE AKSESUARLARI İÇ VE DIŞ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET TÜFEKÇİ İNŞ.SIH.TES.VE DAY.TÜK.MAL.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KUZENLER İLETİŞİM LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EGEMEN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAYFUN TİMUR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖMER BÜRÇE	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZ ÖZTÜRK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİLGİSARAY BİLGİSAYAR SİSTEMLERİ TİCLTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖKHAN PURCU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TUNA TEL.EL.EV ALET.VE DAY.TÜK.MAL.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EFSANE İLETİŞİM HİZM. DIŞ. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVEN AL MOBİLYA TEKS.TUR.DAYN.TÜK.MAL.SAN.VE DIŞ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BRN İLETİŞİM SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MURATHAN ÖZER TELEKOMÜNİKASYON SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SÜLEYMAN GİRAY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZEKİ KARABUĞA-BİRCAN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLHAN DOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KAHYAOĞLU YATIRIM PAZ.VE ÜRETİM A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SAR ELEKTRONİK GIDA VE DAY TÜK MALLARI SANAYİ VE TİCARET LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT



FATMA ÖZDEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YUSUF AKTOĞAN-AKTOĞAN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NEDİM DEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ORHAN MEHMET ÇATALYÜREK ORT.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SİLVANA ELE.İLET.TEK.GID.TUR.AV.ML.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN SÖNMEZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SİNAN ALKAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RAMAZAN KORKMAZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RECEP ÜCAL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OSKO DAYANIKLI TÜKETİM MALLARI SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAĞDAT DAYANIKLI TÜK.MALL. İNŞ. GIDA TİC. VE SAN. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖKHAN YILDIZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ADA MODERN GEREÇLER DAYANIKLI TÜKETİM MALLARI TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMEK DAYANIKLI TÜKETİM MAL PAZ SANVE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERKAN SERT ERYA İLETİŞİM VE SERVİS TAŞIMACILIĞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
METİN ÇALIŞKAN-ÇALIŞKAN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLPA DAYANIKLI TÜKETİM MALLARI KUY.İNŞ.MOB.TİC.VE SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EKON DAYANIKLI TÜKETİM MALLARI İNŞAAT İLETİŞİM OTO.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALDEMİR DAYANIKLI TÜKETİM MALLARI TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ANLI DAYANIKLI TÜK MALL TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALTIN ELEKTRİKLİ EV ALETLERİ TİC.SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKAY TEKSTİL ÜRÜN.TEM.İNŞ.DAY.TÜK.MAL.TİC.VE SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SARIÇELİK KARDEŞLER DAY.TÜK.MALL.İNŞ.OTO.VE GID.PAZ.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ENGİN ALTERNATİF EV MOBİLYA SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAYDAR SAĞLAM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİLGE TİCARET DAY.TÜK.MAL.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ENGİN MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KAMİL DOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENK TEKNOLOJİ ÜRÜNLERİ SAN.VE TİCLTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞARK-IŞIK HALI MOBİLYA TUR. TAAH. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SOMTAŞ SEVERLER OTOMOBİLCİLİK MOTORLU ARAÇLAR VE TİCARET ANONİM ŞİRKET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FEVZİ AYYILDIZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATİH AKÇAY VE ORT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİL-TEL BİLGİSAYAR VE İLETİŞİM SANAYİ VE TİCARET LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

UĞUR GÖKHAN ÇAKIR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KIBRISLIOĞLU İLETİŞİM DAYANIKLI TÜKETİM MALLARI SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
IŞIK ELEKTRİK TELEFON BİLGİSAYAR DAYAN.TÜK.MAL.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UMUT TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CAN HALI MOBİLYA MEFR.DAY.TÜK.MAL.NAK.TİC.SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYTUR ZÜCCACİYE GİYİM TEKS.DAY.TÜK.MAL.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇAĞDAŞ OTOMOTİV PET. ÜRN.SAN. VETİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BULUTOĞLU DAY.TÜK.MAL.NAK.İNŞ.VE GİD.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAŞEL DAYANIKLI TÜK.MAL.ELEKT.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GEMLİK PAŞA OTEL TURİZM KUYUMCULUK İNŞAAT GIDA SAN. VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BEREKET TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ELBİSTAN ELEKTRONİK İNŞ.TAAHHÜT KUYUMCULUK TEKS.SAN VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN KEYSAN KEYSAN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MARMARA GIDA GAZ AKARYAKIT İNŞAAT OTOMOTİV TAŞIMA.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RÜZGAR TELEKOM ELEKTRONİK ALET.YAY.YED. PARÇA VE AKS.TİC.SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERAL DAYANIKLI TÜK.MALL.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MÜSLÜM DAMAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMRE GEMİCİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET BOYACI - BOYACI BİLİŞİM HİZMETLERİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET EREN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKKAŞLAR D.T.M. ELEK.VE ELEK.ÜR.PAZ.İLET.HİZ.İNŞ.SN.İÇ DİŞ TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLKAY BOZKAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GALERİ GÜRSES DAYANIKLI VE DAYANIKSIZ TÜKETİM MALLARI TİCARET A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSMAİL YILDIRIM EMEK MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVEN ELEKTRONİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KÜÇÜK İLETİŞİM SİS	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLTEKİN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CÜNEYT SÜLLÜ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖRÜKLÜLER İLETİŞİM ELEKTRONİK PAZARLAMA LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CİHAN AYAZ( CİHAN AYAZ) AYAZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERVET GÜRBÜZ-ERAT İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARS ELEK.DAY.TÜK.MAL.GERİ DÖN.İTH.İHR.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BOREL BEYAZ ESYA MOBİLYA SAN.VE TİC.LTD.ST.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CİHANGİR KARA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KAYA DAYANIKLI TÜKETİM MAL.MOB.OTO.İNŞ.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

ÜMİT SÜTHAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZAFER TEKSTİL İNŞAAT SANAYİ VE DAHİLİ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AVKOM İLETİŞİM İNŞAAT TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YILMAZ AKİZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSTMOBİL UFUK TANDOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DURMUŞ ALİ ÜMMETOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
IHLAMUR DAYANIKLI TÜKETİM MALLARI SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TUNA TİCARET HAKAN KALKAN-CEVDET BALMUMCU ADI ORTAKLIĞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAYRAKTAR ELEKTRİKLİ EV ALETLERİ MOBİLYA SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TUANA DAYANIKLI TÜK.MAL.MOB.İNŞ.GIDASAN.VE TİC.LTD.Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYNUR NİLÜFER PAK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERDEM BUZKAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLGÜN TELEKOMÜNİKASYON PET.ÜR.TAR.İNŞ.EML.İTH.İHR.SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İNEGÖL META DAYANIKLI TÜK.MAL.MOB.İNŞ.GIDA SAN VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FAHRİ DOĞAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SPORMOTO AŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ESTEL İLETİŞİM LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN KARAKAŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YAVUZ HALI PAZARLAMAVE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖKMEN İLETİŞİM TEMİZLİK OTO İNŞ GIDASAN TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TANCA TEKNOLOJİ ELEKTRONİK İNŞAAT SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMEL KUYUMCULUK SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CENGİZ TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ASYA İLETİŞİM EĞT.VEULAŞIM HİZM.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAÇ PORSELEN VE MUTFAK EŞYALARI PAZARLAMA DIŞ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KUTLU BİLGİ EĞİTİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZGÜR İNŞ.DOĞALGAZ MALZ.PAZARLAMA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EREN MOBİLYA MALZEMELERİ VE ORMAN ÜRN.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKSU MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜNDÜZ BEYAZ EŞYA DAY. TÜK. MAL. TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÜZER KUYUMCULUK MÜCEVHERAT SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLKER KERİMOĞLU DAY.TÜK.MAL.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARASTA MAĞ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA KAYA - İSTİKLAL ALIŞ-VERİŞ MERKEZİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FENOMEN İLETİŞİM GIDA LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

SEMRA UN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RIFKI RAFET UMAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OTO HAKAN OTOMOTİV SANAYİ VE TİC LTDŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
REŞİT ŞAHİN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KÜBRA İLETİŞİM ELEKT.EŞYA SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KABİLLER DAYANIKLI TÜKETİM MALLARI TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NİL TİCARET BURHAN YAPICI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SER İLETİŞİM VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZENGİNLİ OTOMOTİV SANAYİ VE TİCARETLTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
JİNEMED SAĞLIK HİZMETLERİ A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZTEKİN DAYANIKLI TÜK.MALL.PAZ.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLŞEN İPEK AYHAN İPEK MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KUTLU KUY.İLT.TURZ.TEKS.GID.İNŞ.SN VE TC.LTD.ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALİ EKBER EKİCİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UMUT PAZARLAMA DAYANIKLI TÜKETİM MALLARI TEKSTİL TİC.SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UZALDILAR DAYANIKLI TÜKETİM MALLARI TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VURALLAR DAY.TÜK.MAL.AKAR.İNŞ.TEKS.GID.TAR.ÜRÜN.S AN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AFS ÇELİK DAY.TÜK.MAL. MOB.TEKS.İNŞ.TAŞ.TAR.HAY.SAN. VE TİC.LTD.ŞT..	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SELAHATTİN BORAL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZÜBEYDE SAYGILI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET BEYHAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HİKMET KÖSEOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYSALLAR MOTORLUARAÇLAR SAN VETİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KESKİNLER EV ALETLERİ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAŞPINAR HALI MOBİLYA TEKSTİL VE DAYANIKLI TÜKETİM MAL.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞUALAR DAYANIKLI TÜKETİM MAL.TEKS.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MKŞ DAYANIKLI TÜKETİM MALLARI TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVENAL MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMRE BİLGİSAYAR İLETİŞİM HİZMETLERİTİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İNCEOĞLU DAYANIKLI TÜKETİM MALLARI HAYVANCILIK İNŞ. SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BEYAZ ÇARŞI ELEKTRONİK PAZARLAMA LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA ÇOBAN ELK.BEY.EŞYA REKLAM ORG.İTH.İHR.SAN.VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
A1 TEKNOLOJİ VE İLETİŞİM ÜRÜN.DAN.OTOM.İTH.İHR.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

MURAT SAĞLAM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARLI LASTİK DEMİR İNŞAAT SANAYİ VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KONEKS MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZSAĞLAM DAY TÜK MALPAZAR.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZEBEKLER TİCARET VESAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET ÇADIR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ADNAN ÖZMEN ORT.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AŞKIN ÇINAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN YILMAZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KEREM ULUDAĞ İLETİŞİM TEL.TUR.TAR.TAŞ.SAN.VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ELMACIOĞLU TÜKETİMMALLARI TİCARETANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSMET KUTLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALİ DEMİR / BEYAZ EŞYA TİCARETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YUSUF GÜZELSOY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ANKO MOB. DEK.İNŞ.TUR.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZAFER TUNÇ MOBİLYAORMAN ÜR.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARAHAN OTO VE İNŞAAT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EGE TEKSTİL KUYUMCULUK VE TELEKOMİN.TUR.TİC.İTH.İHR.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TÜMEV DAYANIKLI TÜKETİM MALLARI VE GIDA MAD.PAZ.NAK.İNŞ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SALİH TİCARET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERKAN METE - EGE DOĞALGAZ ISIT.SOĞ.SIH.TES.MER.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MHC OTO.AKRY.İNŞ.TUR.TİC.LTD.Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NURİ ALTINKAYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARTE MÜCEVHERAT SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SABRİ ÖZTÜRK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARDESLER MOTOSİKLET İTHALAT İHR. LTD. STİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAYRAMLAR MOB.VE DAY.TÜK.MAL.İNŞ.TİC.İMA. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HASAN ÇİTİL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERVE ELEKTRONİK TİCARET TURİZM İNŞAAT TAAHÜT VE SANAYİ LİMİTED ŞİRKET	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARUN İLETİŞİM HİZMETLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYSAL MÜHENDİSLİK DAY.TÜK.MALLARI VE MOB.PAZ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PLATİN BEYAZ EŞYA TİCARET LİMİTED ŞİRKETİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLMAR GIDA OTOM DAY TÜK MAL SN TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BABACAN DAYANIKLI TÜKETİM MALL.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EREM DAYANIKLI TÜKETİM MALLARI VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OZAN GÜLERER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

HÜSEYİN YAZICI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YASİN SORGUN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ABDULHALİK DEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKTAŞ ELEKTRONİK ENERJİ SIS.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERDAR-AKDOĞAN VE ORTAKLARI ADI ORT.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
B VE B BİLİŞİM DANIŞMANLIK VE PAZ.HİZM.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MELEK DİKER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞENGÜLLER TELEKOMİNİKASYON VE DAY.TÜK.MAMÜL.PAZ.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞENGÜLLER A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA KAPLAN KAPLAN SARRAFI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATILIM MOBİLYA İNŞ.TEKS.SAN.VE DIŞ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATEŞ MÜH. ISI İNŞ. TUR. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SÜSLÜ KARDEŞLER KUYUMCULUK SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NAHİT SERBES	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AHMET SERBES KUYUMCULUK VE EV AKSESUARLARI TİC.SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OGUN KAYACAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BARIŞ ORUÇ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DURAK HABERLEŞME SİSTEM.TELEKOMÜ.PAZARL.SANA.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VOLKAN IŞIK SÜRÜŞ TEKNİKLERİ EĞİTİM VE ORGANİZASYON HİZMETLERİ ANONİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ELEKTRONİK MARKET PAZARLAMA VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SOYLU ALIŞVERİŞ MERKEZLERİ LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZ KARAKILIÇ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DENİZFENERİ İSITMA SOĞUTMA DOĞALGAZ İNŞ.SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YİRMİALTIOĞLU DA.TÜ.MA.MO.PZ.TE.MT.VE MTZ AR.HY.İT.İH.SN.VE TC.LTDŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZDEMİR HABERLEŞME TEKNOLOJİLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SEMUSE İLETİŞİM HİZMETLERİ PAZARLAMA SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EREN EKVATOR DA.TÜ.M.İN.TE.KON.GI.TU.EĞ.HİZ.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VEYSEL DANIŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEZ-CAN DAYANIKLI TÜKETİM MALLARI İNŞ.TAAH.PAZ.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇATALKAYA EV GEREÇLERİ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEHMET DİMEN EKİP HALI MOBİLYA VE YER DÖŞEMELERİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HALİL HASIRCI-HASIRCIOĞLU AVM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HÜSEYİN YİĞİTOĞLU	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EROL KÖSTERİT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

YAĞMUR İKLİMLENDİRME SİSTEMLERİ VE MÜHENDİSLİK SANAYİ VE TİC LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEHA TELEKOMÜNİKASYON VE ELEK.HİZ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FULOR MOBİLYA TEKSTİL KOZM.ÜR.İT.İHRS.V.T.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KAMACI İLETİŞİM TEM.VE GIDA MAD.TUR.İN.OTO LTD.ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SETEL İLETİŞİM HİZM.DAY.TÜK.MAL.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İBRAHİM ALGÜL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AKTİF EĞİ.-ÖĞR. BİL. İLE. TUR. GÜV. AKA .İÇ VE DIŞ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NİŞLİ İLETİŞİM GIDA İNŞAAT TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZ CEYHAN ISI SİSTEMLERİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BODRUMMAKEL PAZARLAMA MÜH. TİC. TURİZM İNŞ. EMLAK İTH. İHR. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
LEVENT DEMİR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BABAHAN İLETİŞİM HİZM.EĞİTİM İNŞ.TAAH.GIDA SAN.VE TİC.LTD.ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BURCU MOBİLYA	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ORHAN ERDEM DAYANIKLI TÜKETİM MALLARI İNŞAAT SANAYİ VE TİCARET LİMİTE	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OSMAN İNCE	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VOLKAN CAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATİH DİNÇ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞAH BİLİŞİM TELEKOMÜNİKASYON ELEKTRONİK SANAYİ VE TİCARET LİMİTED ŞİRK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYHAN ÖREN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSKENDEROĞLU TURİZM İNŞAAT NAKLİYAT GIDA SAN TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İHSAN ORUÇ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UGE AĞIZ VE DIŞ SAĞ.HİZM.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEK TELEKOM TİCARET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZER EV ALETLERİ MOBİLYA DAYANIKLI TÜKETİM MALLARI İNŞAAT TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZENNURE AYDÖNER	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BÜNYAMİN ALEMDAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NECMETTİN YILDIZ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ASYILDIZ MÜCEVHERAT TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYKUT MOBİLYA VE DAYANIKLI TÜK.MAL.SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FATİH ÜNAL	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
PROTEL TEKNOLOJİ İLETİŞİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UYAR DAYANIKLI TÜK.MALL.SAN.VE DIŞ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
UZEL İLETİŞİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TÜRKANLAR DAYANIKLITÜKE.MALL.PAZAR.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT



ERDOĞANLAR MOBİLYA SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SADIK KARABACAK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜRSER DAYANIKLI TÜKETİM MALLARI PAZARLAMA TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MESUT ARSLAN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇETMEN MAĞAZALARI MOBİLYA DAY. TÜKETİM MALLARI OTO.SAN.VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖRNEK MOBİLYA KUYUMCULUK SAN.TİC.LTDŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SANDIKÇI DAY.TÜK.MAL.PAZ.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALİM G.S.M.TELEKOMİNİKASYON ELEKTRONİK TEKSTİL VEYAPI SAN. TİC.LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DOĞAN HAFRIYAT SANAYVE DIŞ TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARZU AVCI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NETSEL ELEKTRONİK VE İLETİŞİM HİZ.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZEKİ BEY DAY.TÜK.MAL.TEM.GID.İNŞ.TUR.OTO K.ŞİN.FİLM.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARABAĞ DAYANIKLI TÜKETİM MAMÜLLERİ TİCARET VE SAN LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARSEY DAYANIKLI TÜKETİM MALLARI İÇ VE DIŞ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALİ FUAT IŞIK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YUNUS POLAT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
FERDİ GÖKTAŞ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
RAİF CİHAN TAYAT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA ÖZDEN	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SAYIN İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İLKNUR BİLGİSAYAR	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAMM TASARIM MİMARLIK VE MÜTEAHHİTLİK TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜZELGÜN TELEKOMÜNİKASYON VE GAYRİMENKUL A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARGILI MOBİLYA VE İNŞAAT TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MNR MOTOR PAZ.SER.VE TİC.LTD.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TRENDTEK TELEKOMÜNİKASYON VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KOYUNCU DENİZCİLİK RENT A CAR OTO SAT.VE SER.HİZ.TUR.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİSMİL KARDEŞLER OTOM İNŞ NAK TARIM HAYVANCILIK SAN VE TİC LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
OĞUZHAN İLETİŞİM VE DIŞ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CEKETCİLER OTO AL SAT.İNŞ.GIDA MİM DEKO.SAN VE TİC LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TURCAN EĞLENCE TUR.VE REKLAMCILIK İŞLETMELERİ TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEKYILDIZ BİSİKLET MOT.ARAÇ. DERİ MAM.TEKS. GIDA SAN. VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALSANCAK OTO İNŞAAT SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ORTA TURİZM VE OTOMTİC LTD ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT



GÖKÇEK ENDÜSTRİ ÜRÜNLERİ TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARADAYI DAYANIKLI TÜKETİM MALLARI MOBİLYA REK. İNŞ.TUR.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERSİN 3A MÜHENDİSLİK TAAHHÜT PROJE VE TİCARET LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAYDAR MOTOSİKLET BİSİKLET SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KILIÇKAYA İKLİMLENDİRME VE DAY.TÜK.MAL GIDA TUR.İNŞ.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAŞYÜREK MOTORLU ARAÇLAR TİCARET VE PAZARLAMA TURİZM LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DAVARCI MÜH.MİM.İNŞ.TUR.NAK.TAAH.TİC.SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MOTOÇARŞI MOTORLU ARAÇLAR SANAYİ VE TİCARET LİMİTEDŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SERKAN DAY.TÜK.MAL.TEK.SERV. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TURANOĞLU KARA DENİZ VASITALARI VE YAN SAN.İNŞ.TUR.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TROİA MOTORLU ARAÇLAR İNŞAAT TURİZM SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
LAM MÜHEN.ISI SİSTEMİNŞT.TİC.VESAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYDIN MOTORLU ARAÇLAR SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GAZİANTEP MOTOR SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DAYTONA MOTORLU ARAÇLAR KAFE İŞLETMECİLİĞİ SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSTANBUL MOTOSİKLET LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
YETGİNLER DAY. TÜKETTİM.MAM.KUY.OTOMOTİVSAN.VE TİC. LTD.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BRD MOTOR İNŞAAT OTOMOTİV GIDA VE TURİZM SANAYİ TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NARMANLAR DAY.TÜK.MAL.İNŞ.AKAR.OTO.TUR.TARIM.HAY. SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TEMPUS İKLİMLENDİRME SİSTEMLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EKOTEK KLİMA MEKANİKTESİSAT SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARNA MÜHENDİSLİK MEKANİK İNŞ. TAAH. İKLİMLENDİRME SAN.VE TİC.LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ARGE ISITMA VE SOĞUTMA SİSTEMLERİ İNŞ MÜH SAN VE TİC LTD. ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BOSS MÜHENDİSLİK SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖRSA İNŞAAT YAPI MALZEMELERİ TURİZM TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZMEN DAYANIKLI TÜKETİM MALLARI İNŞ. GIDA NAK. TUR.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İKLİMCİ MÜHENDİSLİK İKLİMLENDİRME SİSTEMLERİ SANAYİ VE TİCARET LİMİTED	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

YÜKSEK DAYANIKLITÜKETİM MALZ.TİC VE PAZ LT ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İSTANBUL MS MÜH AS DOĞGAZ PET.SIH TES VE ISI SİS DENHİZ SANTIÇ LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARLI İKLİMLENDİRME MÜHENDİSLİK LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TÜRKOĞLU İKLİMLENDİRME SİSTEMLERİ TAS. REK.İNŞ. TAH.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ISISAN ISITMA VE KLİMA SAN.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EZER TESİSAT TAAHHÜT VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İRFAN POMPA MOTOR NAKİL VASIT MAK.İNŞ.TUR.SAN VE Tİ.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÜN-SAL MAKİNE MÜHENDİSLİK TAAHHÜT SERVİS VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SAYĞIN MÜHENDİSLİK TAAHHÜT İNŞ. TUR.DOĞ.SİST.DEM.ÇEL.EN.SAN.TİC.LTD.ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZ ENGİN DOĞALGAZ MÜH.HİZ.İNŞ.TAAH.TAR.MAK.VE TES.İM.AK.NAK.SAN.LTD.ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÇAĞDAŞ ISI VE END.MAM PAZ VE TİCLTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALDEMİR ISITMA VE SOĞUTMA TES.TİC.TAAH.VE MÜH.HİZM.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GAS TERM MÜH TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
C.E.S COŞKUN MÜH.İNŞ. ELEK. DAY.TÜK.MAL. VE GIDA TİC.İLET.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ATALAY MÜH.ISI SİSTEMLERİ ÜRETİM SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ZENİKS MÜHEN DOĞA ASAN SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MGS ISITMA SOĞUTMADOĞAL GAZ İNŞAATSAN.VE TİC.LTD.Ş	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GALERİ YANKI DAY.TÜK.MAL.İNŞ.TAAH.TUR.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜMÜŞCÜ ELEKTRONİK DAY.TÜK.MAL.PAZ.İNŞ.GID.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GARANTİ SU BOBİNAJ DALGIÇ POMPA SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALENSİ AL.EN.SİS.IS.SOĞ.İNŞ.VE TAH. SAN VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALPAZ DAYANIKLI TÜKETİM MALLARI SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAN ISI İNŞ.İTH.İHR.SAN.VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞANIVAR TEKNİK MALZEME MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TOKCAY MAKİNA SAN.VETİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
DEMAY ELEKTROMEKANİK TEKNİK SİS. MAD.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERCANLAR DAY.TÜK.MAL.KIR.TUR.TİC.SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BOTES KLİMA TAAHHÜT SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
LAPATYA YURT HALI MOBİLYA DEKOR.DAY.TÜK.MAM.İNŞ SAN.VE PAZ.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

ES TEKNİK MÜHENDİSLİK DOĞALGAZ İKLİMLENDİRME SANAYİ VE TİCARET LİMİTED	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖNDERLER TESİSAT İNŞAAT TAAHHÜT HAFRİYAT SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TÜRKÜN YAPI VE TESİSAT MALZEMELERİ SAN.VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VERDE MÜH.İNŞ.DIŞ TİC.PAZ. SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ORUÇOĞLU DAYANIKLI TÜKETİM MALLARI TEKSTİL İNŞAAT SANAYİ VETİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ER-PA İNŞ.TURZ.TELEF.OTO VE YED.PAR.GIDA VE HAY.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
JERİYAN MÜHENDİSLİKİNŞ TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SİNGER HASAN DAYANIKLI TÜK.MAL.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖKALP GRUP MEKANİK DOĞALGAZ TESİSAT MÜH İNŞ SANAYİ VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BODRUM ÇÖZÜM MÜH.ISIT.SOĞ.SİS.İNŞ.TAAH.İTH.İHR.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZ DAYANIKLI TÜK.ML.MOB.TRZ.İNŞ.NAK.İTHİHR.PAZ.GID.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AS ELK.VE MAK.SİS.İNŞ.SERVİS VE BAKIM İŞL.TAŞ.PET.ÜR.TRZ.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BAYER ISI SİSTEMLERİ YAPI MÜHENDİSLİK TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ASKARACA DAYANIKLI TÜKETİM MALLARI SANAYİ VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
BİEV DAYANIKLI TÜKETİM ÜRÜN.MOB.TEKS.KONF.ELEK. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NİSAN ELEKTRİKLİ EV GEREÇLERİ TEKSTİL ELEK KOZM OTO YAY TİC PAZ A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
VARDAR DAY.TÜK.MAD.SAR.TUR. İTH. İHR. SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TİNK EĞİTİM HİZMETLERİ VE DANIŞMANLIK ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAŞ-KAR DAY.TÜK.MAL.BEYAZ EŞ.TAM YED.PAR.BÜRO.MLZ.İNŞ.SAN.TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AZURA DAY.TÜK.MAL.TEKS.GIDA TUR.İNŞ.İTH.İHR.PAZ.SAN.VE TİC.LTD. ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARABAĞLAR MOBİLYA LPG GAZI DAY TÜK MAL VE KUY TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KOÇKAN YAPI MALZ.TİC.VE SAN.AŞ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
SUTEK SU TEKNOLOJİLERİ VE POMPA SİST. PAZ. SAN. VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ONUR TEKNİK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
İNDESİT COMPANY BEYAZ EŞYA PAZARLAMA A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MEKTEBİM EĞİTİM KURUMLARI TİCARET ANONİM ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MUSTAFA DEMİR BOSTANCI DEMİR İLETİŞİM	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
2M İLETİŞİM HİZMETLERİ SANAYİ TİCARET LİMİTED SİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERGÜVENOĞLU İNŞ VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

ERKAN CEYLAN-ERAY ÖZBEYLİ ADI ORTAKLIĞI	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HAŞMET KUYUMCULUK SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ERKANLAR KONFEKSİYON İNŞAAT GIDA MOBİLYA VE ELEKTRİK EV ALETLERİ SANAY	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZMERT MOT.BİS.TARIM ARA.YET.PAR.SER.İNŞ.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ALTES MÜH. MAK.İNŞ.DOĞALGAZ.TES.TAAH.DAY.TÜK.MAL.SAN VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
CANDAŞ MÜH.İNŞ.TAAH.SAN.VE TURİZM TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KLİMADOR MÜHENDİSLİK VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TETAŞ ELEKTRONİK SANAYİ VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERCAN TELEFON ULA.ELEKTRO.İNŞ.TAR.VE HAY.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜLCE MOTOR VE DAYANIKLI TÜK.MALZ.PAZ.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ŞİŞMAN MOTORSİKLET BİSİKLET İTH.İHR.İNŞ.TAAH.TUR.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EKİM ISITMA SOĞUTMA KLİMA SIS.İNŞ.TUR.VE TİC.SAN.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
HT LİFT ASANSÖR MÜH.DOĞALGAZ PRO.İNŞ.TAAH.İÇ VE DIŞ TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÜZEL DAY.TÜK.MAL.MOB NAK.MÜT.İNŞ.SAN.VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜRİSOY MÜHENDİSLİK SAN. VE TİC. LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
AYDIN AYAK.TUR.VE SPOR FAAL. ELEK.İMAL.SAN VE TİC LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÖLKENT MÜHENDİSLİK DOĞALGAZ İNŞAAT ENERJİ SANAYİ VE TİCARET LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ÖZGEN ISI İNŞAAT PROJE TİCARET VE SANAYİ LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MET MEKANİK TESİSAT TİC VE TURZM LTD ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ME-NA MÜHENDİSLİK MÜŞAVİRLİK TAAH.SAN.VE TİC.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
NASA NEM YAPI ELEMANLARI VE TİC.A.Ş.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
ONTA MÜH.MEK.İKLİM.İNŞ.TAAH.SAN. VE TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MAKRO İKLİMLENDİRME VE TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
MERMER DAY.TÜK. ELEK.TUR.İNŞ.SAN.LTD.ŞTİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KUTUP ISITMA SOĞUTMA GIDA SAN.TİC.LTD.ŞTİ.	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
KARAASLAN DAYANIKLI TÜKETİM MALLARI SANAYİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
EMRE MOBİLYA DAYANIKLI TÜK MALL GIDAİNŞ S V T LTD ŞT	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
GÜVENER DAYANIKLI TÜKETİM MADDELERİ PAZARLAMA TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SUPPORT	POINT OF SALE CREDIT
TAHAL KUYUMCULUK	OPERATIONAL SUPPORT	POINT OF SALE CREDIT

## 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 126 million in total has been set aside in the Bank's 2018 financial statements as provision for

performance bonuses and sales premiums. Slated for payment in 2019, the amount splits as TL 109,4 million to be paid depending on the performances of the employees during the year and TL 16.6 million as sales premium in line with the sales realized by sales staff in 2018.

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 17.3 million.

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

The Remuneration policy of the Bank has been prepared in accordance with Banking Regulation and Supervision Agency (BRSA) "Corporate Governance Principles" and "Guideline on Banks' Good Remuneration Practices" within the scope of proportionality principle, and in compliance with the content, structure and strategies of the Bank's activities, its long-term targets, risk management structures and in compliance with the local regulation. Remuneration policy aims to prevent extreme risk taking and evaluates the contributions to the effective 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 business lines and control functions that will help to fulfill its strategic objectives.

SECOM (Selection and Compensation Committee) is responsible for the preparation of Remuneration Policy on behalf of the Board of Directors and for ensuring its compliance with local regulations and BNP Paribas Group compensation policies provided that they are not contradictory to the local rules and regulations and TEB Policies as approved by TEB Board of Directors. Analysis and establishment of the rules of the RP will be conducted by SECOM with the involvement of Human Resources (HR), Finance, Risk and Compliance Management. After SECOM's full review and acceptance, Remuneration Policy will be submitted to the Board of Directors for approval. 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 policy for Material Risk Takers that are defined by TEB General Management.
- Annual submission to the BoD the proposals with respect to the assessment 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 Bank's performance, business line's, and/or function's performance and their individual performances and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duty and responsibilities.
- To review, at least once a year, of the criteria of the remuneration. The main purpose of such review is to ensure that the Remuneration Policy does not encourage excessive risk taking nor create conflict of interest between the management control systems.
- SECOM considers the risk policy and other policy documents of the Bank in order to ensure the alignment of the Remuneration Policy with the current organization chart, reporting lines and separation of duties.

At the Ordinary General Assembly Meeting convened on 26 March 2018, a decision was adopted to pay Independent Board Member Alain Georges August Fonteneau a monthly gross remuneration of TL 6,500 in consideration for his role as an independent board member until the end of his term of duty, and not to pay an attendance fee to other Board members in consideration of their such roles. Alain Georges Auguste Fonteneau resigned on 31 December 2018.

During the period January-December 2018, any and all rights, interests and remunerations paid to our Board members and senior executives amounted to TL 43,585,613, and travel, accommodation and representation expenses amounted to TL 2,114,397.

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 2018 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 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

969 lawsuits worth TL 24.772.072 in total were brought against the Bank during 2018. A total of 12.266 lawsuits brought in 2018 and previous years are currently in litigation. A provision of TL 65.111.187 had been set aside for these lawsuits as at 31 December 2018.

## 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 244.490. 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 2018.

## 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 2018. 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 2018 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 prepares 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 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 to enhance both individual and team performance,
- Provide every person with equal opportunities and means for advancement in line with their career maps.

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

### Career Development

Focusing on the career development of its employees, TEB fills most of the managerial level appointments with the employees of the bank. In 2018, a total of 92 employees were promoted to managerial or higher positions and 360 employees with non-managerial titles were promoted to one level higher than their current positions. Additionally, 475 employees were appointed 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 have 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 2018, 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 objective assessments.

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

At TEB, all 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, 1,216 employees have received mentoring in TEB.



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

In 2018, under the heading of Talent Management processes, to identify individuals who have demonstrated high potential and performance, grid forms which were developed within the scope of “Leaders for Tomorrow” program launched by BNP Paribas Group Global Talent Program have been integrated into TEBFlow system and evaluations were performed on the system.

Development of talents was built up and monitored by the Talent Management team working together with the employees themselves, their superiors and HR Business Partners / HR Regional Managers in accordance with their development plans. 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, 171 HIPOs, classified as 25 Young Talents, 62 Emerging Talents, and 84 Star Talents, took part in the two-year Talent Development Programs that are enriched with rotation, e-learning, classroom training, interactive workshops, mentoring programs and experience-sharing meetings. In addition, 660 HIPERs attended professional and personal development programs within the frame of their individual development plans.

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

The annual cordial event, TEB Talent Day that has been bringing together the talents on a new theme each year since 2009, puts innovation on the center stage, serves to nurture the talents, promote internal recognition and foster relationships. TEB Talent Day 2018 had adopted the theme “From I to We/WeQ is the New IQ”.

### **Global Talent Management**

Global talents are also presented with the opportunity to take part in BNP Paribas Global Talent Development Programs. In 2018, 29 talents in total participated in global talent programs.

Within the scope of the IRB’s international program “Learn from Each Other”, 11 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 2018. Global Young Talents had the opportunity to gain an insight into the Turkish Banking Sector and TEB during their visits and took part in various field visits and on-the-job trainings. 9 young talents sent from Turkey captured the chance to have this experience in the above-mentioned countries.

### **TEB Idea Magicians: TEB Fikirbazlar**

The Idea Magicians: 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 as a team 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 Master (one of the TEB Leaders in top management) with three Apprentices (Y generation TEB employees), 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.

27 Apprentices have been selected from among the applications collected for the 2017-2018 period. On 7 February 2019, 9 projects will be presented to senior management and studies will continue to adopt the chosen projects within the Bank.

### **Change Management**

Within the scope of Change Management practices, for each project which changes the business manners, a specific change management plan is prepared and adopted. In this way, the Bank aims to ensure that the change is perceived and embraced by employees across the organization, it becomes a part of their lives and it becomes sustainable.

In 2018, change management activities were executed aiming at developing Customer Focused Service Culture which is one of the most significant subjects for sustainable success. In this context, **CCC- Customer Centricity Center** was formed consisting of a multi-disciplinary team.

CCC - Customer Centricity Center is primarily focused on customers. Topics are identified upon listening to related parties and development efforts have started which will support the field in terms of behaviors, systems and processes.

One of the significant improvement areas identified was accuracy, timeliness and easy accessibility of information related with products, services and campaigns. A common template was prepared for documents and current documentation was transformed to comply with this template. A new process was established in order to keep this information up-to-date. With E-DYS (Electronic Document Management System) a new structure was built for product owners to systematically monitor and update their documents.

**ArabulBOT** platform was developed and launched that has a chat-bot front-end, is easy to access, up-to date and practical which allows users to access all information and documents about products, services and transactions from a single channel.

In order to determine training needs of our friends at the field, to keep them up-to-date and ensure that they quickly learn about a new product or service, a fun game was launched called QUIZGAME. Behavioral trainings on customer focus were designed specifically for network employees and it was ensured that all target employees have taken these trainings.

With **Tone of Voice** activities, studies to determine the ideal communication language in every channel through which the Bank contacts its customers were performed (SMS, ATM, e-mail, etc.)

All actions taken by CCC - Customer Centricity Center is to enable employees rapidly and easily access information. Another new solution center was established for issues faced by the employees at the field. With the new **Customer Support Solution Center** the Bank responds not only to technical problems but also issues on customer transactions, acceptances and processes.

### Remuneration and Fringe Benefits

Salaries at TEB are paid at the last day of the month 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 incentive or performance bonuses for their

achievement of qualitative and quantitative targets. The average performance-based payments made by the Bank in 2018 in total corresponded to 2 times average monthly base pay of the employees receiving them.

### TEB Saklıköy Formation Academy

Located at Saklıköy, 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 without interruption in 2018. Within this framework;

- New-generation solutions in the learning experience were provided by investing personalized e-learning supported by gamification technologies.
- TEB Digital Campus, which has more than 1,000 contents and 10,000 users, has continued to serve TEB Employees with 7/24 e-learning services with mobile support. In addition to these, at My development, which is an e-learning platform of BNP Paribas, mandatory trainings were assigned to TEB employees.
- TEB HR Mobile application was launched. With this application, TEB employees are enabled to access internal mobility opportunities, consistency level of their skills to open positions and all self-service HR menus via a single application.
- HR Chat Bot (T-BOT) application was launched. During its first month, T-Bot was used 4,986 times by 2,834 people.
- With TEB Digital Onboarding Project, employees who were accepted to their jobs at the Bank were included in the digital orientation process before the start-date and their rapid adaptation was ensured.

- TEB career social media accounts continued to grow rapidly and the number of their followers and interactions continued to increase. Our followers were able to access our career opportunities, apply for jobs and obtain information about our events.
- Efforts on increasing HR Data Quality continued to ensure all data is complete, consistent, reliable and accurate. HR System improvements continued for compliance with the Law on Protection of Personal Data (KVKK).
- “Let’s Get Digital” training platform of BNP Paribas which aims to increase the digital competencies of employees was translated into Turkish and launched.
- “About Me” platform of BNP Paribas which provides an end-to-end digital HR experience was launched. A single platform was established with this system where HR processes and its stakeholders are connected.

#### **HR Solution Center**

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 respect in 2018.

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 most preferred bank 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 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 by setting up the “Employee Sounding Board” consisting of 600 representatives from all organizational groups at the Bank. This 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. With the Employees Sounding Board which supports employees’ to involve themselves in decision-making processes on issues that affect them and which is recognized as a good example in the industry, action plans are being prepared each year and actions are taken with the sponsorship of senior management.

Along with the target of becoming a “Great Place to Work”, all TEB executives are responsible to take actions and put them in practice within their domains according to their departments’ survey results. All TEB executives received required trainings in this.

In the 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, an Internal Customer Survey, and biennial Great Place to Work Survey by Great Place to Work Company which all TEB employees participate. 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 8 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 as one of the Top Employers of

Europe and Turkey in 2018, as the result of the works which have been done within the scope of “Great Place to Work” journey that started within the aim of “Appreciation of the Employee”. 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 internal communication has been carried out with this motto in 2018.

“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 2018, 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”.

#### **Welcome to TEB Family Intranet Page (On Boarding)**

This page which is a guide to help employees with their orientation at their first day in TEB and ease their adaptation, with all the necessary information, is located at IntraTEB.

#### **TEB Employees Together**

In 2018, the following events were organized;

- “HR Face to Face (İK Bizbize) Meetings” where the results of the employee surveys are shared with the whole group 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 Bulletins**

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

#### **Special Day Celebrations**

As part of the activities that will improve engagement and make the employees feel special, special days like New Year and religious holidays were celebrated, various gifts were presented to employees, and celebration messages were delivered.

#### **Management Seminar**

Annual Management Seminar was held in order to inform the managers about the performance of the Bank and deliver senior management’s messages in early 2018.

#### **TEB Oscar Awards**

It is an internal competition which allows TEB employees to express their passion, loyalty and how they work together in harmony and successfully and enhance the sincere and reliable working environment.

TEB Oscar Awards were organized for the 6th time this year and it became a conventional event. This year’s theme was Turkish Cinema and the life at TEB. 26 teams participated in the competition. Past themes of TEB Oscar Awards were: Hayde, Happy, Folk Dance, Choir, Musical.

#### **TEB Sports Academy**

Internal sports tournaments and events are organized in order to protect employee health, strengthen team spirit increasing employees’ engagement and commitment and creating social benefits as an expression of social responsibility. In this respect, employees are also encouraged to take part in external sports leagues and tournaments to represent the Bank.

The highlights of TEB Sports Academy activities in various branches in 2018 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
- İstanbul Tennis Champions Cup and Interbank Tennis Tournament
- Pilates classes

TEB Football Team came in second among 20 teams in the Corporate Football League 2018, while TEB Women's Volleyball Team won the championship and TEB Men's Volleyball Team won the 3rd place in Corporate Games 2018.

TEB Tennis Team ranked first at FERB Business Tennis Cup.

#### **TEB Club Activities**

TEB Club organizes activities in areas of interest for company employees in order to bring them together outside the workplace as well. TEB club activities are the TEB Band, TEB Classical Turkish Music Choir, TEB Photography Club, TEB Chess Club and TEB Theatre Club.

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

In 2017-2018 period, TEB Human Resources Group came together with 5,000 employees in 47 HR Face to Face (İK Bizbize) meetings held with all Headoffice and Regional employees. The scope of these meetings is 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 and Koruncuk by volunteering by running or donating on behalf of TEB runners.

- TEB runners run every year The İstanbul Marathon and Runatolia Marathon to support philanthropic organizations and TEB employees support these solidarity runs with their donations on behalf of TEB runners.
- In these charity marathons to which TEB has been attending since 2008, TEB has been recognized as one of the "Most Kind Hearted Companies" from among the companies in the financial services sector that ran for a charitable cause.\*
- Within the scope of the "Dream up" program carried out in cooperation with the BNP Paribas Foundation, TEB has provided regular music education by professional music instructors, to children aged 8-14 living in the Koruncuk Foundation Children's Village and a children's choir was formed.
- Having reached 39 children, the Children's Choir continued to receive music lessons from October 2017 until May 2018.
- Dream up, which was a 3 year program covering 2015-2018 period, was completed in 2018.

#### **Innovation at TEB**

With its continuous efforts on innovation since 2007, TEB has been cited as an exemplar of innovation by the world-famous research company Gartner and 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 2018, TEB continued its 'innovation ecosystem' approach and provided 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.

With TEB Home program which has first started in 2018, TEB employees started to carry their entrepreneurial skills further and experience realizing their projects with start-ups.

\* Based on the 2008-2018 cumulative data of Adım Adım Platform.

## **TEB Intrapreneurship Program**

With Intrapreneurship Program, which is a first in the industry, 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 them as if they own the business, take initiative, have a high sense of responsibility and loyalty. The Program targets to create intrapreneurs who will come up with innovative projects that will change the future of the Bank and implement their projects.

With TEB Intrapreneurship 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, mentoring and acceleration programs to turn their ideas in to practice.

TEB Intrapreneurship Program has been an important 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 2018, in the fourth year of TEB Intrapreneurship Program, more than 300 project applications were received from employees with entrepreneurial spirit.

## **TEB HOME**

As a joint working platform with the objective of accelerating innovation, HOME is a program which aims to enable ideas and projects which emerge as a result of TEB Innovation programs put in to practice as "Minimum Viable Products". Within the scope of the program, TEB intrapreneurs are able to test and execute their ideas with the help of start-ups using design thinking, lean and agile methods.

## **TEB Startups Practice**

On 9-10 April 2018, 150 participants consisting of BNP Paribas representatives, TEB employees and start-ups got together at an event on TEB-Start-up collaboration at TEB Saklıköy Formation Academy.

In addition to applications regarding start-ups at BNP Paribas Group and TEB, participants had the opportunity to hear about Turkey Fintech Ecosystem research.

Participants exchanged ideas about start-ups' expectations from corporate firms and realized group studies on "TEB and Start-up Collaboration" sharing their suggestions and creative ideas with each other during the event.

## **Annual TEB Innovation Summit**

11th Annual TEB Innovation Summit has been organized in 2018, which is one of the largest reflections of TEB's innovation practices outside the Bank.

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

2018: WeQ the New IQ

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

At the 2018 event themed "WeQ: New IQ" , local and foreign speakers who are leading names in the sector pointed out that activating interpersonal connections and synergies, working on a joint solution and creating a culture of acting together, in other words "collaboration" and the new "We Culture" is more important than ever in today's business world.

In addition, creative employees who conveyed their ideas through the Internal Innovation Competitions, as well as customers, university

students, new graduates and technology startups that were placed in the “Let’s Get Innovative, TEB Open 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 2017-2018 period, 15,600 projects were submitted to TEB for consideration as entries in the Let’s Get Innovative competition. The Bank’s [www.letsgetinnovative.com](http://www.letsgetinnovative.com) ([www.icatcikar.com](http://www.icatcikar.com)) website, through which submissions are made, received 260,000 visitors from 102 countries.

TEB transforms innovative ideas received from customers, university students and newly-graduated young professionals into products and services for TEB customers.

In 2017-2018 period, over 1,800 applications in the technological innovation category have 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.

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

During 2018, 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 7,000 students through promotion activities, company presentations, career days, executive talks, elevator pitches and case selection processes held on the campuses of İstanbul Technical, Koç, Boğaziçi, Middle East Technical, Bilkent, İstanbul, Marmara, Sabancı, Erzurum Technical, Çukurova, Anadolu, Bilgi, 9 Eylül, Osmangazi, Süleyman Demirel, İYTE, KKTC East Mediterranean, KKTC Middle East Technical universities.

Throughout the academic semester, TEB took part in campus activities, special sessions and classroom participations, career festivals as well as digital platforms. Student selected during these events

participated in 3 “Innovation Campus” and 4 “A Day at TEB” 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.

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 210 students that took part in Elevator Pitches and Case Studies in 2018, the most successful 52 attended the Innovation Campus. Juniors with an outstanding performance were offered to take part in the Shortcut traineeship program and seniors with an outstanding performance were offered job opportunities.

In 2018, 2 of the senior students who successfully completed the Innovation Campus started to work at TEB within the scope of new graduate young talent program and 10 junior students were selected for the Shortcut traineeship program.

Shortcut traineeship program 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.

Within Information Technologies young talent recruitment program, senior students from universities were offered the opportunity to work part-time at TEB. Within the scope of this program, 101 candidates applied for the job were included in the process and among them, 18 students with an outstanding performance started their part-time jobs in the Bank. After their graduation, 10 of these students started to work at full-time positions.

100 university students across Turkey completed their 2018 compulsory summer internship program for universities.

Within the scope of compulsory internship for trade vocational high schools for 2018-2019 winter period, 82 high school students started their internship across Turkey.

### **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 today's financial services industry, TEB Academy seeks to support the personal and professional development of its employees in the most effective way possible. Trainings designed 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 2018, approximately 9,300 TEB employees participated in classroom trainings. Employees participating in more than one training, there were almost 50,000 attendees to classroom trainings, 600 attendees of on-the-job trainings and approximately 180,000 attendees to e-learning trainings. TEB's own instructor personnel provided 48% of all in-house training.

During 2018, 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 for newcomers were organized.
- Executives attended trainings in 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 also trainings outside the Bank (in

Turkey, abroad, BNP Paribas, MOOC online training platforms) as well.

- In addition to the already existing SME Consultancy, SME Expertise, Micro SME Consultancy, Agriculture Expertise, Corporate Banking, Banking Operations and Human Resources Academy programs under the umbrella of TEB Academy, CIB Academy, Customer Contact Management (Call Center) Academy, Digital Academy and Digital Law Academy were opened in 2018.
- Within "TEB Digital Academy" which started in 2018, customized trainings for various Bank groups were designed. The objective of the Bank is to provide employees with opportunities to keep up with the rapid digital transformation environment and realize that by developing their knowledge and skills through an interactive and integrated learning experience that they build together. Within the scope of this program, awareness, digital competencies, technical knowledge and expertise trainings are organized based on the needs of the employees.
- There are new risks entering our lives with the digital transformation. The Bank established a training strategy mitigating these risks, assigned awareness trainings to all Bank employees to adapt Cyber Security culture throughout the organization and organized expertise trainings for those whose roles and responsibilities are directly related with cyber security to develop their skills.
- TEB keeps customer needs in the center of its strategy. In order to refresh information in this area, trainings were designed and organized for all field teams (Business Line Sales Representatives, Branch Transaction Officers and Security Staff) customized based on their specific job descriptions.
- TEB Academy, included new working and learning methods on topics such as design thinking, lean, agile, etc., which have emerged in line with the needs of the changing world, in its training plans and continued to develop its employees in these areas.
- Classroom courses in English continued and 83 employees took advantage of this opportunity in 2018.



- Trainings and exams for compulsory licensing (SPL/BES/SEGEM) were attended/taken by the target group employees. In order to increase the number of SPL (Capital Markets Board) License holders, the training programs were constantly renewed and SPL 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 BNP Paribas Group are assigned 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, US CFTC Swap Dealer, AEIOI, FATCA, Professional Ethics, Protection of Customer Interest, Volcker Rule and the French Banking Law, Know Your Data, Competition Law and Know Your Customer.

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

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

In 2018, TEB's total assets went up by 13% to reach TL 96,9 billion in the January-December period, while the Bank booked TL 1 billion in net profit. Loans, which make up the most important indicator of TEB's support to the economy and its customers, accounted for 66% of its total assets in 2018.

Giving priority to risk management and asset quality, as always, our bank's total credits were TL 64 billion and deposits were up by 15.5% and reached TL 64.2 billion. Maintaining its stable growth along with its robust capitalization, TEB's shareholders' equity reached TL 9,7 billion, while capital adequacy ratio was a strong 16,93%, well above the targeted ratio of 12%. The Bank's NPL ratio was 4,15%.

In October 2018, TEB signed a syndicated loan agreement for EUR 433,5 million and USD 33,5 million with a maturity of 367 days which was participated by 17 international banks. When the paid portion of the loan which was drawn in prior year is compared, renewal rate of 101% was realized. This syndicated loan which is an indicator of TEB's success and strong standing of the industry was not only used particularly in financing of exports, it also provided a great contribution to Turkish economy. All-in-cost of the loan is Euribor+2,65% and Libor+2,75%, for Euro and USD portions, respectively.

TEB's support for SMEs continued. With our "Consultant Bank" approach we not only provide financing to our SMEs which are the driving forces of the Turkish economy but also support them with non-financial products and services. In 2018, TEB conducted many successful activities under SME Banking. With the TEB SME Academy, TEB SME Academy Industry 4.0 and TEB Women's Academy, the Bank travelled from one city to another to continue meeting with SMEs and women entrepreneurs.

TEB SME Banking made another collaboration to support SMEs achieve their sustainable growth and foreign trade targets. TEB's cooperation with Association of Turkish Machine Manufacturers (MİB) which is one of the key representatives of machinery production industry, increased its support to the real sector.

In accordance with the terms of the agreement, joint projects will be conducted and implemented in areas such as technology, entrepreneurship and production with mentoring programs. In addition to that, TEB will provide tailored financial services and products for MİB members. Moreover, TEB will assume coordination of growth and development programs for production and exports to contribute to Turkish economy and exports of MİB members.

In 2018, number of users of TEB's digital banking platform CEPTETEB, which puts digitalization at the center to ease lives of SME customers, has exceeded 600 thousand in its third year.

TEB continues to provide services at numerous parts of Turkey by increasing the number of TEB Practical Branches which were introduced as a necessity of TEB's pioneer position in digital banking and digital transformation of the industry. Number of TEB Practical Branches, the new banking approach which combines digital and physical branches, reached a total of 25 of which eight operates in Istanbul, eight in Bursa, five in Denizli and four in İzmir.

TEB Practical Branches, at which all documentation are authorized digitally over the device, users can perform cash withdrawals, deposits, transfers, payment and credit card delivery transactions as well as transactions which require wet signature. TEB Practical Branches which are planned to be expanded in 2019, also contribute to operational efficiency.

In line with its objective of supporting start-ups which create solutions for finance industry and offering innovative products with them, the Bank started TEB Fintech Future Four Program and cooperated with a strong foreign partner to help Turkish fintechs to open up to foreign countries. TEB Fintech Future Four Program is not a competition but a platform where applications are received throughout the year and bright ideas are expected.

Additionally, the Bank also started a Digital Financial Literacy Program. As one of the oldest implementers of Financial Inclusion Programs which play an important role in reaching Sustainable Development Goals, TEB continues its efforts to expand the habit of savings all around the country and raise a financially literate generation. Within the scope of this program, TEB

helped deliver financial literacy trainings to more than 19 million people from various segments of the society.

We hereby present the operating results and financial statements of TEB for 2018 fiscal year for your comments and review. On behalf of the Board

of Directors and myself, I would like to thank you, our valued shareholders, our team, our customers and our business partners for accompanying and having confidence in us throughout our journey.

Sincerely,

**Board of Directors**

**PROFIT DISTRIBUTION PROPOSAL**

<b>TÜRK EKONOMİ BANKASI A.Ş. PROFIT DISTRIBUTION TABLE FOR THE YEAR 2018 (TL)</b>		
<b>1. Paid-in / Issued Capital</b>		<b>2.204.390.000,00</b>
<b>2. Total legal reserves (According to Legal Records)</b>		<b>348.482.717,58</b>
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)
<b>3</b>	<b>Profit for the period</b>	1.271.540.257,01
<b>4</b>	<b>Taxes to be paid (-)</b>	(269.837.540,51)
<b>5</b>	<b>Net profit for the period ( = )</b>	1.001.702.716,50
<b>6</b>	<b>Losses related to the Previous Years (-)</b>	0,00
<b>7</b>	<b>Primary Legal Reserve (-)</b>	(50.085.135,82)
<b>8</b>	<b>NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)</b>	951.617.580,67
<b>9</b>	<b>Donations made within the year ( + )</b>	-
<b>10</b>	<b>Net distributable profit (including donations)</b>	-
<b>11</b>	<b>First Dividend to Shareholders</b>	0,00
	- Cash	0,00
	- Share Dividend	0,00
	- Total	0,00
<b>12</b>	<b>Dividend distributed to the holders of the privileged share</b>	0,00
<b>13</b>	<b>Dividend distributed to</b>	
	- The Members of Board of Directors	
	- Employees	0,00
	- Other than Shareholders	
<b>14</b>	<b>Dividend distributed to the holders of redeemed share certificates</b>	0,82
<b>15</b>	<b>Second dividend for the shareholders</b>	0,00
<b>16</b>	<b>Secondary Legal Reserves</b>	0,09
<b>17</b>	<b>Statutory Reserves</b>	0,00
<b>18</b>	<b>Special Reserves</b>	0,00
<b>19</b>	<b>EXTRAORDINARY RESERVES</b>	951.617.579,76
<b>20</b>	<b>Other resources planned to be distributed</b>	0,00

<b>DIVIDEND DISTRIBUTION TABLE</b>						
	GROUP	TOTAL DIVIDENDS		TOTAL DIVIDENDS / NET PROFIT FOR THE PERIOD	DIVIDEND TO THE SHARE WITH A NOMINAL VALUE OF TL 1	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	0,82	0,00	0,00	0,00	0,00
	B	0,00	0,00	0,00	0,00	0,00
	TOTAL	0,82	0,00	0,00	0,00	0,00

## 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 2018.

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, 6 Audit Managers, 3 Supervisor Auditors, 24 Auditors, 12 Authorized Assistant Auditors, 28 Assistant Auditors, 4 IT Auditors, 1 IT Assistant Auditor, 1 Internal Audit Group Support and Coordination Officer 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 2018 audit activities, 254 branches were audited.

In addition to branch audits, inspections were conducted in a total of 41 different areas: 30 at the Head Office, 6 at subsidiaries, 5 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 Division TRNC Compliance Division, Financial Markets Legislation Division 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, Head Office Control Department, Finance and Treasury Transactions Control Department, Control Design and Support Department and IT and Support Department conduct the controls at branches and head office departments, respectively.

In accordance with Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks and MASAK regulations, regulatory and compliance functions are being conducted by Regulation and Compliance units under Compliance and Internal Control Group.

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 Management,
- Rating Models Development,
- Operational Risk and Control
- Market, Financial Institutions Risks and IFRS 9.

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 2018, the Audit Committee met 49 times. The Committee works committedly to monitor the risks on a consolidated basis across the entire Group, to create control points, to review

documented procedures on the basis of activities, to provide the coordination among the Internal Audit Group, Risk Management, Compliance and Internal Control groups, 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 2018 reached to TL 1 billion and the Bank posted a RoE of 11,18% in line with its strategies focused on profitability and productivity.

While the Bank's total assets grew by 13% to TL 96.997 in 2018, total loans reached TL 64 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 16,1 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 48 billion and accounted for 74% of the Bank's performing loans portfolio.

As at end 2018, TEB converted the entirety of the deposits it has collected into loans and finished the year with a loans/deposits ratio of 100%. Time deposits volume that covers a substantial portion of the Bank's funding need went up 14% and the ratio of total deposits to balance sheet liabilities was registered as 66%. On the other hand, demand deposits also reached TL 11,64 billion, making a significant contribution to the Bank in terms of funding cost.

TEB signed a syndicated loan facility agreement with the participation of 17 international banks for the purpose of supplying a loan in the amount of EUR 433,5 million and USD 33,5 million with 367-days maturity. This syndicated loan which is an indicator of TEB's success and strong standing of the industry was not only used particularly in financing of exports, it also provided a great contribution to Turkish economy. All-in-cost of the loan is Euribor+2,65% and Libor+2,75%, for Euro and USD portions, respectively.

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 5,12 billion were offered in domestic markets:

- a 118-day bond with a nominal value of TL 287,8 million in January 2018;
- a 104-day bond with a nominal value of TL 208,1 million in January 2018;
- a 111-day bond with a nominal value of TL 84,3 million in January 2018;
- a 181-day bond with a nominal value of EUR 5 million in January 2018;
- a 118-day bond with a nominal value of TL 72,9 million in February 2018;
- a 119-day bond with a nominal value of TL 377,3 million in February 2018;
- a 123-day bond with a nominal value of TL 4,7 million in March 2018;
- a 119-day bond with a nominal value of TL 342,6 million in March 2018;
- a 119-day bond with a nominal value of TL 272,9 million in March 2018;
- a 175-day bond with a nominal value of TL 151,3 million in April 2018;
- a 125-day bond with a nominal value of TL 225,4 million in April 2018;
- a 119-day bond with a nominal value of TL 477,9 million in April 2018;
- a 119-day bond with a nominal value of TL 247,4 million in May 2018;
- a 126-day bond with a nominal value of TL 316,2 million in May 2018;
- a 98-day bond with a nominal value of TL 307,9 million in July 2018;
- a 98-day bond with a nominal value of TL 356,3 million in July 2018;
- a 122-day bond with a nominal value of TL 11,1 million in July 2018;
- a 91-day bond with a nominal value of TL 587,1 million in August 2018;
- a 72-day bond with a nominal value of TL 109,3 million in August 2018;
- a 70-day bond with a nominal value of TL 135,2 million in September 2018;
- a 69-day bond with a nominal value of TL 374,2 million in November 2018;
- a 70-day bond with a nominal value of TL 163,2 million in December 2018.

## 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.

The ratings are used for the purposes of credit allocation and delegation, assessing TFRS 9 (Turkish 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 TFRS 9 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 and Liquidity 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:

	2018
<b>Moody's Investor Services</b>	
Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	ba3
Long Term Foreign Currency Deposit Rate:	B2
Short Term Foreign Currency Deposit Rate:	NP
Long Term Turkish Lira Deposit Rate	Ba3
Short Term Turkish Lira Deposit Rate:	NP
Outlook	Negative
<b>Fitch Ratings:</b>	
<b>Foreign Currency Commitments</b>	
Long Term	BB-
Short Term	B
Outlook	Negative
<b>Turkish Lira Commitments</b>	
Long Term	BB
Short Term	B
Outlook	Negative
National	AAA (tur)
Outlook	Stable
Financial Capacity Rating	b+

## DONATIONS

Date	Recipient	Amount
04.01.2018	ELİF PARLAKAY / January 2018 scholarhip.	750,00
04.01.2018	SABRİ TALHA PARLAKAY / January 2018 scholarhip.	750,00
04.01.2018	KEREM MERT DALKILIÇ / January 2018 scholarhip.	1.000,00
04.01.2018	ELİF ZEYNEP DALKILIÇ / January 2018 scholarhip.	1.000,00
04.01.2018	YİĞİT EREN DALKILIÇ / January 2018 scholarhip.	1.000,00
04.01.2018	AHMET İBRE / January 2018 scholarhip.	1.000,00
04.01.2018	YUSUF İBRE / January 2018 scholarhip.	1.000,00
04.01.2018	BUSE ARAS / January 2018 scholarhip.	750,00
04.01.2018	NEHİR ARAS / January 2018 scholarhip.	500,00
04.01.2018	TUNA ÇELİK / January 2018 scholarhip.	250,00
10.01.2018	ÇAĞATAY AKSU scholarhip	27.565,22
10.01.2018	Turkish Education Foundation	500,00
16.01.2018	Turkish Education Foundation	50,00
22.01.2018	Turkish Education Foundation	400,00
26.01.2018	Turkish Education Foundation	50,00
29.01.2018	Turkish Education Foundation	200,00
01.02.2018	ELİF PARLAKAY / February 2018 scholarhip.	750,00
01.02.2018	SABRİ TALHA PARLAKAY / February 2018 scholarhip.	750,00
01.02.2018	KEREM MERT DALKILIÇ / February 2018 scholarhip.	1.000,00
01.02.2018	ELİF ZEYNEP DALKILIÇ / February 2018 scholarhip.	1.000,00
01.02.2018	YİĞİT EREN DALKILIÇ / February 2018 scholarhip.	1.000,00
01.02.2018	AHMET İBRE / February 2018 scholarhip.	1.000,00
01.02.2018	YUSUF İBRE / February 2018 scholarhip.	1.000,00
01.02.2018	Buse Aras / February 2018 scholarhip.	750,00
01.02.2018	NEHİR ARAS / February 2018 scholarhip.	500,00
01.02.2018	TUNA ÇELİK / February 2018 scholarhip.	250,00
05.02.2018	Turkish Education Foundation	250,00
07.02.2018	Aegean Contemporary Education Foundation	100,00
07.02.2018	Financial Literacy Association	200.000,00
13.02.2018	Turkish Education Foundation	100,00
19.02.2018	Turkish Education Foundation	100,00
22.02.2018	Turkish Education Foundation	100,00
23.02.2018	Turkish Education Foundation	250,00
26.02.2018	Turkish Education Foundation	50,00
01.03.2018	ELİF PARLAKAY/March 2018 scholarhip.	750,00
01.03.2018	SABRİ TALHA PARLAKAY/March 2018 scholarhip.	750,00
01.03.2018	KEREM MERT DALKILIÇ/March 2018 scholarhip.	1.000,00
01.03.2018	ELİF ZEYNEP DALKILIÇ/March 2018 scholarhip.	1.000,00
01.03.2018	YİĞİT EREN DALKILIÇ/March 2018 scholarhip.	1.000,00
01.03.2018	AHMET İBRE/March 2018 scholarhip.	1.000,00
01.03.2018	YUSUF İBRE/March 2018 scholarhip.	1.000,00
01.03.2018	BUSE ARAS/March 2018 scholarhip.	750,00

01.03.2018	NEHİR ARAS/March 2018 scholarhip.	500,00
01.03.2018	TUNA ÇELİK/March 2018 scholarhip.	250,00
01.03.2018	Turkish Education Foundation	200,00
09.03.2018	Turkish Education Foundation	100,00
12.03.2018	Turkish Education Foundation	200,00
13.03.2018	Turkish Education Foundation	100,00
15.03.2018	Boğaziçi University Foundation	4.719,20
15.03.2018	Turkish Education Foundation	0,00
19.03.2018	Community Volunteers Foundation	15.000,00
19.03.2018	Turkish Education Foundation	50,00
19.03.2018	Association for Supporting Contemporary Life	50,00
19.03.2018	Turkish Education Foundation	100,00
19.03.2018	The Foundation for Children with Leukemia	100,00
19.03.2018	Turkish Education Association	100,00
22.03.2018	Heybeliada Water Sports Club Sports Association	25.000,00
31.03.2018	ISTANBUL FOUNDATION for CULTURE and ARTS	7.896,00
02.04.2018	Turkish Education Foundation	350,00
03.04.2018	Turkish Education Foundation	1.250,00
03.04.2018	Turkish Education Foundation	100,00
04.04.2018	ELİF PARLAKAY/April 2018 scholarhip.	750,00
04.04.2018	SABRİ TALHA PARLAKAY/April 2018 scholarhip.	750,00
04.04.2018	KEREM MERT DALKILIÇ/April 2018 scholarhip.	1.000,00
04.04.2018	ELİF ZEYNEP DALKILIÇ/April 2018 scholarhip.	1.000,00
04.04.2018	YİĞİT EREN DALKILIÇ/April 2018 scholarhip.	1.000,00
04.04.2018	AHMET İBRE/April 2018 scholarhip.	1.000,00
04.04.2018	YUSUF İBRE/April 2018 scholarhip.	1.000,00
04.04.2018	BUSE ARAS/April 2018 scholarhip.	750,00
04.04.2018	NEHİR ARAS/April 2018 scholarhip.	500,00
04.04.2018	TUNA ÇELİK/April 2018 scholarhip.	250,00
05.04.2018	Turkish Education Foundation	400,00
06.04.2018	Turkish Education Foundation	300,00
13.04.2018	Turkish Education Foundation	350,00
13.04.2018	Turkish Education Foundation	100,00
18.04.2018	Turkish Education Foundation	200,00
25.04.2018	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	150,00
25.04.2018	TÜSİAD (Turkish Industry and Business Association)	5.000,00
26.04.2018	Turkish Education Foundation	100,00
30.04.2018	Turkish Education Foundation	500,00
30.04.2018	Turkish Education Foundation	200,00
02.05.2018	ELİF PARLAKAY / May 2018 scholarhip.	750,00
02.05.2018	SABRİ TALHA PARLAKAY / May 2018 scholarhip.	750,00
02.05.2018	KEREM MERT DALKILIÇ / May 2018 scholarhip.	1.000,00
02.05.2018	ELİF ZEYNEP DALKILIÇ / May 2018 scholarhip.	1.000,00
02.05.2018	YİĞİT EREN DALKILIÇ / May 2018 scholarhip.	1.000,00

02.05.2018	AHMET İBRE / May 2018 scholarhip.	1.000,00
02.05.2018	YUSUF İBRE / May 2018 scholarhip.	1.000,00
02.05.2018	BUSE ARAS / May 2018 scholarhip.	750,00
02.05.2018	NEHİR ARAS / May 2018 scholarhip.	500,00
02.05.2018	TUNA ÇELİK / May 2018 scholarhip.	250,00
07.05.2018	Turkish Education Foundation	200,00
07.05.2018	Turkish Education Foundation	500,00
08.05.2018	Turkish Education Foundation	500,00
08.05.2018	Turkish Education Foundation	200,00
09.05.2018	Turkish Education Foundation	200,00
09.05.2018	Turkish Education Foundation	50,00
10.05.2018	Turkish Education Foundation	100,00
15.05.2018	TASSA Airlines Flight Attendants Association	3.000,00
23.05.2018	Turkish Education Foundation	100,00
28.05.2018	KOSGEB (Small and Medium Industry Development Organization)	118.000,00
31.05.2018	Turkish Education Foundation	100,00
04.06.2018	Turkish Education Foundation	100,00
04.06.2018	Turkish Education Foundation	200,00
07.06.2018	Istanbul University Faculty of Business Administration Research and Assistance Foundation	8.590,00
12.06.2018	Aegean Contemporary Education Foundation	100,00
19.06.2018	Turkish Education Foundation	100,00
20.06.2018	Turkish Education Foundation	100,00
22.06.2018	Turkish Education Foundation	100,00
25.06.2018	Turkish Education Foundation	250,00
28.06.2018	Turkish Education Foundation	100,00
02.07.2018	Turkish Education Foundation	70,00
02.07.2018	Aegean Forest Foundation	100,00
02.07.2018	Turkish Education Foundation	200,00
05.07.2018	Akdeniz University.	2.600,64
09.07.2018	Turkish Education Foundation	2.600,00
10.07.2018	Turkish Education Foundation	600,00
10.07.2018	Turkish Education Foundation	150,00
12.07.2018	Turkish Education Foundation	300,00
16.07.2018	Turkish Education Foundation	100,00
16.07.2018	Turkish Education Foundation	100,00
17.07.2018	Turkish Education Foundation	400,00
18.07.2018	Turkish Education Foundation	50,00
18.07.2018	Turkish Education Foundation	50,00
19.07.2018	Turkish Education Foundation	100,00
20.07.2018	Turkish Education Foundation	200,00
24.07.2018	Turkish Education Foundation	80,00
24.07.2018	Turkish Education Foundation	250,00
31.07.2018	Turkish Education Foundation	1.000,00
08.08.2018	Turkish Education Foundation	400,00

10.08.2018	The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats	50.000,00
16.08.2018	Aegean Contemporary Education Foundation	125,00
17.08.2018	Turkish Education Foundation	150,00
27.08.2018	Turkish Education Foundation	200,00
28.08.2018	Turkish Education Foundation	200,00
29.08.2018	Aegean Contemporary Education Foundation	125,00
31.08.2018	Turkish Education Foundation	100,00
31.08.2018	Turkish Foundation for Children in Need of Protection	100,00
31.08.2018	Turkish Education Foundation	100,00
03.09.2018	Turkish Education Foundation	250,00
04.09.2018	Turkish Education Foundation	200,00
05.09.2018	Turkish Education Foundation	100,00
12.09.2018	Turkish Education Foundation	600,00
13.09.2018	Turkish Education Foundation	100,00
13.09.2018	Turkish Education Foundation	100,00
14.09.2018	Turkish Education Foundation	200,00
18.09.2018	Turkish Education Foundation	950,00
18.09.2018	Turkish Education Foundation	300,00
18.09.2018	Turkish Education Foundation	100,00
18.09.2018	Turkish Education Foundation	250,00
18.09.2018	Turkish Education Foundation	100,00
18.09.2018	Turkish Education Foundation	150,00
18.09.2018	Turkish Education Foundation	100,00
19.09.2018	ÇAĞATAY AKSU scholarship	65.517,00
19.09.2018	Turkish Education Foundation	200,00
20.09.2018	Turkish Education Foundation	200,00
21.09.2018	Turkish Education Foundation	200,00
28.09.2018	Turkish Education Foundation	200,00
02.10.2018	Form:1488578(1)-2503-OKŞAN MALKOÇLAR/Personal Representation (Limited)	100,00
05.10.2018	Form:1490482(1)-4866-GÜLÜMSER ÖZGÜN HENDEN/ Personal Representation (Limited)	100,00
09.10.2018	Form:1492401(1)-19955-MEHMET CİHANGİR GÜNGÖR/ Personal Representation (Limited)	50,00
11.10.2018	Form:1493508(1)-524899-TOLGAY KARAASLAN/ Personal Representation (Limited)	200,00
15.10.2018	Form:1493898(1)-31181-ALPAY MURAT YILDIZ/ Personal Representation (Limited)	100,00
16.10.2018	Form:1492556(1)-16644-DENİZ TOR/ Personal Representation (Limited)	50,00
18.10.2018	Form:1495637(1)-503225-ZELİHA FİDAN/ Personal Representation (Limited)	200,00
19.10.2018	Turkish Education Foundation YAVUZ CANEVİ ERTUĞRUL ÇEPNİ İÇİN Ç-D126039(1)	500,00
22.10.2018	ELİF PARLAKAY / September 2018 scholarhip.	750,00
22.10.2018	SABRİ TALHA PARLAKAY / September 2018 scholarhip.	750,00
22.10.2018	KEREM MERT DALKILIÇ / September 2018 scholarhip.	1.000,00
22.10.2018	ELİF ZEYNEP DALKILIÇ / September 2018 scholarhip.	1.000,00
22.10.2018	YİĞİT EREN DALKILIÇ / September 2018 scholarhip.	1.000,00

22.10.2018	AHMET İBRE / September 2018 scholarhip.	1.000,00
22.10.2018	YUSUF İBRE / September 2018 scholarhip.	1.000,00
22.10.2018	BUSE ARAS / September 2018 scholarhip.	750,00
22.10.2018	NEHİR ARAS / September 2018 scholarhip.	500,00
22.10.2018	TUNA ÇELİK / September 2018 scholarhip.	250,00
22.10.2018	İKLİM HİRA ALTINOK / September 2018 scholarhip.	250,00
22.10.2018	ELİF PARLAKAY / October 2018 scholarhip.	750,00
22.10.2018	SABRİ TALHA PARLAKAY / October 2018 scholarhip.	750,00
22.10.2018	KEREM MERT DALKILIÇ / October 2018 scholarhip.	1.000,00
22.10.2018	ELİF ZEYNEP DALKILIÇ / October 2018 scholarhip.	1.000,00
22.10.2018	YİĞİT EREN DALKILIÇ / October 2018 scholarhip.	1.000,00
22.10.2018	AHMET İBRE / October 2018 scholarhip.	1.000,00
22.10.2018	YUSUF İBRE / October 2018 scholarhip.	1.000,00
22.10.2018	BUSE ARAS / October 2018 scholarhip.	750,00
22.10.2018	NEHİR ARAS / October 2018 scholarhip.	500,00
22.10.2018	TUNA ÇELİK / October 2018 scholarhip.	250,00
22.10.2018	İKLİM HİRA ALTINOK / October 2018 scholarhip.	250,00
24.10.2018	Form:1497094(1)-6400-BİROL DEPER/ Personal Representation (Limited)	500,00
26.10.2018	Form:1497982(1)-20437-FİLİZ TEMİR/ Personal Representation (Limited)	150,00
31.10.2018	Form:1499838(1)-6180-NİLSEN ALTINTAŞ/General Representation (Personnel)	450,00
01.11.2018	ELİF PARLAKAY / November 2018 scholarhip.	750,00
01.11.2018	SABRİ TALHA PARLAKAY / November 2018 scholarhip.	750,00
01.11.2018	KEREM MERT DALKILIÇ / November 2018 scholarhip.	1.000,00
01.11.2018	ELİF ZEYNEP DALKILIÇ / November 2018 scholarhip.	1.000,00
01.11.2018	YİĞİT EREN DALKILIÇ / November 2018 scholarhip.	1.000,00
01.11.2018	AHMET İBRE / November 2018 scholarhip.	1.000,00
01.11.2018	YUSUF İBRE / November 2018 scholarhip.	1.000,00
01.11.2018	BUSE ARAS / November 2018 scholarhip.	750,00
01.11.2018	NEHİR ARAS / November 2018 scholarhip.	500,00
01.11.2018	TUNA ÇELİK / November 2018 scholarhip.	250,00
01.11.2018	İKLİM HİRA ALTINOK / November 2018 scholarhip.	250,00
02.11.2018	Turkish Education Foundation	200,00
12.11.2018	Turkish Education Foundation	50,00
23.11.2018	It is a donation fee covering mechanical works to Toklucak Village Primary School in Diyadin District of Ağrı.	73.135,05
23.11.2018	It is a donation fee covering mechanical works to Toklucak Village Primary School in Diyadin District of Ağrı.	9.441,70
29.11.2018	Turkish Education Foundation	200,00
03.12.2018	ELİF PARLAKAY / December 2018 scholarhip.	750,00
03.12.2018	SABRİ TALHA PARLAKAY / December 2018 scholarhip.	750,00
03.12.2018	KEREM MERT DALKILIÇ / December 2018 scholarhip.	1.000,00
03.12.2018	ELİF ZEYNEP DALKILIÇ / December 2018 scholarhip.	1.000,00
03.12.2018	YİĞİT EREN DALKILIÇ / December 2018 scholarhip.	1.000,00
03.12.2018	AHMET İBRE / December 2018 scholarhip.	1.000,00
03.12.2018	YUSUF İBRE / December 2018 scholarhip.	1.000,00



03.12.2018	BUSE ARAS / December 2018 scholarhip.	750,00
03.12.2018	NEHİR ARAS / December 2018 scholarhip.	500,00
03.12.2018	TUNA ÇELİK / December 2018 scholarhip.	250,00
03.12.2018	İKLİM HİRA ALTINOK / December 2018 scholarhip.	250,00
06.12.2018	Turkish Education Foundation	50,00
07.12.2018	Turkish Education Foundation	200,00
11.12.2018	Turkish Education Foundation	50,00
12.12.2018	Kofçaz County Directorate of National Education	1.140,00
12.12.2018	Turkish Red Crescent Association Edremit Branch	785,00
12.12.2018	Iğdır Governorship Hürriyet Primary School	1.290,00
12.12.2018	Akşehir Municipality	50,00
12.12.2018	Orhangazi District -Tuna Secondary School	1.310,00
12.12.2018	TOKİ Şeh.A.salam Özatak Primary School	2.040,00
12.12.2018	Kepez District -Baraj Secondary School.	50,00
12.12.2018	Gemlik Municipality	775,00
12.12.2018	K.çekmece District -Halkalı Vocational and Technical Anatolian High School	770,00
12.12.2018	Tarsus District -Kazım Taşkın İO	200,00
12.12.2018	Kağıthane District -Gültepe Vocational and Technical Anatolian High School	975,00
12.12.2018	İzmit District -İzmit Vocational and Technical Anatolian High School	2.270,00
12.12.2018	Ç.Y.T.Tutumluer Primary School/Feridun T.AO	930,00
12.12.2018	Ş.kamil County Directorate of National Education.	540,00
12.12.2018	İlkadım District -Municipality Secondary School	105,00
12.12.2018	Ünye Police Department	330,00
12.12.2018	Dr.İ.Kamil Tarhan Secondary School	895,00
12.12.2018	Düzce Provincial Directorate of National Education donation of 31 assets	630,00
12.12.2018	Turkish Maarif Foundation	300,00
21.12.2018	Turkish Education Foundation	250,00
25.12.2018	Yenişehir District Tanışık Primary School	550,00
25.12.2018	Cengizhan Anatolian High School	540,00
28.12.2018	Turkish Education Foundation	100,00
31.12.2018	Koç University	141.480,00

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

(TL thousand)	31.12.2014	2014-2013 change	31.12.2015	2015-2014 change	31.12.2016	2016-2015 change	31.12.2017	2017-2016 change	31.12.2018	2018-2017 change
Liquid Assets	9.820.075	37,62%	11.237.316	14,43%	15.237.022	35,59%	13.489.109	-11,47%	19.852.854	47,18%
Securities	4.717.696	-9,37%	4.673.796	-0,93%	4.668.068	-0,12%	5.558.278	19,07%	6.699.383	20,53%
Loans	45.392.210	19,03%	53.212.833	17,23%	56.363.829	5,92%	63.290.777	12,29%	63.998.823	1,12%
Other Assets	3.061.908	4,41%	2.836.397	-7,37%	3.458.471	21,93%	3.420.065	-1,11%	6.446.104	88,48%
<b>Total Assets</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>	<b>96.997.164</b>	<b>13,11%</b>
Demand Deposits	5.496.770	1,34%	6.981.476	27,01%	7.628.600	9,27%	9.504.405	24,59%	11.644.855	22,52%
Time Deposits	33.941.791	17,59%	37.414.384	10,23%	42.204.058	12,80%	46.072.311	9,17%	52.572.309	14,11%
Funds Borrowed	12.604.468	30,84%	15.919.560	26,30%	16.596.691	4,25%	15.186.301	-8,50%	14.671.854	-3,39%
Other Liabilities	5.045.881	20,13%	4.683.098	-7,19%	5.498.640	17,41%	5.975.535	8,67%	8.369.638	40,07%
Equity (Exl, profit)	5.280.419	11,13%	6.079.371	15,13%	6.857.602	12,80%	7.950.838	15,94%	8.736.805	9,89%
Net Income	622.560	16,36%	882.453	41,75%	941.799	6,73%	1.068.839	13,49%	1.001.703	-6,28%
<b>Total Liabilities</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>	<b>96.997.164</b>	<b>13,11%</b>
NPL Ratio	2,43%	0,18%	2,28%	-0,15%	3,08%	0,80%	3,02%	-0,06%	4,15%	1,13%
Return on Equity	12,03%	0,46%	14,68%	2,65%	13,53%	-1,15%	13,38%	-0,15%	11,18%	-2,20%
Return on Assets	1,07%	-0,03%	1,31%	0,24%	1,24%	-0,07%	1,29%	0,05%	1,10%	-0,20%
Capital Adequacy Ratio	13,96%	-0,27%	13,94%	-0,02%	14,37%	0,43%	16,12%	1,74%	16,93%	0,81%

## BRANCHES

BRANCH	ADDRESS	COUNTY	PROVINCE	TELEPHONE
Ankara Branch	Kazım Özalp Mahallesi, Reşit Galip Caddesi, No:87	Çankaya	Ankara	+ 90 850 204 00 06
İstanbul Corporate Branch	Gayrettepe Mahallesi Yener Sokak No:1 Kat:1/A Beşiktaş 34349 İstanbul	Beşiktaş	İstanbul	+ 90 850 204 00 12
Osmanbey Branch	Cumhuriyet Mah. Halaskargazi Cad. No:103B Şişli 34380 İSTANBUL	Şişli	İstanbul	+ 90 850 204 00 13
Bakırköy Branch	Cevizlik Mah, İstanbul Cad, No:24 Bakırköy 34142 İstanbul	Bakırköy	İstanbul	+ 90 850 204 00 14
Suadiye Branch	Bağdat Cad. German Apt. 456 Suadiye	Kadıköy	İstanbul	+ 90 850 204 00 15
Etiler Branch	Etiler Mahallesi Nispetiye Cad. No:97 Kat:1 Beşiktaş 34337 İSTANBUL	Beşiktaş	İstanbul	+ 90 850 204 00 16
Bursa Branch	Doğanbey Mahallesi Fevzi Çakmak Caddesi, No:52/B Osmangazi 16220 BURSA	Osmangazi	Bursa	+ 90 850 204 00 17
Kozyatağı Corporate Branch	Değirmen Sokak Nida Kule No:18 Kat:3 Kozyatağı Kadıköy 34710 İstanbul	Kadıköy	İstanbul	+ 90 850 204 00 18
Denizli Branch	Saraylar Mahallesi İzmir Blv. TEB Sit. No:57 Merkezefendi 20010 Denizli	Merkezefendi	Denizli	+ 90 850 204 00 19
İzmit Branch	Körfez Mahallesi, Ankara Karayolu, No:123/3	Merkez (İzmit)	Kocaeli	+ 90 850 204 00 20
Bayrampaşa Branch	Yenidoğan Mah. Abdi İpekçi Cad. No:4D Bayrampaşa 34030 İSTANBUL	Bayrampaşa	İstanbul	+ 90 850 204 00 22
Kayseri Branch	Cumhuriyet Mahallesi Turan Cad. No:3 Melikgazi 38110 KAYSERİ	Melikgazi	Kayseri	+ 90 850 204 00 23
Antalya Branch	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No:53/A-B Muratpaşa 07010 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 00 25
Adana Branch	Turan Cemal Beriker Bulvarı Güleç İşhanı,23 Seyhan 01120 ADANA	Seyhan	Adana	+ 90 850 204 00 26
Gaziantep Branch	İncili Pınar Mah. Muammer Aksoy Bulvarı Dünya İş Merkezi 34/2	Şehitkamil	Gaziantep	+ 90 850 204 00 28
Eminönü Branch	Hobyar Mahallesi, Vakıf Hanı Sokak, No:8 Fatih 34112 İSTANBUL	Fatih	İstanbul	+ 90 850 204 00 29
Konya Branch	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Cengizhan No:130/1 Selçuklu 42060 Konya	Selçuklu	Konya	+ 90 850 204 00 30
Kahramanmaraş Branch	Hayrullah Mahallesi Azerbaycan Blv Ağdaş Plaza Sit. No:12 A Onikişubat 46040 Kahramanmaraş	Onikişubat	Kahramanmaraş	+ 90 850 204 00 31
Merter Branch	Osmaniye Mahallesi, Keresteciler Sitesi, Fatih Caddesi, No:21	Güngören	İstanbul	+ 90 850 204 00 32
Ulus Ankara Branch	Anafartalar Mah. Sanayi Cad. No:15/1-2-3-4-5-6-7 Altındağ 06050 ANKARA	Altındağ	Ankara	+ 90 850 204 00 34
Gebze Branch	Hacı Halil Mah.Zübeyde Hanım Cad. No:33/B	Gebze	Kocaeli	+ 90 850 204 00 35
Pendik E-5 Branch	Çınardere Mahallesi Gönenli Mehmet Efendi Caddesi No:85 Pendik 34896 İstanbul	Pendik	İstanbul	+ 90 850 204 00 37
Mersin Branch	Camışerif Mahallesi İsmet İnönü Bulvarı No:94A Akdeniz 33010 MERSİN	Akdeniz	Mersin	+ 90 850 204 00 38
Güneşli Branch	15 Temmuz Mahallesi Koçman Caddesi No:36B Bağcılar 34212 İSTANBUL	Bağcılar	İstanbul	+ 90 850 204 00 39
İzmir Branch	Cumhuriyet Bulvarı 109-A	Konak	İzmir	+ 90 850 204 0040

Eskişehir Branch	İstiklal Mahallesi, İki Eylül Cad. No:2/1 Odunpazarı 26010 Eskişehir	Odunpazarı	Eskişehir	+ 90 850 204 00 41
Kalamış Branch	Faruk Ayanoğlu Cad.Barış Apt. 19/1-2 Fenerbahçe	Kadıköy	İstanbul	+ 90 850 204 00 42
Ümraniye Branch	Alemdağ Cad. 194/2	Ümraniye	İstanbul	+ 90 850 204 00 43
Maçka Branch	Harbiye Mah. Kadırgalar Cad. No:13A Şişli 34367 İSTANBUL	Şişli	İstanbul	+ 90 850 204 00 45
Beylikdüzü Branch	Beylikdüzü OSB Mah. Açelya Cad. No:1/8 Beylikdüzü 34524 İSTANBUL	Beylikdüzü	İstanbul	+ 90 850 204 00 47
Bebek Branch	Cevdet Paşa Caddesi, No:55 Bebek	Beşiktaş	İstanbul	+ 90 850 204 00 48
4. Levent Branch	Emniyet Evleri Mahallesi Eski Büyükdere Caddesi No:11/A Kağıthane 34415 İSTANBUL	Kağıthane	İstanbul	+ 90 850 204 00 49
Pınarbaşı Branch	Ümit Mah. Kemalpaşa Cad. No:333 B Pınarbaşı Bornova 35060 İZMİR	Bornova	İzmir	+90 850 204 00 50
Kemalpaşa Branch	Atatürk Mahallesi, İzmir Caddesi, No:89 Kemalpaşa OSB Kemalpaşa 35177 İZMİR	Kemalpaşa	İzmir	+ 90 850 204 00 51
Karabağlar Branch	Aşık Veysel Mahallesi Yeşillik Caddesi No: 437-441/B Karabağlar 35110 İZMİR	Karabağlar	İzmir	+ 90 850 204 00 53
Yeşilköy Branch	İstasyon Caddesi Orhan Gazi Sok. No:1 Zemin Kat Kısım A Yeşilköy Bakırköy 34801 İSTANBUL	Bakırköy	İstanbul	+ 90 850 204 00 54
Trakya Corporate Branch	Nur Yıldız Plaza 15 Temmuz Mahallesi Gülbahar Caddesi No:7A Kat:5 Güneşli/Bağcılar 34212 İstanbul	Bağcılar	İstanbul	+ 90 850 204 00 55
Kozyatağı Branch	Sahrayıcedit Mah. Atatürk Cad. No:67A Kadıköy 34734 İstanbul	Kadıköy	İstanbul	+ 90 850 204 00 56
Orta Anadolu Corporate Branch	Simon Bolivar Cad. No:17 Kat: 1-3 ÇANKAYA 06680 ANKARA	Çankaya	Ankara	+ 90 850 204 00 57
Marmara Corporate Branch	23 Nisan Mahallesi, 75.Yıl Caddesi, No:5A/15 Durmazlar İş Merkezi Nilüfer 16120 BURSA	Nilüfer	Bursa	+ 90 850 204 00 58
İkitelli Branch	İkitelli OSB Mahallesi, Atatürk Bulvarı, Dış Kapı No: 52, İç Kapı No: 1 Başakşehir 34490 İSTANBUL	Başakşehir	İstanbul	+ 90 850 204 00 60
İmes Sanayi Sitesi Branch	İmes Sanayi Sitesi C Blok 301/3 Yukarı Dudullu	Ümraniye	İstanbul	+ 90 850 204 00 61
Mecidiyeköy Branch	Büyükdere Cad. 103/1 Mecidiyeköy	Şişli	İstanbul	+ 90 850 204 00 64
Bursa Serbest Bölge Branch	Ata Mah. Serbest Bölge Orkide Cad. No:13/1 Gemlik 16600 BURSA	Gemlik	Bursa	+ 90 850 204 00 65
Çarşı İzmir Branch	1203/1 Sokak, No: 7 Yenişehir, Konak İzmir	Konak	İzmir	+ 90 850 204 00 66
A.O.S.B. İzmir Branch	M. Kemal Atatürk Bulvarı No:42 / 19 Çiğli 35620 İzmir	Çiğli	İzmir	+ 90 850 204 00 67
Ege Corporate Branch	Cumhuriyet Bulvarı 66 Kat:2	Konak	İzmir	+ 90 850 204 00 68
Gündoğdu Branch	Kültür Mahallesi Plevne Bulvarı Dr. Rıfat Bey Apartmanı Zemin Kat No:14A ve 14 /1 Konak 35220 İzmir	Konak	İzmir	+ 90 850 204 00 69
Özel Bankacılık Merkezi Branch	Nispetiye Cad. Dilhayat Sok. No:8 Zemin Kat Etiler	Beşiktaş	İstanbul	+ 90 850 204 00 70
Aksaray İstanbul Branch	Kemalpaşa Mah. Ordu Caddesi No:66A Kat: 1 Fatih 34134 İSTANBUL	Fatih	İstanbul	+ 90 850 204 00 72
Antakya Branch	Yavuz Selim Cad. 5. Mıntika Zühtüye Ökten Çarşısı No:1-2 Antakya Merkez 31100 Hatay	Merkez	Hatay	+ 90 850 204 00 73
Avçılar Branch	Mustafa Kemal Paşa Mahallesi Firuzköy Bulvarı No:115A Avçılar 34320 İstanbul	Avçılar	İstanbul	+ 90 850 204 00 74

Aydın Branch	Kurtuluş Mahallesi Adnan Menderes Bulvarı No:40B/B Efeler 09020 AYDIN	Efeler	Aydın	+ 90 850 204 00 75
Bahçeşehir Branch	Bahçeşehir 2. Kısım Mahallesi Süzer Bulvarı No:13 Başakşehir 34488 İstanbul	Başakşehir	İstanbul	+ 90 850 204 00 76
Balıkesir Branch	Hisariçi Mahallesi Örucüler Caddesi No:14B Karesi 10010 BALIKESİR	Karesi	Balıkesir	+ 90 850 204 00 77
Beşiktaş Branch	Ortabahçe Cad.No :2	Beşiktaş	İstanbul	+ 90 850 204 00 78
Beşyüzevler Branch	Barbaros Hayrettin Paşa Mah. Eski Edirne Asfaltı Cad. No:224B Gaziosmanpaşa 34520 İSTANBUL	Gaziosmanpaşa	İstanbul	+ 90 850 204 00 79
İskenderun Branch	Çay Mahallesi, Atatürk Bulvarı, No:25A İskenderun 31300 HATAY	İskenderun	Hatay	+ 90 850 204 00 85
Girne Bulvarı Branch	Girne Bulvarı No:140 Karşıyaka 35580 İZMİR	Karşıyaka	İzmir	+ 90 850 204 00 86
Altıyol Branch	Söğütlüçeşme Caddesi No:124/126 A	Kadıköy	İstanbul	+ 90 850 204 00 87
Karadeniz Ereğli Branch	Orhanlar Mahallesi Yalı Cad. No:38 Ereğli 67300 ZONGULDAK	Ereğli	Zonguldak	+ 90 850 204 00 88
Malatya Branch	Niyazi Mahallesi Çevre Yolu Sokak (Buhara Bulvarı) Caddesi No:195 Merkez 44100	Merkez	Malatya	+ 90 850 204 00 89
Samsun Branch	Kale Mahallesi Kaptanağa Sok. No: 4/B İlkadım 55030 Samsun	Merkez	Samsun	+ 90 850 204 00 90
Trabzon Branch	Kemerkaya Mah. Kahramanmaraş Caddesi No:35A Ortahisar 61030 TRABZON	Ortahisar	Trabzon	+ 90 850 204 00 91
Uşak Branch	İsice Mah. İsmetpaşa Cad. No:67/B Merkez 64100 UŞAK	Merkez	Uşak	+ 90 850 204 00 92
Zeytinburnu Branch	Prof. Muammer Aksoy Cad. No:85	Zeytinburnu	İstanbul	+ 90 850 204 00 93
Altunizade Branch	Kısıklı Cad. No:19 Altunizade	Üsküdar	İstanbul	+ 90 850 204 00 95
Davutpaşa Branch	Maltepe Mah. Davutpaşa Cad. No:101 DK:230-231-232-352 Topkapı Zeytinburnu 34010 İstanbul	Zeytinburnu	İstanbul	+ 90 850 204 00 96
Şehitkamil Gaziantep Branch	Budak Mahallesi Gazi Muhtarpaşa Bulvarı No:44/D Şehitkamil 27090 Gaziantep	Şehitkamil	Gaziantep	+ 90 850 204 00 97
Bayramyeri Branch	Saraylar Mahallesi Enverpaşa Caddesi Katrancı İşh. No:26/1 Merkezefendi 20010 Denizli	Merkezefendi	Denizli	+ 90 850 204 00 98
Bornova Branch	Manavkuyu Mahallesi Mustafa Kemal Caddesi 132/1A Bayraklı 35535 İZMİR	Bayraklı	İzmir	+ 90 850 204 01 00
Gaziosmanpaşa Ankara Branch	Uğur Mumcu Cad. 76/A Gaziosmanpaşa	Çankaya	Ankara	+ 90 850 204 01 01
Marmaris Branch	Tepe Mahallesi Ulusal Egemenlik Caddesi No:24 Marmaris 48700 MUĞLA	Marmaris	Muğla	+ 90 850 204 01 02
Nilüfer Branch	İhsaniye Mahallesi İzmir Yolu Caddesi No:118 A Nilüfer 16130 BURSA	Nilüfer	Bursa	+ 90 850 204 01 03
Meşrutiyet Caddesi Branch	Meşrutiyet Mahallesi, Meşrutiyet Caddesi No:11 B	Çankaya	Ankara	+ 90 850 204 01 05
Bodrum Branch	Türk Kuyusu Mahallesi, Kıbrıs Şehitleri Caddesi, No:65/A-65/B Bodrum 48400 Muğla	Bodrum	Muğla	+ 90 850 204 01 06
Manavgat Branch	Eski Hisar Mahallesi Demokrasi Bulvarı Öğrekçi Plaza No: 73/Z02-Z03 Manavgat 07600 Antalya	Manavgat	Antalya	+ 90 850 204 01 07
Alanya Branch	Atatürk Cad. 42/A Alanya 07400 ANTALYA	Alanya	Antalya	+ 90 850 204 01 08
Çorlu Branch	Kazimiye Mahallesi, Salih Omurtak Caddesi, No:22/B	Çorlu	Tekirdağ	+ 90 850 204 01 09

Caddebostan Branch	Caddebostan Mahallesi Bağdat Caddesi No:265A/1 Kadıköy 34728 İstanbul	Kadıköy	İstanbul	+ 90 850 204 01 10
Kazasker Branch	Şemsettin Günaltay Cad. No:109/A Erenköy	Kadıköy	İstanbul	+ 90 850 204 01 11
Levent Çarşı Branch	Çarşı Caddesi No:22 1.Levent	Beşiktaş	İstanbul	+ 90 850 204 01 12
Adapazarı Branch	Tıgçılar Mahallesi, Atatürk Bulvarı, No:27	Merkez	Sakarya	+ 90 850 204 01 13
Manisa Branch	1. Anafartalar Mahallesi Mustafa Kemal Paşa Caddesi No:40/A Şehzadeler 45020 MANİSA	Şehzadeler	Manisa	+ 90 850 204 01 14
Lara Branch	Yeşilbahçe Mahallesi Metin Kasapoğlu Caddesi Armada Apt. Sit. No:44 D Muratpaşa 07160 Antalya	Muratpaşa	Antalya	+ 90 850 204 01 15
Afyon Branch	Umurbey Mahallesi Cumhuriyet Meydanı No:7 Merkez 03100 AFYONKARAHİSAR	Merkez	Afyonkarahisar	+ 90 850 204 01 16
Atatürk Caddesi Adana Branch	Kurtuluş Mahallesi Atatürk Caddesi Meryem Gizer Apartmanı No:63/A Seyhan 01130 Adana	Seyhan	Adana	+ 90 850 204 01 17
Büsan Sanayi Sitesi Branch	Fevzi Çakmak Mah. KOSGEB Caddesi No:1/1 Karatay 42050 Konya	Karatay	Konya	+ 90 850 204 01 18
Hadımköy Branch	Akçaburgaz 5.Bölge San 1 Bulvarı 109 Hadımköy	Büyükkçekmece	İstanbul	+ 90 850 204 01 19
Beşevler Sanayi Branch	Üçevler Mahallesi Nilüfer Cad 4 Nilüfer 16130 BURSA	Nilüfer	Bursa	+ 90 850 204 01 20
Maltepe İstanbul Branch	Bağlarbaşı Mahallesi, Bağdat Caddesi, No:477	Maltepe	İstanbul	+ 90 850 204 01 21
Sefaköy Branch	Kartaltepe Mahallesi Çarşı Sokak No:1 / Z-1 Küçükçekmece 34295 İSTANBUL	Küçükçekmece	İstanbul	+ 90 850 204 01 22
Beyazıt Branch	Mimar Hayrettin Mah. Yeniçeriler Caddesi No:29 Beyazıt Fatih 34126 İstanbul	Fatih	İstanbul	+ 90 850 204 01 23
Ostim Branch	Ostim Sanayi Sitesi 100.yıl Bulvarı No:9 Yenimahalle 06370 Ankara	Yenimahalle	Ankara	+ 90 850 204 01 24
Ortaklar Caddesi Branch	Büyükdere Cad. 60/A Mecidiyeköy Şişli 34387 İstanbul	Şişli	İstanbul	+ 90 850 204 01 25
Perpa Branch	Okmeydanı Mah.Perpa Ticaret Merkezi A Blok 922 Kat:7/8/9	Şişli	İstanbul	+ 90 850 204 01 27
Diyarbakır Branch	Peyas Mahallesi, Urfa Bul. Azizoglu Sit. A-Blok No:98 B Kayapınar 21070 Diyarbakır	Kayapınar	Diyarbakır	+ 90 850 204 01 28
Maslak Branch	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No:14/A Sarıyer 34468 İSTANBUL	Sarıyer	İstanbul	+ 90 850 204 01 29
Ortaköy Branch	Yıldız Mahallesi, Çırağan Caddesi, No:97 Ortaköy	Beşiktaş	İstanbul	+ 90 850 204 01 30
Pendik Branch	Batı Mah. Ankara Cad. No:102	Pendik	İstanbul	+ 90 850 204 01 31
Üsküdar Branch	Aziz Mahmut Hüdayi Mah. Hakimiyeti Milliye Cad. No: 50 Kat : 1 Üsküdar 34672 İstanbul	Üsküdar	İstanbul	+ 90 850 204 01 32
Fethiye Branch	Cumhuriyet Mahallesi, Çarşı Caddesi, No:25 Fethiye 48300 MUĞLA	Fethiye	Muğla	+ 90 850 204 01 33
Çiftelavuzlar Branch	Bağdat Cad. Aziz Kaya İş Merkezi No: 193/A Zemin Kat A Kısım Çiftelavuzlar Kadıköy 34730 İstanbul	Kadıköy	İstanbul	+ 90 850 204 01 34
Şanlıurfa Branch	Atatürk Bulvarı Numune Pasajı No:16/2-3 Haliliye 63100 ŞANLIURFA	Haliliye	Şanlıurfa	+ 90 850 204 01 35
Necatibey Branch	Namık Kemal Mah.Necatibey Cad. No : 23/A Kızılay Çankaya 06440 Ankara	Çankaya	Ankara	+ 90 850 204 01 36

Kızılay Branch	Gazi Mustafa Kemal Bulvarı No:7/A Kızılay 06420 Ankara	Kızılay	Ankara	+ 90 850 204 01 38
Karaköy Branch	Kemankeş Karamustafapaşa Mahallesi, Necatibey Caddesi, Hacı Mahmut İş Merkezi, No:72/A Beyoğlu İSTANBUL	Beyoğlu	İstanbul	+ 90 850 204 01 39
Kartal Çarşısı Branch	Ankara Cad. Şimşek Han No: 82 Zemin Kat	Kartal	İstanbul	+ 90 850 204 01 40
Siteler Branch	Siteler Mah. Sırma Sok. No:1 Siteler	Altındağ	Ankara	+ 90 850 204 01 41
Bolu Branch	Aktaş Mah.İzzet Baysal Cad. No:114	Merkez	Bolu	+ 90 850 204 01 42
Çekmeköy Branch	Madenler Mahallesi Serencebey Cad. No:58A Ümraniye 34776 İstanbul	Ümraniye	İstanbul	+ 90 850 204 01 43
Çorum Branch	Çepni Mah. İnönü Cad. No:4 Merkez 19040 Çorum	Merkez	Çorum	+ 90 850 204 01 44
Gebze Organize Sanayi Bölgesi Branch	Gebze Organize Sanayi Bölgesi, Bankalar ve Çarşı Merkezi, 1600 Sokak, No:1601-7 Gebze 41480 Kocaeli	Gebze	Kocaeli	+ 90 850 204 07 34
Göztepe İstanbul Branch	Göztepe Mahallesi Tütüncü Mehmet Efendi Caddesi No:93/A Göztepe Kadıköy 34730 İSTANBUL	Kadıköy	İstanbul	+ 90 850 204 01 46
Tahtakale Branch	Tahtakale Mah. Tahtakale Cad. No:55 Fatih 34116 İstanbul	Fatih	İstanbul	+ 90 850 204 01 47
Erzurum Branch	Kazım Karabekir Paşa Mahallesi, Orhan Şerifsoy Cad. Türk Ekonomi Bankası A.Ş. Apt. No:52 Yakutiye 25100 ERZURUM	Yakutiye	Erzurum	+ 90 850 204 01 48
Akdeniz Üniversitesi Tıp Fakültesi Branch	Dumlupınar Bulvarı Akdeniz Üniversitesi Tıp Fak. Hastanesi H Blok Giriş Katı Konyaaltı 07070 ANTALYA	Konyaaltı	Antalya	+ 90 850 204 07 72
Balgat Branch	Ceyhun Atıf Kansu Cad. No:80 Balgat	Çankaya	Ankara	+ 90 850 204 01 50
Heykel Branch	Bursa Selçuk Hatun Mah. Ressam Şefik Bursalı Cad. No:5 Heykel Osmangazi 16010 BURSA	Osmangazi	Bursa	+ 90 850 204 01 51
İçerenköy Branch	İçerenköy Mah. Çayır Cad. Özce Center İş Merkezi No:3A/1 Ataşehir 34752 İstanbul	Ataşehir	İstanbul	+ 90 850 204 01 52
Fatsa Branch	Mustafa Kemal Paşa Mahallesi Reşadiye Cad. No:14/A Fatsa 52400 ORDU	Fatsa	Ordu	+ 90 850 204 01 53
Didim Branch	Atatürk Bulvarı, No:113/A	Didim	Aydın	+ 90 850 204 01 54
Kavacık Branch	Çubuklu Mahallesi, Orhan Veli Kanık Caddesi No:81/B,	Beykoz	İstanbul	+ 90 850 204 01 55
Yüreğir Branch	Cumhuriyet Mah.770 Sok.No:11/A	Yüreğir	Adana	+ 90 850 204 01 56
Çağlayan Branch	Çağlayan Mahallesi, Kağıthane Caddesi, No:141/D Kağıthane 34403 İSTANBUL	Kağıthane	İstanbul	+ 90 850 204 01 57
Çarşamba Branch	Dr.Tevfik Türker Caddesi No:13	Çarşamba	Samsun	+ 90 850 204 01 58
İzmir Göztepe Branch	Göztepe Mahallesi Mithatpaşa Caddesi No:984A Konak 35290 İZMİR	Konak	İzmir	+90 850 204 01 60
Elazığ Branch	Hürriyet Cad. Mehmet Arslan İş Merkezi No:35/A Merkez 23200 Elazığ	Merkez	Elazığ	+ 90 850 204 01 61
Gazlıca Branch	Tayakadın Mahallesi Celal Bayar Caddesi No:35A Osmangazi 16040 BURSA	Osmangazi	Bursa	+ 90 850 204 01 62
Yıldız Branch	Turan Güneş Bulvarı No:17	Çankaya	Ankara	+ 90 850 204 01 63
Barkal Branch	Şakirpaşa Mahallesi Turhan Cemal Beriker Blv. No:249/A Seyhan 01100 Adana	Seyhan	Adana	+ 90 850 204 01 64

Garajlar Branch	Bahar Mahallesi, Ulubatlı Hasan Bulvarı, A Blok No:61C Osmangazi 16240 BURSA	Osmangazi	Bursa	+ 90 850 204 01 65
Niğde Branch	Yenice Mah. Ayhan Şahenk Bulvarı No:15/A Merkez 51200 NİĞDE	Merkez	Niğde	+ 90 850 204 01 66
İvedik Branch	İvedik Organize Sanayi Sit. Melih Gökçek Bulvarı Halk Yapı Koop.No :17/22 Ostim	Yenimahalle	Ankara	+ 90 850 204 01 67
Fethiye İnönü Bulvarı Branch	Taşyaka Mahallesi İnönü Bulvarı No:82/A Fethiye 48300 Muğla	Fethiye	Muğla	+ 90 850 204 01 68
Kayseri Sanayi Branch	Anbar Mahallesi 14. Cadde No:20 Zemin Kat	Melikgazi	Kayseri	+ 90 850 204 01 70
Konyaaltı Branch	Bahçelievler Mahallesi Konyaaltı Caddesi Sıtkı Göksoy Apt No:40 / Z1 Muratpaşa 07050 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 01 72
Alanya Mahmutlar Branch	Mahmutlar Mahallesi Barbaros Caddesi No:98B/A Alanya 07450 ANTALYA	Alanya	Antalya	+ 90 850 204 01 73
Kemer Branch	Yeni Mahalle Dörtüol Bulvarı No:25/B	Kemer	Antalya	+ 90 850 204 01 74
Bağcılar Branch	İstanbul Cad. No:12/B	Bağcılar	İstanbul	+ 90 850 204 01 76
Akçaabat Branch	Orta Mahallesi, İnönü Caddesi No:119 -119 A	Akçaabat	Trabzon	+ 90 850 204 01 77
Topçular Branch	Rami Kışla Cad.Koçbay İş Merkezi No:25/B 7-8 Topçular	Eyüp	İstanbul	+ 90 850 204 01 78
Des Sanayi Branch	Dudullu Organize Sanayi Bölgesi DES Sanayi Sitesi 1.Cadde No: 3/4 Ümraniye 34775 İstanbul	Ümraniye	İstanbul	+ 90 850 204 01 79
Mega Center Branch	Kocatepe Mahallesi Yağ İskelesi Caddesi Mega Center C.51 Blok No:25/A Bayrampaşa 34045 İSTANBUL	Bayrampaşa	İstanbul	+ 90 850 204 01 80
Samsun Sanayi Branch	Yenimahalle Mahallesi 28. Sokak No:23/1 Canik 55080 Samsun	Canik	Samsun	+ 90 850 204 01 81
Ordu Branch	Şarkıye Mah. Süleyman Felek Cad.No:93C Altınordu 52000 ORDU	Altınordu	Ordu	+ 90 850 204 01 82
Acıbadem Branch	Acıbadem Caddesi, No:164/4	Üsküdar	İstanbul	+ 90 850 204 01 83
Teksan Branch	75.Yıl (Sultandere) Mahallesi 1. Cadde (Küçük Org. Sanayi) Cad. C Apt. No:17 B Odunpazarı 26250 ESKİŞEHİR	Odunpazarı	Eskişehir	+ 90 850 204 01 84
Çanakkale Branch	Kemalpaşa Mah.Çarşı Cad. No:113 Merkez 17100 Çanakkale	Merkez	Çanakkale	+ 90 850 204 01 85
Gaziosmanpaşa İstanbul Branch	Merkez Mahallesi Eyüp Yolu No:4 Gaziosmanpaşa 34245 İSTANBUL	Gaziosmanpaşa	İstanbul	+ 90 850 204 01 86
Kurtköy Branch	Şeyhli Mahallesi Ankara Caddesi No:217 A Pendik 34890 İSTANBUL	Pendik	İstanbul	+ 90 850 204 01 87
Antalya Etiler Branch	Etiler Mahallesi 851 Sokak No:2 Muratpaşa 07010 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 01 88
Büyükçekmece Branch	19 Mayıs Mahallesi Nutuk Caddesi No:48A/1 Büyükçekmece 34500 İSTANBUL	Büyükçekmece	İstanbul	+ 90 850 204 01 89
Edremit Branch	Camivasat Mahallesi Menderes Bulvarı No:11/2 Edremit 10300 BALIKESİR	Edremit	Balıkesir	+ 90 850 204 01 90
Sincan Branch	Atatürk Mahallesi, Ankara Caddesi, No: 44/A Sincan 06930 Ankara	Sincan	Ankara	+ 90 850 204 01 91
Salihli Branch	Atatürk Mahallesi Belediye Caddesi No:93-95	Salihli	Manisa	+ 90 850 204 01 92
Gemlik Branch	Hamidiye Mahallesi, İstiklal Caddesi, No: 31 GEMLİK 16600 BURSA	Gemlik	Bursa	+ 90 850 204 01 93



Sultanbeyli Branch	Mehmet Akif Mahallesi Fatih Bulvarı No:244/B Sultanbeyli 34920 İSTANBUL	Sultanbeyli	İstanbul	+ 90 850 204 01 94
Rize Branch	Yeniköy Mah.Tevfik İleri Cad. No : 18	Merkez	Rize	+ 90 850 204 01 95
Suburcu Branch	Çukur Mahallesi Suburcu Caddesi No: 11/A Şahinbey 27400 Gaziantep	Şahinbey	Gaziantep	+ 90 850 204 01 96
İstoç Branch	Mahmutbey Mahallesi 17. Yol Sokak No: 132/A İSTOÇ Bağcılar 34218 İSTANBUL	Bağcılar	İstanbul	+ 90 850 204 01 97
Samsun Çiftlik Branch	19 Mayıs Mahallesi İstiklal Caddesi No:57 İlkadım 55030 SAMSUN	İlkadım	Samsun	+ 90 850 204 01 98
Çınar Branch	15 Mayıs Mahallesi Gazi Mustafa Kemal Bulvarı No:145/B Pamukkale 20150 DENİZLİ	Pamukkale	Denizli	+ 90 850 204 01 99
İzmir Çankaya Branch	Fevzipaşa Bulvarı No:59 / A-B Çankaya Konak 35210 İzmir	Konak	İzmir	+ 90 850 204 02 00
Sarıyer Branch	Sarıyer Merkez Mahallesi, Yeni Mahalle Cad. No:19	Sarıyer	İstanbul	+ 90 850 204 02 01
Florya Branch	Şenlik Mah. Florya Asfaltı No:86 Zemin Kat Kısım A Florya Bakırköy 34153 İstanbul	Bakırköy	İstanbul	+ 90 850 204 02 02
Manisa Sanayi Branch	75. Yıl Mahallesi Bahri Sarıtepe Caddesi No:53/A Yunussemre 45030 MANİSA	Yunussemre	Manisa	+ 90 850 204 02 03
Akdeniz Sanayi Branch	Şafak Mah. 5009 Sokak Akdeniz Sanayi Sitesi 36. Blok No:114 Kepez 07224 Antalya	Kepez	Antalya	+ 90 850 204 02 04
Lüleburgaz Branch	Kocasinan Mahallesi İstanbul Caddesi No: 12/ Z01 Lüleburgaz 39750 KIRKLARELİ	Lüleburgaz	Kırklareli	+ 90 850 204 02 05
Saydam Caddesi Branch	Sucuzade Mah.Saydam Cad.No:42 Seyhan 01030 Adana	Seyhan	Adana	+ 90 850 204 02 06
İzmir 1. Sanayi Branch	Mersinli Mahallesi, 2822 Sokak No: 63 Konak 35170 İZMİR	Konak	İzmir	+ 90 850 204 02 08
Laleli Branch	Mimar Kemalettin Mahallesi Mesih Paşa Cad. No:54 Daire : 1 Laleli Fatih 34130 İSTANBUL	Fatih	İstanbul	+ 90 850 204 02 10
Aliğa Branch	İstiklal Cad.No:35/B	Aliğa	İzmir	+ 90 850 204 02 11
Bankalar Caddesi Branch	Bereketzade Mah.Bankalar Cad. No:28B	Beyoğlu	İstanbul	+ 90 850 204 02 12
Edirne Branch	Mithatpaşa Mahallesi Talatpaşa Caddesi No:155 Merkez 22100 EDİRNE	Merkez	Edirne	+ 90 850 204 02 13
Van Branch	Şerefiye Mahallesi M. Fevzi Çakmak Cad. Lütfü Savur İş Merkezi Sit. No:14 İpekyolu 65100 Van	İpekyolu	Van	+ 90 850 204 02 15
Balçova Branch	Onur Mah. Ata Cad. No:48/A Balçova 35330 İZMİR	Balçova	İzmir	+ 90 850 204 02 16
Gölcük Branch	Amiral Sağlam Caddesi No:12/B	Gölcük	Kocaeli	+ 90 850 204 02 17
Tuzla OSB Branch	Tuzla Mermerciler Organize Sanayi Bölgesi 5.Sokak No :2 Tuzla 34953 İSTANBUL	Tuzla	İstanbul	+ 90 850 204 02 18
Valikonağı Branch	Teşvikiye Mahallesi, Valikonağı Caddesi, No:66 ŞİŞLİ 34365 İSTANBUL	Şişli	İstanbul	+ 90 850 204 02 19
İstanbul Ulus Branch	Nispetiye Mahallesi Ahmet Adnan Saygun Caddesi No:22D Beşiktaş 34340 İSTANBUL	Beşiktaş	İstanbul	+ 90 850 204 02 20
Demirciler Sitesi Branch	Seyitnizam Mahallesi Demirciler Sitesi 2. Cadde No:81 Zeytinburnu 34015 İSTANBUL	Zeytinburnu	İstanbul	+ 90 850 204 02 21

Tekirdağ Branch	Aydoğdu Mahallesi Hükümet Caddesi No:94 Süleymanpaşa 59200 Tekirdağ	Süleymanpaşa	Tekirdağ	+ 90 850 204 02 24
Zafer Sanayi Branch	Demirkol Sok.No:2 Selçuklu	Selçuklu	Konya	+ 90 850 204 02 25
Ümitköy Branch	Çay Yolu Mahallesi 8.Cadde No :45 Çankaya 06530 ANKARA	Çankaya	Ankara	+ 90 850 204 02 26
Sakarya Caddesi Branch	Cumhuriye Mahallesi, Sakarya-1 Caddesi, No:37/A Tepebaşı 26130 ESKİŞEHİR	Tepebaşı	Eskişehir	+ 90 850 204 02 27
İmsan Branch	İkitelli Caddesi İmsan Küçük Sanayi Sitesi E - Blok No :10 İkitelli Küçükçekmece 34303 İstanbul	Küçükçekmece	İstanbul	+ 90 850 204 02 28
Menemen Branch	Mermerli Mahallesi Mithatpaşa Caddesi No:55 Menemen 35661 İZMİR	Menemen	İzmir	+ 90 850 204 02 29
Gimat Branch	Mehmet Emin Erdoğan İş Merkezi Macun Mahallesi Bağdat Cad. No:93/25-26-27-28	Yenimahalle	Ankara	+ 90 850 204 02 30
Bostanlı Branch	Bostanlı Mahallesi Cemal Gürsel Caddesi No: 526/B Karşıyaka 35590 İZMİR	Karşıyaka	İzmir	+ 90 850 204 02 31
Maltepe Çarşı İstanbul Branch	Altayçeşme Mahallesi, Atatürk Caddesi No:41/604 Maltepe 34843 İstanbul	Maltepe	İstanbul	+ 90 850 204 07 73
Şirinevler Branch	Meriç Sokak Ünal İş Merkezi No:13/3 Zemin Kat Şirinevler Bahçelievler 34188 İSTANBUL	Bahçelievler	İstanbul	+ 90 850 204 02 33
Bahçelievler İstanbul Branch	İzzettin Çalışlar Caddesi, No:40	Bahçelievler	İstanbul	+ 90 850 204 02 34
Cihangir Branch	Kuloğlu Mah. Sıraselviler Cad. No:58A Beyoğlu 34433 İSTANBUL	Beyoğlu	İstanbul	+ 90 850 204 02 35
Tuzla Branch	İçmeler Mahallesi, Mazhar Sokak No:21A Tuzla 34947 İstanbul	Tuzla	İstanbul	+ 90 850 204 02 36
Tarsus Branch	Şehit Mustafa Mahallesi Atatürk Bulvarı No:7/A Tarsus 33500 MERSİN	Tarsus	Mersin	+ 90 850 204 02 37
Yeşilhisar Branch	Fevzioğlu Mahallesi İstasyon Caddesi No:10 A Yeşilhisar 38800 KAYSERİ	Yeşilhisar	Kayseri	+ 90 850 204 07 64
Şaşmaz Branch	Bahçekapı Mahallesi, 2488. Cadde. No:4-A	Etimesgut	Ankara	+ 90 850 204 02 39
Aksaz Branch	Aksaz Deniz Üs Komutanlığı, Aksaz	Marmaris	Muğla	+ 90 850 204 02 40
Avcılar Çarşı Branch	Merkez Mahallesi, Reşitpaşa Caddesi, No:41 Avcılar 34310 İstanbul	Avcılar	İstanbul	+ 90 850 204 02 41
Değirmendere Trabzon Branch	Sanayi Mahallesi Devlet Karayolu Caddesi No:85A Ortahisar 61030 TRABZON	Ortahisar	Trabzon	+ 90 850 204 02 42
Isparta Branch	Kutlubey Mahallesi 106 Cadde Halısarayı Apartmanı G Blok Dış Kapı No:2-G İç Kapı No:1	Merkez	Isparta	+ 90 850 204 02 43
Gebze E5 Branch	Osman Yılmaz Mahallesi, İstanbul Caddesi, No:74/A	Gebze	Kocaeli	+ 90 850 204 02 44
İnönü Caddesi Malatya Branch	Şıkşık Mahallesi İnönü Caddesi No:91/A	Merkez	Malatya	+ 90 850 204 02 45
Sivas Branch	Atatürk Caddesi No:15	Merkez	Sivas	+ 90 850 204 02 47
Çeşme Branch	İsmet İnönü Mahallesi 2001 Sokak No:74/A Çeşme 35930 İZMİR	Çeşme	İzmir	+ 90 850 204 02 48
Ödemiş Branch	Akincılar Mahallesi, Gazi Caddesi, No: 32/1 Ödemiş 35750 İZMİR	Ödemiş	İzmir	+ 90 850 204 02 49
Yeniköy Branch	Yeniköy Mahallesi Köybaşı Caddesi No:51 Yeniköy Sarıyer 34464 İstanbul	Sarıyer	İstanbul	+ 90 850 204 02 51
Etimesgut Branch	İstasyon Mahallesi İstasyon Caddesi Tüzün Sokak No:8/7	Etimesgut	Ankara	+ 90 850 204 02 52
Tire Branch	Cumhuriyet Meydanı, No:05	Tire	İzmir	+ 90 850 204 02 53

Nuruosmaniye Branch	Alemdar Mah. Nuruosmaniye Cad. No:12/1 Fatih 34110 İSTANBUL	Fatih	İstanbul	+ 90 850 204 02 54
Mezitli Branch	Menderes Mahallesi Gazi Mustafa Kemal Blv. Doğaner Yapı Koop. Sit. A Blok Apt. No:709 AA Mezitli 33340 Mersin	Mezitli	Mersin	+ 90 850 204 02 55
Güllük Branch	Altındağ Mahallesi Güllük Caddesi No:99 Muratpaşa 07050 Antalya	Muratpaşa	Antalya	+ 90 850 204 02 56
Mevlana Branch	Aziziye Mahallesi, Mevlana Caddesi, No:63 D:1	Karatay	Konya	+ 90 850 204 02 57
Muğla Branch	Şeyh Mahallesi İsmet İnönü Caddesi Dış Kapı No:17 Menteşe 48050 MUĞLA	Menteşe	Muğla	+ 90 850 204 02 58
Akhisar Branch	Şehit Teğmen Ün Cad. Paşa Mahallesi No:78 Akhisar 45200 Manisa	Akhisar	Manisa	+ 90 850 204 02 59
Konya Ereğli Branch	Selçuklu Mahallesi Atatürk Caddesi Necip Pala Apt. Sit. No:44D Ereğli 42310 KONYA	Ereğli	Konya	+ 90 850 204 02 60
Silivri Branch	Piri Mehmet Paşa Mah. Başkomutan Cad. No:4 Silivri 34570 İSTANBUL	Silivri	İstanbul	+ 90 850 204 02 61
Lefkoşa Branch	Mehmet Akif Caddesi, No:86 Köşklüçiftlik	-	Lefkoşa / Kkctc	+ 90 392 229 20 40
Gazimağusa Branch	İsmet İnönü Bulvarı, No:43 Sakarya	-	Gazimağusa / Kkctc	+ 90 392 365 59 20
Girne Branch	Bedrettin Demirel Caddesi, No:12/12B Girne KKTC	-	Girne / Kkctc	+ 90 392 815 85 10
İnegöl Branch	Sinanbey Mahallesi, Nuri Doğrul Caddesi, No:19 İnegöl 16400 BURSA	İnegöl	Bursa	+ 90 850 204 02 66
Kastamonu Branch	Cebrail Mahallesi Plevne Caddesi No:52 A-B Merkez 37200 Kastamonu	Merkez	Kastamonu	+ 90 850 204 02 68
Adana Mobilyacılar Branch	Güzelevler Mah. Mobilyacılar Sitesi Meşe Cad. No:18 A Kısım Yüreğir 01310 ADANA	Yüreğir	Adana	+ 90 850 204 02 69
Giresun Branch	Şeyhkeramet Mahallesi Gazi Caddesi No:2 Merkez 28200 Giresun	Merkez	Giresun	+ 90 850 204 02 70
Kuyumcukent Branch	29 Ekim Caddesi, No:1, Kuyumcukent, Atölye Bloğu, Zemin/1.Kat, 5.Sokak, No:19 Yenibosna	Bahçelievler	İstanbul	+ 90 850 204 02 71
Bursa Oto Sanayi Sitesi Branch	Ankara Yolu 7. Km, Otosansit Sitesi, Yıldırım Beyazıt Bulvarı, İdari Bina, No:4-5-17-18 Yıldırım 16050 Bursa	Yıldırım	Bursa	+ 90 850 204 02 72
Burdur Branch	Özgür Mahallesi, Gazi Caddesi, No:88	Merkez	Burdur	+ 90 850 204 02 73
Uncalı Branch	Uncalı Mahallesi Uncalı Caddesi No:63 Konyaaltı 07070 ANTALYA	Uncalı	Antalya	+ 90 850 204 02 75
Şirinyer Branch	Güven Mahallesi, Menderes Caddesi, No: 318 Buca 35370 İZMİR	Buca	İzmir	+ 90 850 204 02 76
Biga Branch	İstiklal Mahallesi İstiklar Caddesi No:106-108 İç Kapı No:1 Biga 17200 Çanakkale	Biga	Çanakkale	+ 90 850 204 02 77
Kaynarca Branch	Fevzi Çakmak Mah. Tevfik İleri Cad. No:111 Pendik 34899 İstanbul	Pendik	İstanbul	+ 90 850 204 02 78
Gaziemir Branch	Akçay Caddesi, No:169/A	Gaziemir	İzmir	+ 90 850 204 02 79
Yıldırım Branch	Duaçınarı Mahallesi, Ankara Caddesi, No:153/A Yıldırım 16270 Bursa	Yıldırım	Bursa	+ 90 850 204 02 80
Adıyaman Branch	Yenipınar Mahallesi, Atatürk Caddesi, No:31	Merkez	Adıyaman	+ 90 850 204 02 81
Aspendos Corporate Branch	Etiler Mahallesi Adnan Menderes Bulvarı Birlik Apartmanı No:53/A-B Asma Kat Muratpaşa 07010 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 02 82
Karabük Branch	Bayır Mahallesi Menderes Caddesi No:2/B Merkez 78100 KARABÜK	Merkez	Karabük	+ 90 850 204 02 83

Çerkezköy Branch	Gazi Osman Paşa Mahallesi, Atatürk Caddesi, No:5	Çerkezköy	Tekirdağ	+ 90 850 204 02 84
Ankara 4. Kolordu Branch	4. Kolordu Komutanlığı, Samsun Yolu Üzeri,	Mamak	Ankara	+ 90 850 204 02 85
Akşehir Branch	Meydan Mahallesi İnönü Cad. No:64 Akşehir 42550 KONYA	Akşehir	Konya	+ 90 850 204 02 86
Düzce Branch	Camikebir Mahallesi, 659.Bulvar, No:8A Merkez 81010 Düzce	Merkez	Düzce	+ 90 850 204 02 87
Erenler Sanayi Branch	Erenler Mahallesi, Sakarya Caddesi, No:306/A	Erenler	Sakarya	+ 90 850 204 02 88
Çorlu Çarşı Branch	Cemaliye Mahallesi Saray Caddesi No:2 Çorlu 59860 Tekirdağ	Çorlu	Tekirdağ	+90 850 204 02 89
Hopa Branch	Merkez Kuledibi Mahallesi Cumhuriyet Meydanı No:1/A Hopa 08600 ARTVİN	Hopa	Artvin	+ 90 850 204 02 90
Karacabey Branch	Tavşanlı Mahallesi Bursa Caddesi Necmi Akkuş Sitesi No:31 A/5 Karacabey 16700 Bursa	Karacabey	Bursa	+ 90 850 204 02 91
Turgutlu Branch	Altay Mahallesi, Atatürk Bulvarı, No:163	Turgutlu	Manisa	+ 90 850 204 02 92
Fener Branch	Çağlayan Mahallesi Barınaklar Bulvarı A. Atmaca Apt. B Blok No:3/A-B Muratpaşa 07230 Antalya	Muratpaşa	Antalya	+ 90 850 204 02 93
Keşan Branch	Büyük Cami Mahallesi, Cumhuriyet Meydanı, No:8 Keşan 22800 EDİRNE	Keşan	Edirne	+ 90 850 204 02 94
Konak Branch	Konak Mahallesi, Cumhuriyet Bulvarı, No:34 Konak 35250 İZMİR	Konak	İzmir	+ 90 850 204 02 96
Hürriyet Branch	Soğukkuyu Mahallesi 1. Hürriyet Caddesi No:24-26B Osmangazi 16160 BURSA	Osmangazi	Bursa	+ 90 850 204 02 97
Demirtaş Branch	Panayır Mahallesi, Yeni Yalova Yolu Caddesi, No:455/F	Osmangazi	Bursa	+ 90 850 204 02 98
Kuyubaşı Branch	Fahrettin Kerim Gökay Cad. No.122/1 Zemin Kat A Kısım Göztepe Kadıköy 34722 İstanbul	Kadıköy	İstanbul	+ 90 850 204 03 02
Ofis Branch	Kooperatifler Mahallesi Akkoyunlu Bulvarı No: 19/B Yenişehir 21100 Diyarbakır	Yenişehir	Diyarbakır	+ 90 850 204 03 03
Anamur Branch	Esentepe Mahallesi, Atatürk Bulvarı, No: 8/B	Anamur	Mersin	+ 90 850 204 03 04
İzmit Sanayi Sitesi Branch	Sanayi Mahallesi, Fırat Sokak, No:16/A	İzmit	Kocaeli	+ 90 850 204 03 06
Keçiören Branch	Güçlükaya Mahallesi, Kızlar Pınarı Caddesi, No:53/A Keçiören 06310 Ankara	Keçiören	Ankara	+ 90 850 204 03 08
Kazım Karabekir Branch	Kazım Karabekir Caddesi, No:72/9-10-90-91	Altındağ	Ankara	+ 90 850 204 03 09
Yalova Branch	Rüstempaşa Mahallesi, Çeşme Sokak, No:2/1 Merkez 77200 Yalova	Merkez	Yalova	+ 90 850 204 03 10
Tunalı Hilmi Branch	Remzi Oğuz Mahallesi, Tunalı Hilmi Caddesi, No:68/A Kavaklıdere	Çankaya	Ankara	+ 90 850 204 03 11 13
Sarıçam Branch	Akıncılar Mahallesi, Kozan Caddesi, No:185/A	Yüreğir	Adana	+ 90 850 204 03 12
Bekirpaşa Branch	28 Haziran Mahallesi Turan Güneş Caddesi No:301 A İzmit 41060 Kocaeli	İzmit	Kocaeli	+ 90 850 204 03 13
Bodrum Gümbet Branch	Merkez Mahallesi, Atatürk Bulvarı No: 203/A1-A3 Konacık - Bodrum 48480 MUĞLA	Bodrum	Muğla	+ 90 850 204 03 14
Kestel Branch	Ahmet Vefik Paşa Mahallesi, Gazi Caddesi, No:6/A	Kestel	Bursa	+ 90 850 204 03 15

Erzincan Branch	Atatürk Mahallesi, Nerim Tombul Caddesi, No:12/Z2-23 Merkez 24002 ERZİNCAN	Merkez	Erzincan	+90 850 204 03 16
Antalya Toptancı Hali Branch	Güneş Mahallesi Yeni Toptancı Hal Kompleksi B2/1 Blok No:1 Kepez 07260 Antalya	Kepez	Antalya	+ 90 850 204 03 18
Toptancılar Çarşısı İzmir Branch	1202/2 Sokak, No:66 Yenişehir	Konak	İzmir	+ 90 850 204 03 19
Tuzla Deniz Harp Okulu Branch	Tuzla Deniz Harp Okulu Komutanlığı Sosyal Tesisleri	Tuzla	İstanbul	+ 90 850 204 03 20
Nazilli Branch	Altıntaş Mahallesi, 129 Sokak, No:2	Nazilli	Aydın	+ 90 850 204 03 21
Hatay İzmir Branch	İnönü Caddesi, No:229/B Karabağlar 35361 İZMİR	Karabağlar	İzmir	+ 90 850 204 03 22
Merzifon Branch	Hocasüleyman Mahallesi, Yokuşbaşı Caddesi No:13 Merzifon 05300 Amasya	Merzifon	Amasya	+ 90 850 204 03 23
Körfez Branch	Kuzey Mahallesi, Cahit Zarifoğlu Caddesi, No: 53/B	Körfez	Kocaeli	+ 90 850 204 03 26
Mardin Branch	13 Mart Mahallesi, Vali Ozan Caddesi, 82/B Artuklu 47200 Mardin	Artuklu	Mardin	+ 90 850 204 03 27
Batman Branch	Gap Mahallesi, Turgut Özal Bulvarı Babil Plaza No:316 E-F Merkez 72070 BATMAN	Merkez	Batman	+ 90 850 204 03 28
Yenibosna Branch	Yenibosna Merkez Mahallesi Yıldırım Beyazıt Caddesi No: 210A Bahçelievler 34197 İSTANBUL	Bahçelievler	İstanbul	+ 90 850 204 03 29
Serik Branch	Yeni Mahalle, Hürriyet Caddesi No:6-8	Serik	Antalya	+ 90 850 204 03 30
Kumluca Branch	Merkez Mahallesi Gödene Cad. No:18 Kumluca 07350 ANTALYA	Kumluca	Antalya	+ 90 850 204 03 31
Bafra Branch	Hacınabi Mahallesi, Tekel Caddesi, No:40 Bafra 55400 SAMSUN	Bafra	Samsun	+ 90 850 204 03 33
Fatih Branch	Ali Kuşçu Mah. Macar Kardeşler Cad. No:34 Fatih 34083 İstanbul	Fatih	İstanbul	+ 90 850 204 03 35
Esenyurt Branch	İnönü Mahallesi, Doğan Araslı Bulvarı, No:124/C	Esenyurt	İstanbul	+ 90 850 204 03 36
Şirhanı Branch	İsmetpaşa Mahallesi, İnönü Caddesi, No:217/7 Şahinbey 27010 GAZİANTEP	Şahinbey	Gaziantep	+ 90 850 204 03 37
Kırklareli Branch	Karakaş Mah. 100. Yıl Cad. Necdet Şeylan Apt No:10/Z03 Merkez 39010 Kırklareli	Merkez	Kırklareli	+ 90 850 204 03 39
Soma Branch	Kurtuluş Mahallesi, Fatih Caddesi, No:10	Soma	Manisa	+ 90 850 204 03 40
Çengelköy Branch	Çengelköy Mah. Çengelköy Caddesi No:59 Çengelköy Üsküdar 34680 İstanbul	Üsküdar	İstanbul	+ 90 850 204 03 41
Çetin Emeç Branch	Ehlibeyt Mahallesi, Ceyhun Atuf Kansu Caddesi, No:126/E	Çankaya	Ankara	+ 90 850 204 03 42
Sarıgazi Branch	İnönü Mah. Ankara Cad. No:63/A Sancaktepe	Sancaktepe	İstanbul	+ 90 850 204 03 43
Mithatpaşa Branch	Cumhuriyet Mahallesi, Mithatpaşa Caddesi, No: 28/B Çankaya 06680 Ankara	Çankaya	Ankara	+ 90 850 204 03 44
4. Sanayi Branch	129 Sokak, No: 1/E 4. Sanayi Sitesi	Bornova	İzmir	+ 90 850 204 03 45
Bucak Branch	Oğuzhan Mah. Cumhuriyet Cad. No:20/A	Bucak	Burdur	+ 90 850 204 03 47
Alemdar Branch	Alemdar Caddesi, Ömerağa Mahallesi, No:19	İzmit	Kocaeli	+ 90 850 204 03 48
Tuzla Piyade Okulu Branch	Piyade Okulu Komutanlığı	Tuzla	İstanbul	+ 90 850 204 03 50
Bandırma Branch	İnönü Caddesi, No:68/A	Bandırma	Balıkesir	+ 90 850 204 03 51

Metropol Mersin Branch	Mesudiye Mahallesi Kuvayi Milliye Caddesi No: 84/B Akdeniz 33060 MERSİN	Akdeniz	Mersin	+ 90 850 204 03 52
Yeniköy Antalya Branch	Yeniköy Mahallesi, Atatürk Caddesi, No:476 Döşemealtı	Döşemealtı	Antalya	+ 90 850 204 03 53
Aksaray Branch	Hamidiye Mahallesi 761/Şehit Ali Mutlu Sokak No:1/1 Merkez 68100 AKSARAY	Merkez	Aksaray	+ 90 850 204 03 54
Torbalı Branch	Tepeköy Mahallesi Ağalar Caddesi No:16 A-B TORBALI 35860 İZMİR	Torbalı	İzmir	+ 90 850 204 03 56
Güneydoğu Anadolu Corporate Branch	Mücahitler Mah. Gazi Muhtarpaşa Bulvarı No:48 Kat : 6 A Kısım Şehitkamil 27090 GAZİANTEP	Şehitkamil	Gaziantep	+ 90 850 204 03 58
Çukurova Corporate Branch	Çınarlı Mahallesi Atatürk Caddesi No: 15 Kat: 1 A Kısım 01120 Seyhan - ADANA	Seyhan	Adana	+ 90 850 204 03 59
Altıparmak Branch	Cemal Nadir Caddesi, No:47, Kat:1 Altıparmak	Osmangazi	Bursa	+ 90 850 204 03 63
Orhangazi Branch	Muradiye Mahallesi Yalova Caddesi No: 38/A Orhangazi 16800 BURSA	Orhangazi	Bursa	+ 90 850 204 03 69
Zekeriyaköy Branch	Vişne 2 Mahallesi, 4.Cadde, Kapalıçarşı, No:27-15 Zekeriyaköy	Sarıyer	İstanbul	+ 90 850 204 03 70
Küçüksu Branch	Saray Mahallesi Küçüksu Caddesi No:60/1A Ümraniye 34768 İSTANBUL	Ümraniye	İstanbul	+ 90 850 204 03 77
Kars Branch	Merkez Mahallesi, Kazım Paşa Cad. No:117	Merkez	Kars	+ 90 850 204 03 78
Kırıkkale Branch	Yenidoğan Mahallesi, Cumhuriyet Cad. No: 8/A	Merkez	Kırıkkale	+ 90 850 204 03 79
Harbiye Branch	Cumhuriyet Cad. No:123 B Harbiye Şişli 34373 İSTANBUL	Şişli	İstanbul	+90 850 204 03 80
Montrö Branch	Şair Eşref Bulvarı No:23/A 35210 Çankaya KONAK / İZMİR	Konak	İzmir	+ 90 850 204 03 81
Çankaya Ankara Branch	Simon Bolivar Cad. No: 17 06680 Çankaya - ANKARA	Çankaya	Ankara	+ 90 850 204 03 82
Şişli Meydan Branch	19 Mayıs Mah. Halaskargazi Cad. No:212A Şişli 34381 İstanbul	Şişli	İstanbul	+ 90 850 204 03 83
Bursa Organize Sanayi Branch	Organize San.Bölgesi, Ali Osman Sönmez Bulv. Bankalar Cad. 16159 Nilüfer/BURSA	Nilüfer	Bursa	+ 90 850 204 03 84
Mersin Çamlıbel Branch	Kültür Mahallesi 103.Cadde No : 62 33100 İÇEL MERSİN	Merkez	Mersin	+ 90 850 204 03 85
Antalya Muratpaşa Branch	Tahılazarı Mah. Şarampol Cad. Ömer Melli İş Hanı No:86A Muratpaşa 07040 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 03 87
Denizli Saraylar Branch	Saraylar Mahallesi 459 Sokak No : 7 / 9 20100 DENİZLİ	Merkez	Denizli	+ 90 850 204 03 88
Erenköy Branch	Caddebostan Mahallesi, Ethem Efendi Caddesi, No:13/1 Kadıköy 34728 İSTANBUL	Kadıköy	İstanbul	+ 90 850 204 0389
Sirkeci Branch	Ankara Caddesi No:48 Sirkeci Fatih 34112 İstanbul	Fatih	İstanbul	+90 850 204 03 91
Yıldız Posta Branch	Gayrettepe Mah., Yener Sok., No:1	Beşiktaş	İstanbul	+ 90 850 204 03 92
Bakırköy Meydan Branch	İncirli Cad.Teyyareci Nurettin Sokak No:18 34145 Bakırköy-İSTANBUL	Bakırköy	İstanbul	+ 90 850 204 03 93
Karşıyaka Branch	Cemal Gürsel Caddesi No:200/A Karşıyaka 35600 İZMİR	Karşıyaka	İzmir	+ 90 850 204 03 94
Bornova Çarşı Branch	Mustafa Kemal Cad. No:11-A/B Bornova 35040 İzmir	Bornova	İzmir	+ 90 850 204 03 98

Beykent Üniversitesi Branch	T.C Beykent Üniversitesi Ayazağa Kampüsü, Ayazağa Mahallesi, Hadımkoru Caddesi, No:19A Sarıyer 34485 İSTANBUL	Sarıyer	İstanbul	+90 850 204 06 63
Santral Ümraniye Branch	Atatürk Mahallesi Sütçü imam Caddesi Kardeşler Apartmanı No:51A Dükkan No:1-2 Ümraniye 34764 İstanbul	Ümraniye	İstanbul	+ 90 850 204 04 02
Güneşli Çarşı Branch	Bağlar Mahallesi Atatürk Caddesi No: 6-1 Bağcılar 34209 İstanbul	Bağcılar	İstanbul	+ 90 850 204 04 04
Kayseri Çarşı Branch	Cumhuriyet Mah. Millet Cad. No:26 Melikgazi 38110 KAYSERİ	Melikgazi	Kayseri	+ 90 850 204 04 05
Maslak Sanayi Branch	Ayazağa Mahallesi Büyükdere Caddesi No:257/C Sarıyer 34485 İSTANBUL	Sarıyer	İstanbul	+ 90 850 204 04 06
Beylikdüzü E-5 Branch	Barbaros Hayrettin Paşa Mah. Şehitler Cad. Beymahall Sit. No:5 B/1 Esenyurt 34522 İSTANBUL	Esenyurt	İstanbul	+ 90 850 204 04 07
Keresteciler Sitesi Branch	M.Nesih Özmen Mahallesi Merter Tekstil Merkezi Pelit Sokak No:1 Güngören 34173 İstanbul	Güngören	İstanbul	+ 90 850 204 04 08
Gaziantep İncilipınar Branch	Değirmiş Mahallesi Gazi Muhtar Paşa Bulvarı No:13 A Şehitkamil 27090 Gaziantep	Şehitkamil	Gaziantep	+ 90 850 204 04 09
Demetevler Branch	Demet Lale Mahallesi İvedik Cad. 127/B Yenimahalle 06200 Ankara	Yenimahalle	Ankara	+90 850 204 06 70
Gebze Çarşı Branch	Hacı Halil Mah. Cumhuriyet Meydanı No:3/2 Gebze 41400 Kocaeli	Gebze	Kocaeli	+ 90 850 204 04 11
Eskişehir İki Eylül Caddesi Branch	İstiklal Mah. İki Eylül Cad.No: 50/B Odunpazarı 26010 ESKİŞEHİR	Odunpazarı	Eskişehir	+ 90 850 204 04 13
Çarşı İzmit Branch	Ömerağa Mahallesi Hürriyet Caddesi No:91 İzmit 41300 KOCAELİ	İzmit	Kocaeli	+ 90 850 204 04 16
Narlıdere Branch	Çamtepe Mah. Mithatpaşa Cad. No: 277-279 Narlıdere 35320 İzmir	Narlıdere	İzmir	+90 850 204 07 03
Sefaköy Halkalı Caddesi Branch	Teyfikbey Mahallesi Halkalı Caddesi No:134/A Küçükçekmece 34295 İstanbul	Küçükçekmece	İstanbul	+ 90 850 204 04 18
Karya Bodrum Branch	Kıbrıs Şehitleri Cad. Emniyet Müdürlüğü Yanı Ataman İş Mrk. C Blk. Bodrum 48400 MUĞLA	Bodrum	Muğla	+ 90 850 204 04 19
Şanlıurfa Sarayönü Caddesi Branch	Yusufoğlu Mahallesi Sarayönü Caddesi No:131 Haliliye ŞANLIURFA	Haliliye	Şanlıurfa	+ 90 850 204 04 23
Sanayi Mahallesi Branch	Sanayi Mah. Sultan Selim Cad. No:22/22A/22B Kağıthane 34415 İstanbul	Kağıthane	İstanbul	+90 850 204 04 24
Mustafa Kemal Branch	Mustafa Kemal Mahallesi, 2120 Caddesi No:4 A Çankaya 06530 ANKARA	Çankaya	Ankara	+ 90 850 204 04 26
Mecidiyeköy Çarşı Branch	Büyükdere Caddesi Alba İş Hanı No:67 / 71 34387 Mecidiyeköy/Şişli - İSTANBUL	Şişli	İstanbul	+ 90 850 204 04 27
Batı Ataşehir Branch	Barbaros Mahallesi Halk Caddesi No:47/1 Ataşehir 34746 İstanbul	Ataşehir	İstanbul	+90 850 204 06 74
Fındıkzade Branch	Haseki Sultan Mahallesi Kızılelma Caddesi No:15 Fatih 34096 İSTANBUL	Fatih	İstanbul	+ 90 850 204 04 30
Bostancı E5 Branch	İçerenköy Mahallesi Değirmenyolu Caddesi No:21/1 Ataşehir 34752 İstanbul	Ataşehir	İstanbul	+ 90 850 204 04 31
Boğaziçi Corporate Branch	Büyükdere Cad. Şarlı İş Merkezi No:103 K:3 Mecidiyeköy - Şişli / İSTANBUL	Şişli	İstanbul	+ 90 850 204 04 32

Haznedar Bahçelievler Branch	Bahçelievler Mahallesi Naci Kasım Sokak No:2/1A Bahçelievler 34180 İSTANBUL	Bahçelievler	İstanbul	+ 90 850 204 04 34
Ataşehir Branch	Atatürk Mahallesi Ataşehir Bulvarı No:14/F Özel İşyeri:1 Ataşehir 34758 İstanbul	Ataşehir	İstanbul	+ 90 850 204 04 35
Kapalıçarşı Branch	Tavukpazarı Sokak No : 52 / 54 34120 Eminönü - Fatih / İSTANBUL	Fatih	İstanbul	+ 90 850 204 04 40
Maltepe E-5 Branch	Altayçeşme Mahallesi Çam Sokak No:25A Maltepe 34843 İSTANBUL	Maltepe	İstanbul	+ 90 850 204 04 41
Mersin Çarşı Branch	Camişerif Mahallesi, İstiklal Caddesi, No:40/D Akdeniz 33060 Mersin	Akdeniz	Mersin	+ 90 850 204 04 44
Adana Çarşı Branch	Karasoku Mahallesi,Kızılay Cad.No:14 01010 Seyhan - ADANA	Seyhan	Adana	+ 90 850 204 04 45
Adana Toros Branch	Beyazevler Mahallesi Bülent Angın Bulvarı No:128/A Çukurova 01170 ADANA	Çukurova	Adana	+ 90 850 204 04 46
Mercan Branch	Emniyettepe Mahallesi, Kazım Karabekir Caddesi Bilgi Üniv. Sit. Kitapevi Apt. No:2/13/1 Eyüpsultan 34060 İSTANBUL	Eyüpsultan	İstanbul	
Beyoğlu Branch	Hüseyinağa Mahallesi Hamalbaşı Caddesi No:6/A Beyoğlu 34435 İstanbul	Beyoğlu	İstanbul	+ 90 850 204 04 51
Kadıköy Çarşı Branch	Caferağa Mah. Mühürdar Cad. No:22 Kadıköy 34710 İstanbul	Kadıköy	İstanbul	+ 90 850 204 04 52
Ankara Ostim Branch	Ostim Mahallesi 100.Yıl Bulvarı (Sanayi) Ofim İş ve Finans Merkezi No:99/69 Zeminkat	Yenimahalle	Ankara	+ 90 850 204 04 53
Nato Yolu Branch	Tuzluçayır Mahallesi Nato Yolu Caddesi 294. Sokak No:1/A Mamak 06620 Ankara	Mamak	Ankara	+90 850 204 07 16
Alsancak Branch	1382 Sk. 33/A Bodrum Kat Alsancak Konak 35220 İZMİR	Konak	İzmir	+ 90 850 204 04 55
Başkent Corporate Branch	Simon Bolivar Cad. No:17 Kat:1-2 ÇANKAYA 06680 ANKARA	Çankaya	Ankara	+ 90 850 204 04 56
Demirtaş Organize Sanayi Branch	Demirtaş Organize Sanayi Bölgesi Mustafa Karaer Cad. No:18 Osmangazi 16245 BURSA	Osmangazi	Bursa	+ 90 850 204 04 57
İkitelli Organize Sanayi Branch	İkitelli OSB Mahallesi Bağcılar-Güngören Metro AVM B Blok Sokak Dış Kapı No:1/B İç Kapı No:13 Başakşehir 34490 İstanbul	Başakşehir	İstanbul	+ 90 850 204 04 60
Şirinyalı Branch	Şirinyalı Mahallesi İsmet Gökşen Caddesi No:80/1 Muratpaşa 07160 ANTALYA	Muratpaşa	Antalya	+ 90 850 204 04 62
Bursa Çekirge Branch	Çekirge Mahallesi Çekirge Caddesi Batıca - Bintaş Apartmanı No:153 A Osmangazi 16070 BURSA	Osmangazi	Bursa	+ 90 850 204 04 65
Tarsus Makam Branch	Şehit Mustafa Mahallesi Atatürk Cad. 33400 No: 17/A Tarsus - İÇEL MERSİN	Tarsus	Mersin	+ 90 850 204 04 66
İhlamurkuyu Branch	İhlamurkuyu Mahallesi, Alemdağ Caddesi No:249A Ümraniye 34771 İstanbul	Ümraniye	İstanbul	+ 90 850 204 04 68
Atrium Branch	Atrium Çarşısı No:78-80 No.lu Dükkan Ataköy Bakırköy 34156 İstanbul	Bakırköy	İstanbul	+ 90 850 204 04 72
İkincisite Branch	Ulubey Mahallesi Demirhendedek Caddesi No:69 Altındağ 06360 Ankara	Altındağ	Ankara	+ 90 850 204 04 74
Kağıthane Branch	Merkez Mah. Sadabat Cad. No:40, 40 A Kağıthane 34406 İSTANBUL	Kağıthane	İstanbul	+ 90 850 204 04 76



Kuşadası Branch	İsmet İnönü Bulvarı No : 59 09400 Kuşadası - AYDIN	Kuşadası	Aydın	+ 90 850 204 04 77
Manavgat Sanayi Branch	Aşağı Pazarcı Mahallesi, Zübeyde Hanım Caddesi, No: 19/Z01 Manavgat 07600 ANTALYA	Manavgat	Antalya	+ 90 850 204 04 78
Diyarbakır Sur Branch	Bağcılar Mahallesi, Urfa Bulvarı, Baran Plaza No:217/1 Bağlar 21050 DIYARBAKIR	Bağlar	Diyarbakır	+ 90 850 204 04 80
Kahramanmaraş Çarşı Branch	Menderes Mahallesi Trabzon Bulvarı No:53/D Dulkadiroğlu 46100 Kahramanmaraş	Dulkadiroğlu	Kahramanmaraş	+ 90 850 204 04 86
Şenesenevler Branch	Bostancı Mahallesi, Emin Ali Paşa Caddesi, No:116 A/14, Kadıköy 34744 İSTANBUL	Kadıköy	İstanbul	+ 90 850 204 04 87
Kızıltoprak Branch	Zühtüpaşa Mah. Bağdat Cad. No:62/3 Kızıltoprak Kadıköy 34724 İstanbul	Kadıköy	İstanbul	+ 90 850 204 04 89
Samsun Mecidiye Branch	Hançerli Mahallesi Çifte Hamam Caddesi No:2 İlkadım 55020 SAMSUN	İlkadım	Samsun	+ 90 850 204 04 94
Fethiye Likya Branch	Taşyaka Mahallesi İnönü Bulvarı No:4 4/A 4/B Fethiye 48300 MUĞLA	Fethiye	Muğla	+ 90 850 204 04 96
Söğütözü Branch	Platin Tower Söğütözü Mahallesi Dumlupınar Bulvarı (Eskişehir yolu Üzeri) No:94/G Çankaya 06510 ANKARA	Çankaya	Ankara	+90 850 204 06 82
Balıkesir Çarşı Branch	Altıeylül Mahallesi, Anafartalar Caddesi No:25/B Altıeylül 10100 BALIKESİR	Altıeylül	Balıkesir	+ 90 850 204 04 98
Ulucanlar Branch	Kale Mahallesi Ulucanlar Caddesi No:44/A Altındağ 06250 Ankara	Altındağ	Ankara	+ 90 850 204 04 99
Laleli Çarşı Branch	Mimar Kemalettin Mahallesi Sekbanbaşı Sok. No:4/A Fatih 34130 İSTANBUL	Fatih	İstanbul	+ 90 850 204 05 00
Adapazarı Çarşı Branch	Orta Mahalle Soğan Pazarı Caddesi No:8 Adapazarı 54040 SAKARYA	Adapazarı	Sakarya	+ 90 850 204 05 05
Dokuz Eylül Üniversitesi Branch	İnciraltı Mahallesi Mithatpaşa Caddesi Dokuz Eylül Üniversitesi İnciraltı Yerleşkesi No:1606 2/1/1 Balçova 35330 İZMİR	Balçova	İzmir	+ 90 850 204 07 53
Afyon Kadınana Branch	Ambaryolu Cad. Davulcuoğlu İş Hanı Altı No: 25 Merkez 03200 AFYONKARAHİSAR	Merkez	Afyonkarahisar	+ 90 850 204 05 10
Aydın Çarşı Branch	Hasan Efendi - Ramazan Paşa Mah. Hükümet Bulvarı No: 17/1 Efeler 09110 AYDIN	Efeler	Aydın	+ 90 850 204 05 12
Bergama Branch	Ertuğrul Mahallesi Park Otel Sokak No:10 Bergama 35700 İZMİR	Bergama	İzmir	+90 850 204 06 97
Çukurambar Branch	Kızılırmak Mah. Ufuk Üniversitesi Caddesi No: 1/A Çankaya 06530 ANKARA	Çankaya	Ankara	+ 90 850 204 05 17
Uşak Çarşı Branch	İsmet Paşa Caddesi No:58 64100 UŞAK	Merkez	Uşak	+ 90 850 204 05 18
Zeytinburnu Bulvar Branch	Gökalp Mahallesi 58. Bulvar Caddesi No:49-51 Zeytinburnu 34020 İstanbul	Zeytinburnu	İstanbul	+ 90 850 204 05 21
Hasanpaşa Branch	Kurbağalidere Caddesi No:25 34722 Söğütlüçeşme - Kadıköy - İSTANBUL	Kadıköy	İstanbul	+ 90 850 204 05 23
Adana Çukurova Branch	Çınarlı Mahallesi Atatürk Caddesi No: 15 Seyhan 01120 ADANA	Seyhan	Adana	+ 90 850 204 05 24
Topkapı Maltepe Branch	Maltepe Mah. Gümüşsuyu Cad. No:53 Dk:21-22 Zeytinburnu 34010 İstanbul	Zeytinburnu	İstanbul	+ 90 850 204 05 28
Bursa Atatürk Caddesi Branch	Atatürk Caddesi No: 48 16020 Heykel - Osmangazi 16020 BURSA	Osmangazi	Bursa	+ 90 850 204 05 32

Çanakkale Anafartalar Branch	İsmetpaşa Mahallesi Demircioğlu Caddesi No:24 Merkez 17100 Çanakkale	Merkez	Çanakkale	+ 90 850 204 05 34
Adana Atikop Branch	Turhan Cemal Beriker Bulvarı Adana İş Merkezi A Blok No: 7 - 9 01010 Seyhan - ADANA	Seyhan	Adana	+ 90 850 204 05 35
İstanbul Anadolu Corporate Branch	Esentepe Mahallesi Cevizli D-100 Güney Yanyol Caddesi Dumankaya Vizyon D Blok No:13 D / 76 Kartal 34870 İSTANBUL	Kartal	İstanbul	+ 90 850 204 05 36
Yeditepe Corporate Branch	Gayrettepe Mahallesi Yener Sokak No:1 Kat:1/B Beşiktaş 34349 İstanbul	Beşiktaş	İstanbul	+ 90 850 204 05 38
Beşiktaş Çarşı Branch	Cihannuma Mahallesi Salih Efendi Sok. No:7 Beşiktaş 34353 İstanbul	Beşiktaş	İstanbul	+ 90 850 204 05 42
İvedik Organize Branch	İvedik Mahallesi 1354. Cadde (Eski 21. Cadde) No:131 Yenimahalle 06378 ANKARA	Yenimahalle	Ankara	+ 90 850 204 05 48
Denizli Sanayi Branch	Saraylar Mahallesi Ahi Sinan Caddesi No:36/A Merkezefendi 20010 Denizli	Merkezefendi	Denizli	+ 90 850 204 05 51
Kasımpaşa Branch	Camiikebir Mahallesi Bahriye Caddesi Kayalar Ticaret Apt.No:37/1-4 Beyoğlu 34440 İSTANBUL	Beyoğlu	İstanbul	+ 90 850 204 05 54
Çiğli Branch	Şirintepe Mah. Anadolu Cad. No:778/3A Çiğli 35620 İzmir	Çiğli	İzmir	+ 90 850 204 05 55
Küçükbakkalköy Branch	Küçükbakkalköy Mah. Serdar Sok. No:1 D:3 Ataşehir 34750 İstanbul	Ataşehir	İstanbul	+ 90 850 204 05 58
Yalova İskele Branch	Süleymanbey Mahallesi Cengiz Koçal Caddesi No:22/1-4 Merkez 77200 YALOVA	Merkez	Yalova	+ 90 850 204 05 59
Antalya Sanayi Branch	Yükseliş Mahallesi Gazi Bulvarı No:123/1 Kepez 07025 Antalya	Kepez	Antalya	+ 90 850 204 05 60
Alibeyköy Branch	Alibeyköy Mahallesi Namık Kemal Caddesi 30/A Eyüp 34060 İSTANBUL	Eyüp	İstanbul	+ 90 850 204 05 61
Cevizli Branch	Orhantepe Mah.Çınar Caddesi No: 9 34865 Cevizli - Kartal - İSTANBUL	Kartal	İstanbul	+ 90 850 204 05 62
Koşuyolu Branch	Koşuyolu Mahallesi, Koşuyolu Caddesi, No:72 A Kadıköy 34718 İstanbul	Kadıköy	İstanbul	+ 90 850 204 05 63
Eskişehir Bağlar Branch	Yenibağlar Mahallesi Üniversite Caddesi 106/A Tepebaşı 26170 ESKİŞEHİR	Tepebaşı	Eskişehir	+ 90 850 204 05 67
Kayseri Eski Sanayi Branch	Sanayi Mah. 6004. Cad. No:49 Kocasinan 38010 KAYSERİ	Kocasinan	Kayseri	+ 90 850 204 05 72
Yeni Adana Branch	Güzelyalı Mah. Turgut Özal Bulvarı No:90/D Edip Özeltin Sitesi B Blok Altı Çukurova 01170 ADANA	Çukurova	Adana	+ 90 850 204 05 73
Çamdibi Branch	Mersinli Mahallesi Fatih Caddesi No:80 Konak 35170 İzmir	Konak	İzmir	+ 90 850 204 05 77
Özlüce Branch	Altınşehir Mahallesi, Ahmet Taner Kışlalı Blv. No:36A/A Nilüfer 16230 BURSA	Nilüfer	Bursa	+ 90 850 204 05 79
Mersin Pozcu Branch	İnönü ( Bahçe ) Mah. G.M.K.Bulvarı Emel Sitesi B ve C Blok No: 353 / A 33140 Pozcu -Mersin -İÇEL	Merkez	Mersin	+ 90 850 204 05 84
Alaşehir Branch	Soğuksu Mahallesi Sekine Evren Caddesi No:87 Alaşehir 45600 Manisa	Alaşehir	Manisa	+90 850 204 06 64
Bursa Cumhuriyet Caddesi Branch	Tuzpazarı Mah. Cumhuriyet Caddesi No:114 Osmangazi 16020 BURSA	Osmangazi	Bursa	+ 90 850 204 05 87
Göktürk Branch	Göktürk Merkez Mahallesi, İstanbul Caddesi, No:30-32 Göktürk ? Eyüp 34050 İSTANBUL	Eyüp	İstanbul	+90 850 204 06 99

Kayseri Corporate Branch	Anbar Mahallesi 14.Cadde No:20 Asma Kat 38070	Melikgazi	Kayseri	+ 90 850 204 05 93
Soğanlık Branch	Atatürk Caddesi No : 119 34880 Soğanlık - Kartal - İSTANBUL	Kartal	İstanbul	+ 90 850 204 05 96
Avcılar E-5 Branch	Cihangir Mahallesi E-5 Yanyol Caddesi No:239 Avcılar 34310 İstanbul	Avcılar	İstanbul	+ 90 850 204 05 97
Diyarbakır Kayapınar Branch	Selahattin Eyyubi Mahallesi Turgut Özal Bulvarı Yıldem Yapı Sitesi B Blok No:74/A Bağlar 21080 DIYARBAKIR	Bağlar	Diyarbakır	+ 90 850 204 05 99
Elazığ Hürriyet Caddesi Branch	Nail Bey Mahallesi, Vali Fahribey Caddesi, Huzur İş Merkezi, No: 1/A Merkez 23100 ELAZIĞ	Merkez	Elazığ	+ 90 850 204 06 02
Alanya Sanayi Branch	Cumhuriyet Mahallesi Keykubat Blv. No:218 Alanya 07400 ANTALYA	Alanya	Antalya	+ 90 850 204 06 04
Sultangazi Branch	Cebeci Mahallesi ,Eski Edirne Asfaltı No: 748 34270 Sultançiftliği 34270 Sultangazi İSTANBUL	Sultangazi	İstanbul	+ 90 850 204 06 06
Polatlı Topçu ve Füze Okulu Komutanlığı Branch	İstiklal Mahallesi Refik Cesur Caddesi No:1 Polatlı 06900 Ankara	Polatlı	Ankara	+90 850 204 07 01
Esenler Branch	Menderes Mahallesi Atışalanı Caddesi No:15 Esenler 34225 İstanbul	Esenler	İstanbul	+ 90 850 204 06 09
Ümraniye Sanayi Branch	Çakmak Mahallesi Alemdağ Caddesi No:422 Ümraniye 34775 İstanbul	Ümraniye	İstanbul	+ 90 850 204 06 10
Terazidere Branch	Terazidere Mahallesi, Cumhuriyet Caddesi, No: 65 Bayrampaşa 34035 İSTANBUL	Bayrampaşa	İstanbul	+ 90 850 204 06 14
Ankara Maltepe Branch	POLSAN, Eti Mahallesi Gazi Mustafa Kemal Bulvarı No:50 Maltepe Çankaya 06570 ANKARA	Çankaya	Ankara	+ 90 850 204 06 16
Seyrantepe Branch	Seyrantepe Mahallesi İbrahim Karaođlanođlu Caddesi Alptekin İş Merkezi No:101 A-B Kağıthane 34418 İSTANBUL	Kağıthane	İstanbul	+ 90 850 204 06 18
Söke Branch	Konak Mahallesi Aydın Caddesi No:19 Söke 09200 Aydın	Söke	Aydın	+ 90 850 204 06 59
Buca Branch	Kozağaç Mahallesi Uđur Mumcu Caddesi No:96 Buca 35390 İZMİR	Buca	İzmir	+90 850 204 06 96
Manavkuyu Branch	Adalet Mahallesi Manas Bulvarı No: 20/A Bayraklı 35530 İZMİR	Bayraklı	İzmir	+ 90 850 204 06 25
Dikmen Branch	Ş.Mevlüt Meriç Mahallesi Dikmen Cad. No: 260/15 06460 Dikmen Çankaya - ANKARA	Çankaya	Ankara	+ 90 850 204 06 27
Adatepe Branch	Altayçeşme Mahallesi Bağdat Cad. No:287-291 Maltepe 34843 İstanbul	Maltepe	İstanbul	+ 90 850 204 06 30
Zonguldak Branch	Meşrutiyet Mah. Gazipaşa Cad. No:31 Merkez 67030 ZONGULDAK	Merkez	Zonguldak	+ 90 850 204 06 34
Rumeli Corporate Branch	Target İş Merkezi E-5 Yan Yolu üzeri Haramidere mevkii K:5 Beylikdüzü 34520 İSTANBUL	Beylikdüzü	İstanbul	+ 90 850 204 06 36
Beykent Branch	Cumhuriyet Mah.Gürpınar Yolu Beylikdüzü San.Sitesi B2 Blok No:325- 326-327-328-355-356 B.Çekmece 34500-İST	Büyükçekmece	İstanbul	+ 90 850 204 06 37
Osmaniye Branch	Alibeyli Mahallesi Dr Ahmet Alkan Caddesi No:17/A Merkez 80010 OSMANIYE	Merkez	Osmaniye	+ 90 850 204 06 42
Kütahya Branch	Gazi Kemal Mahallesi Cumhuriyet Caddesi No:77/B Merkez 43050 KÜTAHYA	Merkez	Kütahya	+ 90 850 204 06 43
Polatlı Branch	Cumhuriyet Mahallesi Ankara Caddesi No: 5 Polatlı 06900 Ankara	Polatlı	Ankara	+ 90 850 204 06 57

Gezgin Branch	Kuştepe Mahallesi İnönü Caddesi Bilgi Üniv. E Blk Apt. No:72/1 Şişli 34381 İstanbul	Şişli	İstanbul	+ 90 533 373 32 61
Tokat Branch	Kabe-i Mescid Mahallesi Gaziosmanpaşa Bulvarı No:168/A Merkez 60030 Tokat	Merkez	Tokat	+ 90 850 204 06 51
Mersin Toptancılar Sitesi Branch	Mersin Toptancılar Sitesi (Mertoç) Hal Mahallesi Turgut Özal Bulvarı E Blok No: 92 Akdeniz 33020 Mersin	Akdeniz	Mersin	+ 90 850 204 06 52
Libadiye Branch	Cumhuriyet Mahallesi Libadiye Cad. No: 81-81 A Canan Sokak No: 1 Üsküdar 34699 İstanbul	Üsküdar	İstanbul	+ 90 850 204 06 53
Kıraç Branch	Çakmaklı Mahallesi Hadımköy Yolu Caddesi Ufuk Plaza No:57B Büyükçekmece 34500 İSTANBUL	Büyükçekmece	İstanbul	+90 850 204 06 54
Ceyhan Branch	Türlübaş Mahallesi Atatürk Caddesi No:260 Ceyhan 01960 Adana	Ceyhan	Adana	+ 90 850 204 06 56
Gönen Branch	Akçaali Mahallesi Atatürk Caddesi No: 27 Gönen 10900 Balıkesir	Gönen	Balıkesir	+ 90 850 204 06 60
Milas Branch	Hacıilyas Mahallesi Menteşe Caddesi Özler İş Hanı Karşısı No:91 Milas 48200 Muğla	Milas	Muğla	+ 90 850 204 06 65
Kırşehir Branch	Medrese Mahallesi, M. Kemal Hotamaroğlu Sokak No:2 Merkez 40200 Kırşehir	Merkez	Kırşehir	+90 850 204 06 68
Siirt Branch	Bahçelievler Mahallesi Hükümet Bulvarı No:26 Merkez 56100 SİİRT	Merkez	Siirt	+90 850 204 06 71
Lefkoşa Kaymaklı Branch	Küçük Kaymaklı Mahallesi Şht. Mustafa Ahmet Ruso Caddesi (Adres No:3 ve 4) Lefkoşa / KKTC	-	Lefkoşa / Kkct	+90 392 228 02 55
Denizli Çivril Branch	Çatlar Mahallesi Cumhuriyet Caddesi No:3 Çivril 20600 DENİZLİ	Çivril	Denizli	+90 850 204 06 84
Çankırı Branch	Yunus AVM Buğday Pazarı Mahallesi Çarşamba Pazarı Caddesi No:4/B116-Z118-Z119 Merkez ÇANKIRI	Merkez	Çankırı	+90 850 204 06 73
Karaman Branch	Mansurdede Mahallesi Atatürk Bulvarı No:24 D-E-F Merkez 70200 KARAMAN	Merkez	Karaman	+90 850 204 06 72
Tekirdağ Köprübaşı Branch	Çınarlı Mahallesi Köprübaşı Caddesi No:11B Süleymanpaşa 59200 TEKİRDAĞ	Süleymanpaşa	Tekirdağ	+90 850 204 06 76
İğdır Branch	Bağlar Mahallesi, İbrahim Bozyel Caddesi, No: 8/10C Merkez 76103 IĞDIR	Merkez	İğdır	+90 850 204 06 78
Gebze Akse Sapağı Branch	Mustafapaşa Mahallesi İbrahimağa Caddesi No:75/A Gebze 41400 Kocaeli	Gebze	Kocaeli	+90 850 204 06 83
Tatvan Branch	Tuğ Mahallesi Cumhuriyet Caddesi No:214/Z1 Tatvan 13200 BİTLİS	Tatvan	Bitlis	+90 850 204 06 81
Bozüyük Branch	Yeni Mahalle İsmet İnönü Caddesi No:67 Bozüyük 11300 BİLECİK	Bozüyük	Bilecik	+90 850 204 06 86
Bartın Branch	Kırtepe Mahallesi Hamam Caddesi No: 5 Merkez 74100 BARTIN	Merkez	Bartın	+ 90 850 204 06 77
Silifke Branch	Mukaddem Mahallesi İnönü Bulvarı No:20 A Silifke 33940 MERSİN	Silifke	Mersin	+ 90 850 204 06 88
Kadirli Branch	Savrun Mahallesi Atatürk Caddesi No: 46 Kadirli 80760 OSMANİYE	Kadirli	Osmaniye	+ 90 850 204 06 89
Elbistan Branch	Güneşli Mahallesi Dulkadiroğlu Caddesi No:100/B Elbistan 46300 Kahramanmaraş	Elbistan	Kahramanmaraş	+ 90 850 204 06 85
Nevşehir Branch	Karasoku Mahallesi Atatürk Caddesi No:16/B Merkez 50100 Nevşehir	Merkez	Nevşehir	+ 90 850 204 06 94

Yalıkavak Branch	İnönü Caddesi No:101/A-E Yalıkavak Bodrum 48990 MUĞLA	Bodrum	Muğla	+90 850 204 06 92
Malatya Çarşı Branch	İzzetiye Mahallesi Şehit Servet Aktaş Caddesi No:8 Battalgazi 44210 Malatya	Battalgazi	Malatya	+90 850 204 06 90
Uzunköprü Branch	Muradiye Camii Mahallesi Cumhuriyet Caddesi No:1-A Uzunköprü 22300 EDİRNE	Uzunköprü	Edirne	+90 850 204 06 93
Amasya Branch	Yüzevler Mahallesi Mustafa Kemal Paşa Caddesi No:76/A-B-1 Merkez 05100 AMASYA	Merkez	Amasya	+90 850 204 06 87
Sinop Branch	Meydankapı Mahallesi Kıbrıs Caddesi No:4 Merkez 57000 Sinop	Merkez	Sinop	+90 850 204 06 91
Ünye Branch	Kaledere Mahallesi Akkuş Nıksar Caddesi No:6/A Ünye 52300 ORDU	Ünye	Ordu	+90 850 204 06 98
Yozgat Branch	Medrese Mahallesi, Şeyhzade Caddesi, No:11/B Merkez 66100 Yozgat	Merkez	Yozgat	+90 850 204 07 00
Erdemli Branch	Merkez Mahallesi, Alparslan Türkeş Bulvarı, No: 561A Erdemli 33730 MERSİN	Erdemli	Mersin	+ 90 850 204 07 02
Kepez Branch	Teomanpaşa Mahallesi Yeşilirmak Caddesi 34/2 Kepez 07260 Antalya	Kepez	Antalya	+ 90 850 204 07 04
Fethiye Seydikemer Branch	Cumhuriyet Mahallesi İnönü Caddesi No:40 Kemer Fethiye 48300 Muğla	Fethiye	Muğla	+90 850 204 07 09
Konya Buğday Pazarı Branch	Fevzi Çakmak Mahallesi Adana Çevreyolu Caddesi No:26B-(1 İşyeri) Karatay 42050 KONYA	Karatay	Konya	+90 850 204 07 08
Van Yüzüncü Yıl Üniversitesi Branch	Yüzüncü Yıl Üniversitesi Bardakçı Mahallesi Zeve Kampüsü Tuşba 65040 VAN	Tuşba	Van	+90 850 204 07 10
Tokat Erbaa Branch	Cumhuriyet Mahallesi Hükümet Caddesi No:140A Erbaa 60500 TOKAT	Erbaa	Tokat	+90 850 204 07 11
Kocasinan Kayseri Branch	Sahabiye Mah. Ahmet Paşa Cad. No: 31-B, 31-C, 31-D, 31-E Kocasinan 38010 KAYSERİ	Kocasinan	Kayseri	+90 850 204 07 13
Ayvalık Branch	İsmetpaşa Mahallesi Atatürk Bulvarı Caddesi No:109 Ayvalık 10400 Balıkesir	Ayvalık	Balıkesir	+90 850 204 07 14
Tavşanlı Branch	Yeni Mahalle Emet Cad. No:16/A Tavşanlı 43300 Kütahya	Tavşanlı	Kütahya	+90 850 204 07 12
Dudullu Branch	Necip Fazıl Bulvarı No:7-9 Ümraniye 34773 İstanbul	Ümraniye	İstanbul	+90 850 204 07 21
Darıca Branch	Kazımkarabekir Mahallesi İstasyon Caddesi No:509/A Darıca 41700 KOCAELİ	Darıca	Kocaeli	+90 850 204 07 22
Sarıgöl Branch	Cumhuriyet Mahallesi Aşağı Koçaklar Caddesi No:6/Z01 Sarıgöl 45470 MANİSA	Sarıgöl	Manisa	+90 850 204 07 23
Saruhanlı Branch	Saruhan Mah. Cumhuriyet Meydanı No:9/2-3 Saruhanlı 45800 MANİSA	Saruhanlı	Manisa	+90 850 204 07 24
Bayındır Branch	Mithatpaşa Mah. Fevzi Paşa Cad. No:23A Bayındır 35840 İZMİR	Bayındır	İzmir	+90 850 204 07 25
Çumra Branch	İzzetbey Mahallesi Yıldız Sokak No:33A/1 Çumra 42500 KONYA	Çumra	Konya	+90 850 204 07 28
Bursa Yenişehir Branch	Ulucami Mahallesi Belediye Meydanı Sokak No:15 Yenişehir 16900 BURSA	Yenişehir	Bursa	+90 850 204 07 26
Bayramiç Branch	Camicedit Mahallesi Atatürk Caddesi no:22 A Bayramiç 17700 ÇANAKKALE	Bayramiç	Çanakkale	+90 850 204 07 27
Malkara Branch	Camiatik Mahallesi Hürriyet Caddesi No:25/11 Malkara 59300 TEKİRDAĞ	Malkara	Tekirdağ	+90 850 204 07 30

Sorgun Branch	Çay Mahallesi Cumhuriyet Caddesi No:71 A Sorgun 66700 YOZGAT	Sorgun	Yozgat	+90 850 204 07 31
Akdeniz Üniversitesi Branch	Akdeniz Üniversitesi Dumlupınar Bulvarı Olbia Çarşısı Kampüs Konyaaltı 07058 ANTALYA	Konyaaltı	Antalya	+90 850 204 07 32
Hayrabolu Branch	Hisar Mahallesi Şair Mehmet Mahvi Sokak No:10/Z1 Hayrabolu 59400 TEKİRDAĞ	Hayrabolu	Tekirdağ	+90 850 204 07 33
Çine Branch	Hamidabat Mahallesi Mehmet Yavaş Caddesi TN:20 No:111/A Çine 09500 AYDIN	Çine	Aydın	+90 850 204 07 35
Boğazlıyan Branch	Çarşı Mahallesi Mescit Caddesi No:17 Boğazlıyan 66400 YOZGAT	Boğazlıyan	Yozgat	+90 850 204 07 38
Trakya Üniversitesi Branch	Kocasinan Mahallesi E5 Karayolu Caddesi No:76/13 İç Kapı : 2 Merkez 22030 EDİRNE	Merkez	Edirne	+90 850 204 07 45
Acıpayam Branch	Yukarı Mahalle Çarşı Caddesi No:8/A Acıpayam 20800 Denizli	Acıpayam	Denizli	+90 850 204 07 42
Kalkan Branch	Kalkan Mahallesi Milli Egemenlik Caddesi No:1/1 Kaş 07960 ANTALYA	Kaş	Antalya	+90 850 204 07 44
Zile Branch	Cedid Mahallesi İstasyon Caddesi No:13A/13B Zile 60400 TOKAT	Zile	Tokat	+90 850 204 07 43
Mut Branch	Doğancı Mahallesi Atatürk Bulvarı No:48/A-B Mut 33600 MERSİN	Mut	Mersin	+90 850 204 07 46
Geyve Branch	Camikebir Mahallesi, Elvan Bey Sokak No:66 A-1 Geyve 54700 SAKARYA	Geyve	Sakarya	+90 850 204 07 52
Ege Üniversitesi Branch	Kazım Dirik Mahallesi Üniversite Caddesi No:9/47A Bornova 35100 İZMİR	Bornova	İzmir	+90 850 204 07 54
Emirdağ Branch	Yenidoğan Mahallesi Şehit Er Yüksel Yeşildağ Caddesi No:4/1-2 Emirdağ 03600 AFYONKARAHİSAR	Emirdağ	Afyonkarahisar	+90 850 204 07 55
Kula Branch	Camii Cedit Mahallesi Yunus Emre Caddesi No:101/A Kula 45170 MANİSA	Kula	Manisa	+90 850 204 07 56
Vezirköprü Branch	Fazıl Ahmet Mahallesi,Fazıl Mustafa Paşa Caddesi,No:65 Vezirköprü 55900 SAMSUN	Vezirköprü	Samsun	+90 850 204 07 60
Çubuk Branch	Yıldırım Beyazıt Mahallesi Ankara (1.Kısım) Bulvarı, B Blok Özdemirler Apartmanı No:29 G- H Çubuk 06760 ANKARA	Çubuk	Ankara	+90 850 204 07 61
Develi Branch	İbrahimağa Mahallesi Cumhuriyet Caddesi Belediye İş Merkezi No:2/1B Develi 38400 KAYSERİ	Develi	Kayseri	+90 850 204 07 63
Menderes Branch	Kasımpaşa Mahallesi Atatürk Caddesi No 69 C Menderes 35471 İZMİR	Menderes	İzmir	+90 850 204 07 71
Ege Üniversitesi Kampüsü Branch	Erzene Mahallesi, Ankara Caddesi, 172/15 B Bornova 35040 İZMİR	Bornova	İzmir	+90 850 204 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 2018 - 31 December 2018 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 2019 on the full set consolidated and unconsolidated financial statements for the 1 January 2018 - 31 December 2018 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 Communique 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.

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by several loops and a final flourish.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 28 February 2019

**SECTION 4 - UNCONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

**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 2018**



**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 General Assembly 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 2018, 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 2018, 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 BRSA and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") 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.

<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p><b>Expected credit losses for loans</b></p> <p>The Bank has total expected credit losses for loans amounting to TL 2.849.784 thousand in respect to total loans amounting to TL 66.848.607 thousand, which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2018. Explanations and notes related to provision for impairment of loans are presented Section Three Part VIII, Section Four Part II, Section Five Part I.6 in the accompanying unconsolidated financial statements as at 31 December 2018.</p> <p>As of 1 January 2018, the Bank started to recognize provision for impairment in accordance with "IFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" as published in the Official Gazette dated 22 June 2016 numbered 29750. Accordingly, provisioning rules applicable as at 31 December 2017 under the previous BRSA regulation have changed with the application of expected credit loss model under IFRS 9 together with the rules on classification of loans as per their credit risk (staging). The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The Bank determines staging of credit identifying significant increase in credit risk with quantitative and qualitative assessments presented Section Three Part VIII in the accompanying unconsolidated financial statements and default event presented in Section Four Part II in the accompanying unconsolidated financial statements. Information used in the expected credit loss assessment such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses in accordance with IFRS 9, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles.</p> <p>Together with our financial risk experts, we have evaluated and tested the methodologies used in classification of loans as per their credit risk (staging) and building the impairment models in line with the requirement of IFRS 9 under the Bank's policies procedures. Regarding the expected credit losses models; we have assessed appropriateness of the segmentation, lifetime probability of default and loss given default calculations, and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed the approach and expert judgment utilized in interpretation of supportable forward-looking expectations (including macroeconomic factors) by using the information publicly announced with our experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by re-performing on a sample selection basis.</li> <li>• We have checked the appropriateness of the policies of the Bank to identify the significant increase in credit risk and default event and assessed the information on the classification of the loans as per their credit risk (staging).</li> </ul>





<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p data-bbox="296 618 890 651"><b>Expected credit losses for loans (continued)</b></p> <p data-bbox="296 674 927 819">The Bank has developed new and complex models that requires data to be derived from multiple systems and has not been part of the financial reporting process before for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses.</p> <p data-bbox="296 842 916 1205">Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<ul data-bbox="954 600 1501 1697" style="list-style-type: none"> <li data-bbox="954 600 1501 763">• We tested the completeness of historical data considered in determining of probability of default, which is used in expected credit losses calculation based on a selected sample and checked the accuracy of resultant calculations.</li> <li data-bbox="954 775 1501 875">• We checked the calculation of the Loss Given Default used by the Bank in the expected credit losses calculations, and tested collaterals, recovery and costs.</li> <li data-bbox="954 887 1501 1021">• We checked expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with management.</li> <li data-bbox="954 1032 1501 1189">• For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of the accuracy of cash flows in the calculation with the cash flows defined in the credit agreements and the discounting method.</li> <li data-bbox="954 1200 1501 1357">• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li data-bbox="954 1368 1501 1424">• We checked accuracy of resultant expected credit losses calculations.</li> <li data-bbox="954 1435 1501 1615">• To assess appropriateness of the Bank’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment under TFRS 9 rules, we have performed loan review procedures based on a selected sample.</li> <li data-bbox="954 1626 1501 1697">• We checked the disclosures in the financial statements the Bank presented in relation to expected credit losses.</li> </ul>



<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p><b>First time application of TFRS 9</b></p> <p>The Bank has adopted “TFRS 9 Financial Instruments” (“TFRS 9”) to replace “TAS 39 Financial Instruments: Recognition and measurement” as of 1 January 2018. Transition resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The impact of the first application of TFRS 9 and relevant disclosures are presented in Section 3 Part 1 in the accompanying unconsolidated financial statements as at 31 December 2018.</p> <p>TFRS 9 Financial Instruments Standard consists of three phases:  Phase 1 – Classification and measurement of financial assets and financial liabilities;  Phase 2 – Expected credit losses and  Phase 3 – Hedge accounting.</p> <p>Management assessed the business model to determine whether its financial assets are held to collect, held to collect and sell or other. For the financial assets in every business model, management has performed assessment for each type of product to conclude whether the cash flows from financial instruments fulfil the solely of payment of principal of interest criteria (‘SPPI’).</p> <p>TFRS 9 lead to an increase in complexity and in the degree of judgment required to calculate the expected credit losses. First time application of the standard, required significant judgment and interpretation especially in development of expected credit losses models. Regarding changes due to adoption of TFRS 9, explanations regarding Bank’s transition to expected credit losses approach are stated in key audit matter “Expected credit losses for loans”</p> <p>The Bank has elected to continue to apply the hedge accounting requirements of TAS 39.</p> <p>As first time application of TFRS 9 requires number of decision making based on interpretation and judgment, and as it is a major change in the accounting framework of the Group, we considered this as key audit matter.</p>	<p>With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following;</p> <p>We read the Bank’s TFRS 9 based classification and measurement policy for financial assets and financial liabilities, and compared it with the requirements of TFRS 9;</p> <p>We obtained and reviewed the Bank’s business model assessment. We assessed criterias used to determine contracts which give rise to cash flows that are solely payments of principal and interest, and tested contracts representing product groups based on a selected sample. Audit procedures related to TFRS 9 expected credit losses phase and relevant models are explained in the part ‘how the key audit matter was addressed in the audit’ of key audit matter titled “Expected credit losses for loans” We checked the appropriateness of of the opening balance adjustments and disclosures presented.</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>





<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p data-bbox="293 593 821 627"><b>Valuation of Pension Fund Obligations</b></p> <p data-bbox="293 654 895 801">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 2018.</p> <p data-bbox="287 833 890 1635">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 data-bbox="277 1666 882 1904">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 data-bbox="922 598 1481 775">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 data-bbox="922 804 1485 985">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 data-bbox="922 1014 1474 1133">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 2018 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 Demer Kaya, SMMM  
Partner

Istanbul, 6 February 2019



**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  
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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 2018**

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 Structure 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 incompliance 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  
Ayşe Aşardağ Vice Chairman of the Audit Committee  
Yvan L.A.M. De Cock Member of the Audit Committee  
Ornit İblebici Chief Executive Officer  
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

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# TÜRK EKONOMİ BANKASI A.Ş

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

As of 31 December 2018, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1.00 (full TL) nominal each.

# TÜRK EKONOMİ BANKASI A.Ş

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

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

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

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

(\*\*) Alain Georges Auguste Fonteneau has resigned from his duty as a member of the Board of Directors of our Bank as of 31 December 2018.

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



## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

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

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

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

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

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2018, the Bank has 499 local branches and 4 foreign branches (31 December 2017: 500 local branches, 4 foreign branches). As of 31 December 2018, the number of employees of the Bank is 9,487 (31 December 2017: 9,464).

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

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

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

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

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

# TÜRK EKONOMİ BANKASI A.Ş

## UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

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

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

ASSETS	Section 5 Note	Audited Current Period 31.12.2018		Total
		TL	FC	
<b>I. FINANCIAL ASSETS (Net)</b>		<b>12,109,765</b>	<b>17,555,748</b>	<b>29,665,513</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>3,123,276</b>	<b>16,737,908</b>	<b>19,861,184</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	1,958,549	13,702,503	15,661,052
1.1.2 Banks	(I-4)	883,031	3,035,405	3,918,436
1.1.3 Money Market Placements		281,696	-	281,696
<b>1.2 Financial Assets at Fair Value Through Profit and Loss</b>		<b>427,287</b>	<b>189,287</b>	<b>616,574</b>
1.2.1 Government Debt Securities	(I-2)	391,248	136,646	527,894
1.2.2 Equity Securities		36,039	52,641	88,680
1.2.3 Other Financial Assets		-	-	-
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-5)</b>	<b>2,865,819</b>	<b>425,538</b>	<b>3,291,357</b>
1.3.1 Government Debt Securities		2,860,209	425,538	3,285,747
1.3.2 Equity Securities		5,610	-	5,610
1.3.3 Other Financial Assets		-	-	-
<b>1.4 Financial Assets Measured at Amortized Cost</b>	<b>(I-7)</b>	<b>2,792,080</b>	<b>-</b>	<b>2,792,080</b>
1.4.1 Government Debt Securities		2,792,080	-	2,792,080
1.4.2 Other Financial Assets		-	-	-
<b>1.5 Derivative Financial Assets</b>		<b>2,903,036</b>	<b>210,240</b>	<b>3,113,276</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	2,400,557	210,240	2,610,797
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	502,479	-	502,479
<b>1.6 Non-performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7 Allowance for Expected Credit Losses (-)</b>		<b>(1,733)</b>	<b>(7,225)</b>	<b>(8,958)</b>
<b>II. LOANS (Net)</b>	<b>(I-6)</b>	<b>50,343,941</b>	<b>13,654,882</b>	<b>63,998,823</b>
<b>2.1 Loans</b>		<b>50,134,465</b>	<b>13,939,398</b>	<b>64,073,863</b>
2.1.1 Loans Measured at Amortised Cost		50,134,465	13,939,398	64,073,863
2.1.2 Loans at Fair Value Through Profit and Loss		-	-	-
2.1.3 Loans at Fair Value Through Other Comprehensive Income		-	-	-
<b>2.2 Lease Receivables</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.2.1 Finance Lease Receivables		-	-	-
2.2.2 Operational Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		-	-	-
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.3.1 Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2 Factoring Receivables at Fair Value Through Profit and Loss		-	-	-
2.3.3 Factoring Receivables at Fair Value Through Other Comprehensive Income		-	-	-
<b>2.4 Non-performing Loans</b>		<b>2,756,354</b>	<b>18,390</b>	<b>2,774,744</b>
<b>2.5 Allowance for Expected Credit Losses (-)</b>		<b>(2,546,878)</b>	<b>(302,906)</b>	<b>(2,849,784)</b>
2.5.1 12-Month Expected Credit Losses (Stage 1)		(302,011)	(53,379)	(355,390)
2.5.2 Significant Increase in Credit Risk (Stage 2)		(600,704)	(235,510)	(836,214)
2.5.3 Credit-Impaired (Stage 3)		(1,644,163)	(14,017)	(1,658,180)
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>	<b>(I-17)</b>	<b>109,104</b>	<b>-</b>	<b>109,104</b>
3.1 Held For Sale		109,104	-	109,104
3.2 Held from Discontinued Operations		-	-	-
<b>IV. INVESTMENTS</b>		<b>115,991</b>	<b>-</b>	<b>115,991</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-8)</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted with Equity Method		-	-	-
4.1.2 Unconsolidated Associates		-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	<b>(I-9)</b>	<b>115,986</b>	<b>-</b>	<b>115,986</b>
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-10)</b>	<b>5</b>	<b>-</b>	<b>5</b>
4.3.1 Joint Ventures Accounted with Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>292,290</b>	<b>-</b>	<b>292,290</b>
<b>VI. INTANGIBLE ASSETS(Net)</b>	<b>(I-14)</b>	<b>528,440</b>	<b>-</b>	<b>528,440</b>
6.1 Goodwill		421,124	-	421,124
6.2 Other		107,316	-	107,316
<b>VII. INVESTMENT PROPERTIES(Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>1,358</b>	<b>-</b>	<b>1,358</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-16)</b>	<b>187,325</b>	<b>-</b>	<b>187,325</b>
<b>X. OTHER ASSETS</b>		<b>1,770,822</b>	<b>327,498</b>	<b>2,098,320</b>
<b>TOTAL ASSETS</b>		<b>65,459,036</b>	<b>31,538,128</b>	<b>96,997,164</b>

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

# 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)

		Section 5 Note	TL	Audited Prior Period 31.12.2017 FC	Total
<b>I.</b>	<b>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>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>		<b>1,214,439</b>	<b>191,765</b>	<b>1,406,204</b>
2.1	Financial Assets Held for Trading		1,214,439	191,765	1,406,204
2.1.1	Government Debt Securities	(I-2)	346,092	114,868	460,960
2.1.2	Equity Securities		-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244
2.1.4	Other Marketable Securities		-	-	-
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-
2.2.1	Government Debt Securities		-	-	-
2.2.2	Equity Securities		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Marketable Securities		-	-	-
<b>III.</b>	<b>BANKS</b>	<b>(I-4)</b>	<b>669,288</b>	<b>1,844,049</b>	<b>2,513,337</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		-	-	-
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(I-5)</b>	<b>4,630,660</b>	<b>64,804</b>	<b>4,695,464</b>
5.1	Equity Securities		24,598	32,696	57,294
5.2	Government Debt Securities		4,606,062	32,108	4,638,170
5.3	Other Marketable Securities		-	-	-
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	<b>(I-6)</b>	<b>51,072,386</b>	<b>12,218,391</b>	<b>63,290,777</b>
6.1	Loans and Receivables		50,368,572	12,218,391	62,586,963
6.1.1	Loans to Risk Group of the Bank		187,843	56,681	244,524
6.1.2	Government Debt Securities		-	-	-
6.1.3	Other		50,180,729	12,161,710	62,342,439
6.2	Loans under Follow-up		1,946,625	-	1,946,625
6.3	Specific Provisions (-)		1,242,811	-	1,242,811
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-7)</b>	<b>401,854</b>	-	<b>401,854</b>
8.1	Government Debt Securities		401,854	-	401,854
8.2	Other Marketable Securities		-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-8)</b>	-	-	-
9.1	Accounted with Equity Method		-	-	-
9.2	Unconsolidated Associates		-	-	-
9.2.1	Financial Investments		-	-	-
9.2.2	Non-Financial Investments		-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(I-9)</b>	<b>115,986</b>	-	<b>115,986</b>
10.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
<b>XI.</b>	<b>JOINT VENTURES (Net)</b>	<b>(I-10)</b>	<b>5</b>	-	<b>5</b>
11.1	Accounted with Equity Method		-	-	-
11.2	Unconsolidated Joint Ventures		5	-	5
11.2.1	Financial Joint Ventures		-	-	-
11.2.2	Non-Financial Joint Ventures		5	-	5
<b>XII.</b>	<b>FINANCIAL LEASE RECEIVABLES</b>	<b>(I-11)</b>	-	-	-
12.1	Financial Lease Receivables		-	-	-
12.2	Operating Lease Receivables		-	-	-
12.3	Others		-	-	-
12.4	Unearned Income (-)		-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(I-12)</b>	<b>85,940</b>	<b>1,335</b>	<b>87,275</b>
13.1	Fair Value Hedge		4,454	-	4,454
13.2	Cash Flow Hedge		81,486	1,335	82,821
13.3	Foreign Net Investment Hedge		-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>271,622</b>	-	<b>271,622</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>519,770</b>	-	<b>519,770</b>
15.1	Goodwill		421,124	-	421,124
15.2	Other		98,646	-	98,646
<b>XVI.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>		<b>69,744</b>	-	<b>69,744</b>
17.1	Current Tax Asset		649	-	649
17.2	Deferred Tax Asset	(I-16)	69,095	-	69,095
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(I-17)</b>	<b>90,677</b>	-	<b>90,677</b>
18.1	Held for Sale Purpose		90,677	-	90,677
18.2	Related to Discontinued Operations		-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>		<b>908,599</b>	<b>411,143</b>	<b>1,319,742</b>
<b>TOTAL ASSETS</b>			<b>61,480,446</b>	<b>24,277,783</b>	<b>85,758,229</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

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

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

LIABILITIES		Section 5 Note	Audited Current Period 31.12.2018		Total
			TL	FC	
<b>I.</b>	<b>DEPOSITS</b>	<b>(II-1)</b>	<b>37,110,317</b>	<b>27,106,849</b>	<b>64,217,166</b>
<b>II.</b>	<b>FUNDS BORROWED</b>	<b>(II-3)</b>	<b>243,558</b>	<b>11,522,605</b>	<b>11,766,163</b>
<b>III.</b>	<b>MONEY MARKET FUNDS</b>	<b>(II-4)</b>	<b>62,543</b>	-	<b>62,543</b>
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>(II-3)</b>	<b>526,592</b>	-	<b>526,592</b>
4.1	Bills		526,592	-	526,592
4.2	Asset Backed Securities		-	-	-
4.3	Bonds		-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-
5.1	Borrower Funds		-	-	-
5.2	Other		-	-	-
<b>VI.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		<b>2,682,982</b>	<b>81,961</b>	<b>2,764,943</b>
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,298,657	77,104	2,375,761
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	384,325	4,857	389,182
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-
<b>IX.</b>	<b>LEASE PAYABLES</b>	<b>(II-6)</b>	-	-	-
9.1	Finance Lease Payables		-	-	-
9.2	Operational Lease Payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred Financial Lease Expenses ( - )		-	-	-
<b>X.</b>	<b>PROVISIONS</b>	<b>(II-8)</b>	<b>557,825</b>	<b>102,307</b>	<b>660,132</b>
10.1	Restructuring Provisions		-	-	-
10.2	Reserve for Employee Benefits		311,811	17,335	329,146
10.3	Insurance Technical Provisions (Net)		-	-	-
10.4	Other Provisions		246,014	84,972	330,986
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	<b>(II-9)</b>	<b>291,338</b>	-	<b>291,338</b>
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>		-	-	-
13.1	Held For Sale		-	-	-
13.2	Held From Discontinued Operations		-	-	-
<b>XIV.</b>	<b>SUBORDINATED LOANS</b>	<b>(II-11)</b>	-	<b>2,843,148</b>	<b>2,843,148</b>
14.1	Loans		-	-	-
14.2	Other Debt Instruments		-	2,843,148	2,843,148
<b>XV.</b>	<b>OTHER LIABILITIES</b>		<b>3,423,548</b>	<b>703,083</b>	<b>4,126,631</b>
<b>XVI.</b>	<b>SHAREHOLDERS’ EQUITY</b>	<b>(II-12)</b>	<b>9,751,981</b>	<b>(13,473)</b>	<b>9,738,508</b>
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital reserves		486,644	-	486,644
16.2.1	Share Premiums		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		484,079	-	484,079
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		300,620	-	300,620
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		147,651	(13,473)	134,178
16.5	Profit Reserves		5,601,476	-	5,601,476
16.5.1	Legal Reserves		348,483	-	348,483
16.5.2	Status Reserves		-	-	-
16.5.3	Extraordinary Reserves		5,143,756	-	5,143,756
16.5.4	Other Profit Reserves		109,237	-	109,237
16.6	Profit or Loss		1,011,200	-	1,011,200
16.6.1	Prior Periods’ Profit / Loss		9,497	-	9,497
16.6.2	Current Periods’ Profit / Loss		1,001,703	-	1,001,703
16.7	Minority Interest		-	-	-
<b>TOTAL LIABILITIES</b>			<b>54,650,684</b>	<b>42,346,480</b>	<b>96,997,164</b>

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

# 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)

		Section 5 Note	TL	Audited Prior Period 31.12.2017 FC	Total
<b>I.</b>	<b>DEPOSITS</b>	<b>(II-1)</b>	<b>33,335,127</b>	<b>22,241,589</b>	<b>55,576,716</b>
1.1	Deposits from Risk Group of the Bank		563,313	1,760,695	2,324,008
1.2	Other		32,771,814	20,480,894	53,252,708
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(II-2)</b>	<b>874,807</b>	<b>83,270</b>	<b>958,077</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>(II-3)</b>	<b>176,925</b>	<b>12,590,087</b>	<b>12,767,012</b>
<b>IV.</b>	<b>MONEY MARKET FUNDS</b>	<b>(II-4)</b>	<b>105,206</b>	-	<b>105,206</b>
4.1	Interbank Money Market Payables		-	-	-
4.2	Istanbul Stock Exchange Money Market Payables		-	-	-
4.3	Funds Provided Under Repurchase Agreements		105,206	-	105,206
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>(II-3)</b>	<b>1,289,688</b>	-	<b>1,289,688</b>
5.1	Bills		1,289,688	-	1,289,688
5.2	Asset Backed Securities		-	-	-
5.3	Bonds		-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-
6.1	Borrower Funds		-	-	-
6.2	Other		-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>1,282,734</b>	<b>156,951</b>	<b>1,439,685</b>
<b>VIII.</b>	<b>OTHER EXTERNAL FUNDINGS PAYABLE</b>	<b>(II-5)</b>	<b>594,901</b>	<b>4,136</b>	<b>599,037</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-
<b>X.</b>	<b>FINANCIAL LEASE PAYABLES</b>	<b>(II-6)</b>	-	-	-
10.1	Financial Lease Payables		-	-	-
10.2	Operating Lease Payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	<b>(II-7)</b>	<b>443,017</b>	<b>314</b>	<b>443,331</b>
11.1	Fair Value Hedge		9,517	-	9,517
11.2	Cash Flow Hedge		433,500	314	433,814
11.3	Foreign Net Investment Hedge		-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>(II-8)</b>	<b>984,536</b>	<b>31,237</b>	<b>1,015,773</b>
12.1	General Loan Loss Provisions		576,339	-	576,339
12.2	Restructuring Provisions		-	-	-
12.3	Reserve for Employee Benefits		238,284	16,356	254,640
12.4	Insurance Technical Provisions (Net)		-	-	-
12.5	Other Provisions		169,913	14,881	184,794
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>(II-9)</b>	<b>229,944</b>	-	<b>229,944</b>
13.1	Current Tax Liability		229,944	-	229,944
13.2	Deferred Tax Liability		-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-
14.1	Held for Sale		-	-	-
14.2	Related to Discontinued Operations		-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	<b>(II-11)</b>	-	<b>2,314,083</b>	<b>2,314,083</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(II-12)</b>	<b>9,009,504</b>	<b>10,173</b>	<b>9,019,677</b>
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital Reserves		1,094,141	10,173	1,104,314
16.2.1	Share Premium		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Marketable Securities Valuation Differences		(41,282)	9,733	(31,549)
16.2.4	Revaluation Surplus on Tangible Assets		266,122	-	266,122
16.2.5	Revaluation Surplus on Intangible Assets		-	-	-
16.2.6	Revaluation Surplus on Investment Property		-	-	-
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		527	-	527
16.2.8	Hedging Funds (Effective Portion)		136,153	440	136,593
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-
16.2.10	Other Capital Reserves		730,056	-	730,056
16.3	Profit Reserves		4,632,637	-	4,632,637
16.3.1	Legal Reserves		295,041	-	295,041
16.3.2	Status Reserves		-	-	-
16.3.3	Extraordinary Reserves		4,292,924	-	4,292,924
16.3.4	Other Profit Reserves		44,672	-	44,672
16.4	Profit or Loss		1,078,336	-	1,078,336
16.4.1	Prior Periods Profit / Loss		9,497	-	9,497
16.4.2	Current Period Profit / Loss		1,068,839	-	1,068,839
16.5	Minority Interest		-	-	-
<b>TOTAL LIABILITIES</b>			<b>48,326,389</b>	<b>37,431,840</b>	<b>85,758,229</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2018

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

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

		Section 5 Note	TL	Audited Current Period 31.12.2018 FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>70,059,711</b>	<b>79,277,598</b>	<b>149,337,309</b>
<b>I.</b>	<b>GUARANTEES</b>	<b>(III-1)</b>	<b>9,302,313</b>	<b>13,368,187</b>	<b>22,670,500</b>
1.1	Letters of Guarantee		6,884,185	7,188,291	14,072,476
1.1.1	Guarantees Subject to State Tender Law		123,696	83,710	207,406
1.1.2	Guarantees Given for Foreign Trade Operations		412,617	489,797	902,414
1.1.3	Other Letters of Guarantee		6,347,872	6,614,784	12,962,656
1.2	Bank Acceptances		-	34,672	34,672
1.2.1	Import Letter of Acceptance		-	34,672	34,672
1.2.2	Other Bank Acceptances		-	-	-
1.3	Letters of Credit		2,738	2,689,073	2,691,811
1.3.1	Documentary Letters of Credit		400	1,355,735	1,356,135
1.3.2	Other Letters of Credit		2,338	1,333,338	1,335,676
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		2,414,187	2,423,901	4,838,088
1.9	Other Collaterals		1,203	1,032,250	1,033,453
<b>II.</b>	<b>COMMITMENTS</b>	<b>(III-1)</b>	<b>13,163,298</b>	<b>2,913,113</b>	<b>16,076,411</b>
2.1	Irrevocable Commitments		13,163,298	2,913,113	16,076,411
2.1.1	Asset Purchase and Sale Commitments		1,082,628	2,046,312	3,128,940
2.1.2	Deposit Purchase and Sale Commitments		-	603,610	603,610
2.1.3	Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		4,243,982	158,227	4,402,209
2.1.5	Securities Issuance Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheque Payments		1,681,617	-	1,681,617
2.1.8	Tax and Fund Liabilities from Export Commitments		54,955	-	54,955
2.1.9	Commitments for Credit Card Limits		6,093,650	-	6,093,650
2.1.10	Commitments for Credit Cards and Banking Services Promotions		4,357	-	4,357
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		2,109	104,964	107,073
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-2)</b>	<b>47,594,100</b>	<b>62,996,298</b>	<b>110,590,398</b>
3.1	Derivative Financial Instruments for Hedging Purposes		17,040,694	7,618,300	24,658,994
3.1.1	Fair Value Hedge		-	-	-
3.1.2	Cash Flow Hedge		17,040,694	7,618,300	24,658,994
3.1.3	Foreign Net Investment Hedges		-	-	-
3.2	Held for Trading Transactions		30,553,406	55,377,998	85,931,404
3.2.1	Forward Foreign Currency Buy/Sell Transactions		4,332,308	7,661,498	11,993,806
3.2.1.1	Forward Foreign Currency Transactions-Buy		2,332,275	3,784,324	6,116,599
3.2.1.2	Forward Foreign Currency Transactions-Sell		2,000,033	3,877,174	5,877,207
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		21,043,153	40,077,130	61,120,283
3.2.2.1	Foreign Currency Swap-Buy		6,449,446	22,606,834	29,056,280
3.2.2.2	Foreign Currency Swap-Sell		14,283,707	14,681,284	28,964,991
3.2.2.3	Interest Rate Swaps-buy		155,000	1,394,506	1,549,506
3.2.2.4	Interest Rate Swaps-Sell		155,000	1,394,506	1,549,506
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,177,945	7,497,597	12,675,542
3.2.3.1	Foreign Currency Options-Buy		2,295,403	4,065,930	6,361,333
3.2.3.2	Foreign Currency Options-Sell		2,882,542	3,431,667	6,314,209
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-
3.2.5	Interest Rate Futures		-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-
3.2.5.2	Interest rate Futures-Sell		-	-	-
3.2.6	Other		-	141,773	141,773
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>159,485,118</b>	<b>37,355,867</b>	<b>196,840,985</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>20,401,124</b>	<b>2,651,399</b>	<b>23,052,523</b>
4.1	Assets Under Management		-	-	-
4.2	Investment Securities Held In Custody		9,683,981	1,224,567	10,908,548
4.3	Cheques Received for Collection		9,855,135	906,310	10,761,445
4.4	Commercial Notes Received for Collection		515,021	149,903	664,924
4.5	Other assets Received for Collection		-	370,619	370,619
4.6	Assets Received for Public Offering		-	-	-
4.7	Other Items under Custody		346,987	-	346,987
4.8	Custodians		-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>133,414,971</b>	<b>33,470,037</b>	<b>166,885,008</b>
5.1	Marketable Securities		456,962	914,680	1,371,642
5.2	Guarantee Notes		51,361,896	20,618,260	71,980,156
5.3	Commodity		17,208	671,712	688,920
5.4	Warranty		-	-	-
5.5	Immovables		73,124,364	6,604,523	79,728,887
5.6	Other Pledged Items		8,454,541	4,660,862	13,115,403
5.7	Pledged Items-Depository		-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>5,669,023</b>	<b>1,234,431</b>	<b>6,903,454</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>229,544,829</b>	<b>116,633,465</b>	<b>346,178,294</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AT 31 DECEMBER 2017**

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

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

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

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



# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2018

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

### III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Section 5 Note	Audited Current Period 31.12.2018
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>11,268,525</b>
1.1 Interest Income on Loans		9,694,495
1.2 Interest Income on Reserve Deposits		134,151
1.3 Interest Income on Banks		224,764
1.4 Interest Income on Money Market Placements		98,391
1.5 Interest Income on Securities Portfolio		1,111,821
1.5.1 Financial Assets at Fair Value Through Profit or Loss		166,934
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		509,157
1.5.3 Financial Assets Measured at Amortised Cost		435,730
1.6 Financial Lease Income		-
1.7 Other Interest Income		4,903
<b>II. INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>7,062,436</b>
2.1 Interest Expense on Deposits		6,274,854
2.2 Interest Expense on Funds Borrowed		469,690
2.3 Interest Expense on Money Market Borrowings		56,987
2.4 Interest Expense on Securities Issued		251,345
2.5 Other Interest Expense		9,560
<b>III. NET INTEREST INCOME (I - II)</b>		<b>4,206,089</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,270,224</b>
4.1 Fees and Commissions Received		1,913,803
4.1.1 Non-cash Loans		227,286
4.1.2 Other	(IV-12)	1,686,517
4.2 Fees and Commissions Paid (-)		643,579
4.2.1 Non-cash Loans		3,223
4.2.2 Other	(IV-12)	640,356
<b>V. PERSONNEL EXPENSES(-)</b>	<b>(IV-7)</b>	<b>1,247,821</b>
<b>VI. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>16,908</b>
<b>VII. TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>(424,922)</b>
7.1 Securities Trading Gains / Losses		(178,628)
7.2 Gains / Losses on Derivative Financial Instruments		2,873,301
7.3 Foreign Exchange Gains / Losses		(3,119,595)
<b>VIII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>107,021</b>
<b>IX. GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>		<b>3,927,499</b>
<b>X. ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)</b>	<b>(IV-6)</b>	<b>1,247,465</b>
<b>XI. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>1,399,314</b>
<b>XII. NET OPERATING INCOME/(LOSS) (IX-X-XI)</b>		<b>1,280,720</b>
<b>XIII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-
<b>XIV. GAIN / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-
<b>XV. GAIN / LOSS ON NET MONETARY POSITION</b>		-
<b>XVI. PROFIT / LOSS FROM CONTINUED OPERATIONS BEFORE TAX (XII+...+XV)</b>	<b>(IV-8)</b>	<b>1,280,720</b>
<b>XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(279,017)</b>
17.1 Current Tax Provision		(179,473)
17.2 Expense Effect of Deferred Tax (+)		(607,578)
17.3 Income Effect of Deferred Tax (-)		508,034
<b>XVIII. NET PROFIT / LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(IV-10)</b>	<b>1,001,703</b>
<b>XIX. INCOME ON DISCONTINUED OPERATIONS</b>		-
19.1 Income from Non-current Assets Held for Sale		-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3 Income from Other Discontinued Operations		-
<b>XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-
20.1 Expenses from Non-current Assets Held for Sale		-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3 Expenses for Other Discontinued Operations		-
<b>XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>	<b>(IV-8)</b>	-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	-
22.1 Current Tax Provision		-
22.2 Expense Effect of Deferred Tax (+)		-
22.3 Income Effect of Deferred Tax (-)		-
<b>XXIII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI+XXII)</b>	<b>(IV-10)</b>	-
<b>XXIV. NET PROFIT / LOSS (XVIII+XXIII)</b>	<b>(IV-11)</b>	<b>1,001,703</b>
24.1 Group's Profit / Loss		1,001,703
24.2 Minority Interest Profit / Loss (-)		-
Earnings per Share		0.4544

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

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

### III. STATEMENT OF INCOME

	Section 5 Note	Audited Prior Period 31.12.2017
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>7,916,379</b>
1.1 Interest Income on Loans		7,119,126
1.2 Interest Income on Reserve Deposits		74,537
1.3 Interest Income on Banks		65,771
1.4 Interest Income on Money Market Placements		96,877
1.5 Interest Income on Marketable Securities Portfolio		557,469
1.5.1 Held-for-trading Financial Assets		46,962
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-
1.5.3 Available-for-sale Financial Assets		462,094
1.5.4 Held-to-maturity Investments		48,413
1.6 Financial Lease Income		-
1.7 Other Interest Income		2,599
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>4,008,562</b>
2.1 Interest Expense on Deposits		3,506,446
2.2 Interest Expense on Funds Borrowed		327,870
2.3 Interest Expense on Money Market Borrowings		49,124
2.4 Interest Expense on Securities Issued		83,592
2.5 Other Interest Expense		41,530
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,907,817</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,063,440</b>
4.1 Fees and Commissions Received		1,468,517
4.1.1 Non-cash Loans		168,630
4.1.2 Other	(IV-12)	1,299,887
4.2 Fees and Commissions Paid		405,077
4.2.1 Non-cash Loans		3,091
4.2.2 Other	(IV-12)	401,986
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>19,118</b>
<b>VI. TRADING INCOME/(LOSS) (NET)</b>	<b>(IV-4)</b>	<b>(935,107)</b>
6.1 Securities Trading Gains/(Losses)		(29,236)
6.2 Gains/(Losses) on Derivative Financial Instruments		(695,236)
6.3 Foreign Exchange Gains/(Losses)		(210,635)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>109,328</b>
<b>VIII. TOTAL OPERATING INCOME/(LOSS) (III+IV+V+VI+VII)</b>		<b>4,164,596</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>446,760</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>2,404,905</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,312,931</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-
<b>XIII. GAIN/(LOSS) FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-
<b>XIV. GAIN/(LOSS) ON NET MONETARY POSITION</b>		-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAX (XI+...+XIV)</b>	<b>(IV-8)</b>	<b>1,312,931</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(244,092)</b>
16.1 Current Tax Provision		(308,657)
16.2 Deferred Tax Provision		64,565
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(IV-10)</b>	<b>1,068,839</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>
23.1 Group's Profit/(Loss)		1,068,839
23.2 Minority Interest Profit/(Loss)		-
Earnings per Share		0.4849

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018

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

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

	Audited Current Period 31.12.2018
<b>I. PROFIT / (LOSS)</b>	<b>1,001,703</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>5,934</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>(25,388)</b>
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	-
2.1.2 Gains (losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (losses) on Remeasurements of Defined Benefit Plans	(32,831)
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	877
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified To Profit or Loss	6,566
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>31,322</b>
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(135,494)
2.2.3 Income (loss) related with Cash Flow Hedges	175,504
2.2.4 Income (loss) related with Hedges of Net Investments in Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(8,688)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,007,637</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED INTERIM INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

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

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

	Audited Prior Period 31.12.2017
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	21,475
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	136,983
VI. PROFIT/ LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR FOREIGN NET INVESTMENT HEDGE OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE CHANGES)	-
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-
VIII. OTHER INCOME / EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	31,011
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(38,032)
X. NET INCOME / EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	151,437
XI. PROFIT/ LOSS	1,068,839
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit / (Loss))	(2,617)
11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	1,390
11.3 Transfer of Foreign Net Investment Hedge Operations to Income Statement	-
11.4 Other	1,070,066
XII. TOTAL PROFIT/ LOSS ACCOUNTED FOR THE PERIOD (X±XI)	1,220,276

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED INTERIM 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	Capital Reserves from Inflation Adj's to		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		Total Equity
	Paid-in Capital	Paid in Capital														Minority Shares	Minority Shares	
<b>Prior Period - 01.01-31.12.2017</b>																		
<b>I. Beginning Balance 31.12.2016</b>	2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
<b>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	-	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>IV. Increase/Decrease Related to Merger</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>	-	-	-	-	-	-	-	-	-	-	20,426	-	-	-	-	-	-	20,426
<b>VI. Hedging Funds (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	-	-	106,084
6.1 Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	-	-	106,084
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>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation Adjustment to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>	-	-	-	-	-	-	298,893	(183,030)	-	-	-	(90,936)	-	-	-	-	-	24,927
<b>XIX. Period Net Income / Loss</b>	-	-	-	-	-	-	-	-	1,068,839	-	-	-	-	-	-	-	-	1,068,839
<b>XX. Profit Distribution</b>	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
20.1 Dividends Distributed	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
20.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2017</b>																		
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)</b>	2,204,390	200,262	2,565	-	295,041	-	4,292,924	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.

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)**

CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense not Reclassified at Profit and Loss			Accumulated Other Comprehensive Income or Expense Reclassified at Profit and Loss			Profit Prior Period Net Reserves Profit/(Loss) Current Period Net Profit/(Loss)			Total Equity Except from Minority Shares		Total Equity
					1	2	3	4	5	6				Minority Shares	Minority Shares	
Audited	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
<b>Current Period – 01.01-31.12.2018</b>																
I. Prior Period Closing Balance	2,204,390	2,565	-	670,697	266,122	58,967	919	-	(31,549)	136,593	4,632,637	1,078,336	-	9,019,677	-	9,019,677
II. Adjustment in accordance with TAS 8	-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effect of Changes in Accounting Policy	-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
III. New Balance (I+II)	2,204,390	2,565	-	484,079	266,122	58,967	919	-	(33,737)	136,593	4,632,637	1,078,336	-	8,830,871	-	8,830,871
IV. Total Comprehensive Income	-	-	-	-	-	(26,265)	877	-	(105,818)	137,140	-	-	1,001,703	1,007,637	-	1,007,637
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonds convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease from Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	968,839	(1,068,839)	-	(100,000)	-	(100,000)
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)	-	(100,000)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	968,839	(968,839)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2018 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>	<b>2,204,390</b>	<b>2,565</b>	<b>-</b>	<b>484,079</b>	<b>266,122</b>	<b>32,702</b>	<b>1,796</b>	<b>-</b>	<b>(139,555)</b>	<b>273,733</b>	<b>5,601,476</b>	<b>9,497</b>	<b>1,001,703</b>	<b>9,738,508</b>	<b>-</b>	<b>9,738,508</b>

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

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### VI. STATEMENT OF CASH FLOWS

	Section 5 Note	Audited Current Period 31.12.2018
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,481,582</b>
1.1.1 Interest received		10,513,359
1.1.2 Interest paid		(6,817,413)
1.1.3 Dividend received		16,908
1.1.4 Fees and commissions received		1,935,673
1.1.5 Other income		3,005,337
1.1.6 Collections from previously written off loans		861,688
1.1.7 Payments to personnel and service suppliers		(1,232,546)
1.1.8 Taxes paid		(156,825)
1.1.9 Others	(VI-1)	(6,644,599)
<b>1.2 Changes in operating assets and liabilities</b>		<b>5,335,575</b>
1.2.1 Net (increase) in financial asset at fair value through profit or loss		(123,938)
1.2.2 Net increase/ decrease in due from banks and other financial institutions		-
1.2.3 Net (increase) in loans		(3,249,979)
1.2.4 Net (increase) in other assets	(VI-1)	(56,907)
1.2.5 Net (decrease) in bank deposits		(46,891)
1.2.6 Net increase in other deposits		7,859,213
1.2.7 Net increase / decrease in financial asset at fair value through profit or loss		-
1.2.8 Net (decrease) in funds borrowed		(1,045,132)
1.2.9 Net increase / decrease in matured payables		-
1.2.10 Net increase in other liabilities	(VI-1)	1,999,209
<b>I. Net cash provided from banking operations</b>		<b>6,817,157</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>		<b>(639,033)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-
2.3 Cash paid for purchase of tangible assets		(99,748)
2.4 Cash obtained from sale of tangible assets		2,541
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(1,178,960)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		987,425
2.7 Cash paid for purchase of financial assets measured at amortised cost		(573,615)
2.8 Cash obtained from sale of financial assets measured at amortised cost		291,885
2.9 Others	(VI-1)	(68,561)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>		<b>(597,517)</b>
3.1 Cash obtained from funds borrowed and securities issued		6,654,809
3.2 Cash used for repayment of funds borrowed and securities issued		(7,152,326)
3.3 Equity instruments issued		-
3.4 Dividends paid		(100,000)
3.5 Payments for financial leases		-
3.6 Others		-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>1,516,339</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>7,096,946</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>5,937,120</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>13,034,066</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

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

### VI. STATEMENT OF CASH FLOWS (Continued)

	Section 5 Note	Audited Prior Period 31.12.2017
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,394,188</b>
1.1.1 Interest received		7,604,798
1.1.2 Interest paid		(3,862,087)
1.1.3 Dividend received		19,118
1.1.4 Fees and commissions received		1,493,829
1.1.5 Other income		567,157
1.1.6 Collections from previously written off loans		670,787
1.1.7 Payments to personnel and service suppliers		(1,120,339)
1.1.8 Taxes paid		(233,871)
1.1.9 Others	(VI-1)	(3,745,204)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(3,161,697)</b>
1.2.1 Net (increase) in financial assets held for trading		(18,456)
1.2.2 Net increase / decrease in financial assets at fair value through profit or loss		-
1.2.3 Net increase / decrease in due from banks and other financial institutions		-
1.2.4 Net (increase) in loans		(7,886,852)
1.2.5 Net decrease in other assets	(VI-1)	324,266
1.2.6 Net (decrease) in bank deposits		(506,032)
1.2.7 Net increase in other deposits		5,516,577
1.2.8 Net decrease in funds borrowed		(84,583)
1.2.9 Net increase / decrease in matured payables		-
1.2.10 Net (decrease) in other liabilities	(VI-1)	(506,617)
<b>I. Net cash provided from banking operations</b>		<b>(1,767,509)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>		<b>(649,584)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-
2.3 Cash paid for purchase of tangible assets		(114,861)
2.4 Cash obtained from sale of tangible assets		177
2.5 Cash paid for purchase of financial assets available for sale		(2,435,786)
2.6 Cash obtained from sale of financial assets available for sale		1,964,405
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)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>		<b>540,206</b>
3.1 Cash obtained from funds borrowed and securities issued		2,061,841
3.2 Cash used for repayment of funds borrowed and securities issued		(1,521,635)
3.3 Equity instruments issued		-
3.4 Dividends paid		-
3.5 Payments for financial leases		-
3.6 Others		-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>413,878</b>
<b>V. Net (decrease) in cash and cash equivalents</b>		<b>(1,463,009)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-2)	<b>7,400,129</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>5,937,120</b>

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



# TÜRK EKONOMİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017

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

### VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2018 (*)	Audited Prior Period 31.12.2017
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,280,720	1,312,931
1.2 TAXES AND DUTIES PAYABLE (-)	279,017	244,092
1.2.1 Corporate tax (Income tax)	179,473	308,657
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	99,544	(64,565)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>1,001,703</b>	<b>1,068,839</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(53,442)
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>1,001,703</b>	<b>1,015,397</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	100,000
1.6.1 To owners of ordinary shares	-	100,000
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	-	915,397
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<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	0.4544	0.4849
3.2 TO OWNERS OF ORDINARY SHARES ( % )	45.44	48.49
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 2018 when the financial statements has been finalized, the General Assembly meeting did not performed.

(\*\*) Other taxes and duties amount is deferred tax expense (31 December 2017: Deferred tax income).

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and in case where a specific regulation is not made by BRSA, “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The accounting principles except TFRS 9 Financial Instruments Standard’s impact, are in accordance with the used principles in preparation of yearly financial statement as of 31 December 2018. The 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 this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated 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 unconsolidated financial statements in conformity with TFRS 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 amendments of TFRS which have entered into force as of 1 January 2018 have no material impact on the Group’s accounting policies, financial position and performance except TFRS 9 Financial Instruments Standard. The amendments of TFRS which are published but not yet effective as of finalization date of financial statement, except TFRS 16 Leases Standard, will have no impact on the accounting policies, financial condition and performance of the Group. Along with the on-going works on leases under TFRS 16 which will be entered into force as 1 January 2019, it is assumed that the effect with related deferred tax will cause a decrease of approximately 1% on equity.

**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.

**Explanations on TFRS 16 Leases Standard**

“TFRS 16 Leases” Standard, which is effective as at 1 January 2019 is published in the Official Gazette numbered 30393 dated 16 April 2018. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The Bank will recognize an adjustment to opening retained earnings at 1 January 2019, to reflect the application of the new requirements at the adoption date.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

**Classification, measurement and presentation of leases**

The lease obligation is classified as gross basis in the way that equals to the total of all cash payments under the contract and netted off with the interest expense arising from the contract. The right of use arising from the leasing transactions is capitalized at commencement date of a lease by measuring the present value of the lease payments that have not been paid at the date. The lease payments is discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, incremental borrowing rate obtained by Asset-Liability Management Department of the Bank is used.

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

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

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

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

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

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

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

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

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

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

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

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

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

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

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

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.

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**IV. Explanations on Forward and Option Contracts and Derivative Instrument (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 or loss,
- b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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**VII. Explanations on Financial Assets**

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

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

*Financial Assets at Fair Value Through Profit or Loss*

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

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

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

*Financial Assets at Fair Value Through Other Comprehensive Income*

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

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

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

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

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

*Financial Assets Measured at Amortised Cost*

*Financial investments measured at amortised cost:*

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

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

*Loans:*

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

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

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

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

***Stage 1:***

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

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

**Stage 2:**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses. Following criterias have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructuring loans
- Concordatum events
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probability of defaults.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank's internal rating based credit rating models.

**Stage 3:**

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

**Expected Credit Loss Calculation**

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

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

There is mainly three loan portfolios as commercial portfolios, retail portfolios and sovereign portfolios.

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

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

The Bank does not have any financial asset as purchased or originated credit-impaired.



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

**Expected Credit Loss Calculation (Continued)**

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

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

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer’s financial information and the answers to the qualitative question set. Behavioral score cards used in the retail portfolio include the behavioral data of the customer and the product in the Bank, the demographic information of the customer and the behavioral data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in “Communique on Credit Risk Mitigation Techniques” is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.

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

Effective interest rate: the discount factor which reflects the time value of money.

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

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

**Expected Credit Loss Calculation (Continued)**

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

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

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills and CBRT balances are classified under Stage 1 loans. In addition, the institutions related to risk group of the Bank and other banks’ placements are classified under Stage 1 loans.

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

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

**Qualitative assessments:**

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

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

**Quantitative assessments:**

“Significant increase in credit risk” is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 loans.

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

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

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

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

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

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

Securities purchased under repurchase agreements (“Reverse repos”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 December 2018, the Bank has TL281,696 reverse repo transaction (31 December 2017: None).

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

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

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

As of 31 December 2018, assets held for sale and discontinued operations of the Bank are TL109,104 (31 December 2017: TL90,677). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL6,131 (31 December 2017: TK4,444) has been reserved as provision for impairment losses.

As of 31 December 2018 the Bank has no discontinued operations.

**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.

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**XII. Explanations on Goodwill and Other Intangible Assets (Continued)**

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.

**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:

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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.

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**XIII. Explanations on Tangible Fixed Assets (Continued)**

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. For the branches, this period is considered as three years in parallel with the Bank's business plans.

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”.

**XVI. Explanations on Contingent Assets**

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

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

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

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

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

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 2018, the Pension Fund has 1,686 employees and 1,095 pensioners (31 December 2017: 1,757 employees and 1,065 pensioners).

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

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. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “president”.

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 2018. 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 2018, actuarial loss amounting to TL26,265 (1 January - 31 December 2017: TL24,335 gain) was classified as “Other Comprehensive Income” and as of 31 December 2017, a total of TL32,702 (31 December 2017: TL58,967) actuarial gain was accounted under “Other Reserves”.

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**XVIII. Explanations on Taxation**

*Corporate tax*

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

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

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

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

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

*Deferred Tax Liability/Asset*

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

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

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

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

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

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**XIX. Additional Explanations on Borrowings**

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

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

**XX. Explanations on Issued Equity Securities**

There are no shares issued in 2018.

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

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

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Bank.

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

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

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

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



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

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.

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

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Dividend Income	-	-	-	16,908	16,908
Profit Before Tax	160,737	493,242	417,321	209,420	1,280,720
Tax Provision (-)	-	-	-	279,017	279,017
<b>Net Profit for the Period</b>	<b>160,737</b>	<b>493,242</b>	<b>417,321</b>	<b>(69,597)</b>	<b>1,001,703</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Segment Assets	12,433,964	20,550,288	25,057,150	38,839,771	96,881,173
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,433,964</b>	<b>20,550,288</b>	<b>25,057,150</b>	<b>38,955,762</b>	<b>96,997,164</b>

Segment Liabilities	41,161,274	12,479,861	10,080,246	23,537,275	87,258,656
Shareholders’ Equity	-	-	-	9,738,508	9,738,508
<b>Total Liabilities</b>	<b>41,161,274</b>	<b>12,479,861</b>	<b>10,080,246</b>	<b>33,275,783</b>	<b>96,997,164</b>

<b>Prior Period (31.12.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Dividend Income	-	-	-	19,118	19,118
Profit Before Tax	309,368	403,275	585,994	14,294	1,312,931
Tax Provision (-)	-	-	-	244,092	244,092
<b>Net Profit for the Period</b>	<b>309,368</b>	<b>403,275</b>	<b>585,994</b>	<b>(229,798)</b>	<b>1,068,839</b>

<b>Prior Period (31.12.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Total</b>
Segment Assets	12,515,973	16,458,459	28,813,521	27,854,285	85,642,238
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
<b>Total Assets</b>	<b>12,515,973</b>	<b>16,458,459</b>	<b>28,813,521</b>	<b>27,970,276</b>	<b>85,758,229</b>

Segment Liabilities	32,208,350	12,624,686	10,440,952	21,464,564	76,738,552
Shareholders’ Equity	-	-	-	9,019,677	9,019,677
<b>Total Liabilities</b>	<b>32,208,350</b>	<b>12,624,686</b>	<b>10,440,952</b>	<b>30,484,241</b>	<b>85,758,229</b>

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**XXIV. Explanations on Other Matters**

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

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2018, some reclassifications are made in the cash flow statement and income statement as of 31 December 2017.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

According to section 15 of paragraph 2 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is not compulsory to restate previous period information and if the previous period information is not restated, the difference between the book value of 1 January 2018 at the date of initial application should be reflected in the opening balance of equity. The explanations about the initial application effects of TFRS 9 on equity presented below.

The negative difference amounting to TL442,625 between provisions for impairment provided in accordance with the "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. 29750 dated 22 June 2016 and provisions provided for the expected credit losses measured in accordance with the TFRS 9 expected credit loss model as of 1 January 2018, has been classified under "Other Capital Reserves" in shareholders' equity.

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

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

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

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

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

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

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

*Financial Assets at Fair Value through Profit and Loss*

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

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

*Financial Assets Available for Sale*

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

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

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

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

*Held-to-Maturity Investments*

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

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

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

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

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

*Loans and Receivables*

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

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

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

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

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

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 29750 dated 22 June 2016. 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 2018, Bank’s total capital has been calculated as TL12,854,950 (31 December 2017: TL10,913,093) and capital adequacy ratio is 16.93% (31 December 2017: 16.12%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “Standard Approach”, the market risk of purchase and sale accounts by using the “Standard Method”, counterparty credit risk of derivative and repo transactions by using the “Fair Value Method”, credit valuation adjustments of over counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

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

	<b>Current Period 31.12.2018</b>	<b>Amount related to treatment before 01.01.2014(*)</b>
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	6,526,330	
Gains Recognized in Equity as per TAS	-	
Profit	1,011,200	
Current Period Profit	1,001,703	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>9,945,274</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	139,555	
Leasehold Improvements on Operational Leases	48,953	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	98,374	98,374
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>708,006</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>9,237,268</b>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 31.12.2018	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier 1 Capital before deductions</b>	-	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier 1 Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	-	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>9,237,268</b>	
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	2,465,663	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	316,403	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	847,992	
<b>Tier 2 Capital Before Deductions</b>	<b>3,630,058</b>	
<b>Deductions From Tier 2 Capital</b>		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions From Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>3,630,058</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>12,867,326</b>	



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 31.12.2018	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	12,375	
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 (-)	1	
<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	12,854,950	
Total Risk Weighted Assets	75,941,606	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.16	
Tier 1 Capital Adequacy Ratio (%)	12.16	
Capital Adequacy Ratio (%)	16.93	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	1.88	
a) Capital conservation buffer requirement (%)	1.88	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4.28	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	88,526	
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)	187,325	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,356,383	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	847,992	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	-	
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	354,295	

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**

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(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>31.12.2017</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	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>	

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 31.12.2017	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 1 Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
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>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(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>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	9,237,268	9,267,620	8,931,966	8,589,838	-
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	8,882,973	8,913,325	8,655,019	8,312,891	-
Tier 1 Capital	9,237,268	9,267,620	8,931,966	8,589,838	-
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	8,882,973	8,913,325	8,655,019	8,312,891	-
Capital	12,854,950	13,216,537	11,934,579	11,309,386	-
Capital where the transition impact of TFRS 9 has not been applied (c)	12,500,655	12,862,242	11,934,579	11,309,386	-
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	75,941,606	79,704,063	79,059,183	73,653,190	-
<b>CAPITAL ADEQUENCY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.16	11.63	11.30	11.66	-
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.70	11.18	10.95	11.29	-
Tier 1 Capital Adequacy Ratio (%)	12.16	11.63	11.30	11.66	-
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.70	11.18	10.95	11.29	-
Capital Adequacy Ratio (%)	16.93	16.58	15.10	15.35	-
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	16.46	16.14	15.10	15.35	-
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	135,658,725	159,940,798	144,620,558	132,121,132	-
Leverage Ratio	6.81%	5.60%	6.18%	6.50%	-
FTA not Applied Leverage Ratio (d)	6.55%	5.38%	5.98	6.29%	-

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

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

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

<b>Total Capital per Balance Sheet</b>	<b>9,738,508</b>
Hedging Funds (effective portion)	(273,733)
Deductions Made Under Regulation	(581,802)
Transition Impact of TFRS 9 (Temporary 5 <sup>th</sup> Article)	354,295
<b>Common Equity Tier 1 Capital</b>	<b>9,237,268</b>
Additional Tier 1 Capital	-
<b>Tier 1 Capital</b>	<b>9,237,268</b>
General Provisions	847,992
Bank's Borrowing Instruments	2,782,066
Deductions Made Under Regulation	(12,376)
<b>Total Equity</b>	<b>12,854,950</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)	XS1895575071	XS0808626013	XS0780562665	XS1845118865
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	Yes	No
Eligible at solo/ group/ group and solo	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,107.5	603.6	316.4	754.5
Par value of debt instrument (TL Currency in mil)	1,107.5	603.6	342.8	754.5
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	20.07.2012	14.05.2012	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	20.07.2024	14.05.2024	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	20.07.2019	14.05.2019	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	Euribor+4.75%	LIBOR+5.75%	Euribor+5.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	Article 8/2 (ğ)	-

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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**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 numbered 29750 dated 22 June 2016 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.

A restructuring is defined as the privilege due to the borrower's encountered or likely to encountered financial difficulties. The privileges granted to the borrower assumed to be in financial difficulty are

- a change in the terms and conditions of the loan or
- partially or completely refinancing of the loan in favor of the debtor.

In order to be subject to restructuring, the firm must be confronted with the difficulty of payment. The difficulty should be supported by concrete developments or findings. Each restructuring request is evaluated on transaction basis by the authorized credit allocation unit according to the activity of the firm, the income generation structure by the sectoral operation.

Restructuring of the loans supported by Credit Guarantee Fund (“CGF loans”) is evaluated in accordance with the current legislation. The principles regarding to restructuring of Treasury-Back CGF loans in the scope of 11 October 2018 dated Presidential Decree are taken into account.

Non-required delay time loans that is not classified as Group III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, whose principal and interest payment collection delayed more than 30 days are considered as “Past-due Loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The Bank provides specific reserves to Group III, IV and V loans in accordance with “Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside”.

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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	20,204,198	18,484,138
Conditional and unconditional receivables from regional or local governments	995,628	884,350
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	7,237,954	10,693,487
Conditional and unconditional corporate receivables	39,857,920	39,707,404
Conditional and unconditional retail receivables	30,196,246	32,414,351
Conditional and unconditional secured mortgage receivables	8,872,358	9,227,854
Past due receivables	1,180,692	842,699
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	2,962,397	2,479,107
Investments in equities	94,290	84,751

(\*) 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	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.



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 2018, the receivables of the Bank from its top 100 and top 200 cash loan share in total cash loans are respectively 19.51% and 26.06%. (31 December 2017: 14.99% and 20.05%)

As of 31 December 2018, the receivables of the Bank from its top 100 and top 200 non-cash loan share are 55.11% and 65.42% respectively in the total non-cash loans. (31 December 2017: 47.82% and 58.75%)

As of 31 December 2018, 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 12.69% and 17.30% respectively. (31 December 2017: 5.89% and 8.30%)

As of 31 December 2017, the general loan loss provision related with the credit risk taken by the Bank is TL1,356,383 (31 December 2017: TL576,339).

**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 2018, consumer loans, business loans and agriculture loans are excluded from the internal rating system of the Bank and those loans are about 28.15% of total cash and non cash loan portfolio (31 December 2017: 30.56%). 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 % 31.12.2018	Share in the Total % 31.12.2017
1st Category	The borrower has a very strong financial structure	34.37	32.22
2nd Category	The borrower has a good financial structure	24.29	25.88
3rd Category	The borrower has an intermediate level of financial structure	32.04	34.50
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	9.30	7.40
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
<b>Current Period</b>																	
Domestic	2,897,307	496,243	-	-	-	1,140,730	26,081,514	20,353,761	3,334,203	1,154,149	-	-	-	-	723,084	94,290	56,275,281
European Union (EU) Countries	-	-	-	-	-	833,506	3,494	11,960	4,635	1,759	-	-	-	-	15,706	-	871,060
OECD Countries (*)	-	-	-	-	-	64,376	1	1,919	666	2	-	-	-	-	1,603	-	68,567
Off-Shore Banking Regions (***)	340,589	-	-	-	-	9	175,649	96,763	62,447	3,402	-	-	-	-	193	-	679,052
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	27,522	55,045	2,477	663	2	-	-	-	-	-	-	85,709
Unallocated Assets/Liabilities (#)	-	1,895	-	-	-	373,430	13,004,299	2,174,176	103,626	96,068	-	-	-	-	2,242	-	15,755,736
<b>Total</b>	<b>3,237,896</b>	<b>498,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,439,573</b>	<b>39,320,002</b>	<b>22,641,056</b>	<b>3,506,240</b>	<b>1,255,382</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>858,814</b>	<b>94,290</b>	<b>73,851,391</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### II. Explanations Related to Credit Risk (Continued)

#### Profile of significant exposures in major regions: (Continued)

	Exposure Categories (***)																	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due 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	
<b>Prior Period</b>																		
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
<b>Total</b>	<b>405,701</b>	<b>293,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,644,652</b>	<b>35,197,712</b>	<b>23,118,305</b>	<b>3,582,960</b>	<b>995,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>652,194</b>	<b>57,294</b>	<b>66,947,253</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions

**TÜRK EKONOMİ BANKASI A.Ş.**

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FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**II. Explanations Related to Credit Risk (Continued)**

**Risk profile by Sectors or Counterparties:**

Current Period	Exposure Categories (**)																	Total		
	Conditional and unconditional exposures to central 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
Agriculture	-	-	-	-	-	-	499,473	1,104,009	59,990	103,504	-	-	-	-	-	1,603	-	1,549,323	219,256	1,768,579
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	48,689	15,311	197	6,071	-	-	-	-	-	-	-	62,716	7,552	70,268
Manufacturing	-	-	-	-	-	-	21,353,837	5,209,497	650,798	401,253	-	-	-	-	-	-	-	15,856,979	11,758,406	27,615,385
Mining and Quarrying	-	-	-	-	-	-	1,755,659	273,009	31,174	13,587	-	-	-	-	-	-	-	1,636,395	437,034	2,073,429
Production	-	-	-	-	-	-	18,460,148	4,902,792	611,305	384,184	-	-	-	-	-	-	-	13,718,318	10,640,111	24,358,429
Electricity, Gas and Water	-	-	-	-	-	-	1,138,030	33,696	8,319	3,482	-	-	-	-	-	-	-	502,266	681,261	1,183,527
Construction	-	-	-	-	-	-	3,190,815	1,133,385	180,805	162,842	-	-	-	-	-	-	-	2,895,546	1,772,301	4,667,847
Services	3,237,896	498,138	-	-	-	-	2,439,573	14,057,076	5,966,289	1,051,443	509,690	-	-	-	-	838,426	88,526	16,209,276	12,477,781	28,687,057
Wholesale and Retail Trade	-	-	-	-	-	-	5,223,791	2,914,857	357,133	240,040	-	-	-	-	-	6,398	-	6,375,421	2,366,798	8,742,219
Accommodation and Dining	-	-	-	-	-	-	998,520	426,967	294,529	38,500	-	-	-	-	-	-	-	886,891	871,625	1,758,516
Transportation and Telecom.	-	-	-	-	-	-	1,642,439	1,125,693	106,724	107,022	-	-	-	-	-	-	13	2,284,721	697,170	2,981,891
Financial Institutions	3,237,896	-	-	-	-	-	2,439,573	1,975,695	47,400	3,977	7,442	-	-	-	-	831,952	88,526	2,644,343	5,988,118	8,632,461
Real Estate and Rental Services	-	-	-	-	-	-	3,615,551	1,081,627	246,206	100,257	-	-	-	-	-	56	-	2,635,722	2,407,975	5,043,697
Self-Employment Services	-	-	-	-	-	-	428,499	311,725	37,841	16,139	-	-	-	-	-	-	-	653,095	141,109	794,204
Educational Services	-	-	-	-	-	-	21,385	51,724	4,181	271	-	-	-	-	-	3	-	74,362	3,202	77,564
Health and Social Services	-	498,138	-	-	-	-	151,196	6,296	852	19	-	-	-	-	-	4	-	654,721	1,784	656,505
Other	-	-	-	-	-	-	218,801	9,227,876	1,563,204	78,093	-	-	-	-	-	18,785	5,764	11,023,798	88,725	11,112,523
<b>Total</b>	<b>3,237,896</b>	<b>498,138</b>	-	-	-	-	<b>2,439,573</b>	<b>39,320,002</b>	<b>22,641,056</b>	<b>3,506,240</b>	<b>1,255,382</b>	-	-	-	-	<b>858,814</b>	<b>94,290</b>	<b>47,534,922</b>	<b>26,316,469</b>	<b>73,851,391</b>

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 (**)																			
	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
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	1,124,207	281,185	31,329	4,558	-	-	-	-	-	-	-	894,665	546,614	1,441,279
Electricity, Gas and Water	-	-	-	-	-	-	15,212,420	5,298,546	430,595	282,486	-	-	-	-	-	3	-	12,539,755	8,684,295	21,224,050
Construction	-	-	-	-	-	-	703,303	19,954	8,396	1,905	-	-	-	-	-	-	-	272,522	461,036	733,558
Services	405,701	293,238	-	-	-	-	3,260,017	1,477,482	279,655	107,938	-	-	-	-	-	-	-	3,532,948	1,592,144	5,125,092
Wholesale and Retail Trade	-	-	-	-	-	-	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
Accommodation and Dining	-	-	-	-	-	-	5,299,828	3,303,935	308,213	187,682	-	-	-	-	-	820	-	6,811,926	2,288,552	9,100,478
Transportation and Telecom.	-	-	-	-	-	-	1,142,026	441,391	205,419	22,940	-	-	-	-	-	-	-	905,617	906,159	1,811,776
Financial Institutions	-	-	-	-	-	-	2,021,199	1,311,855	112,216	96,392	-	-	-	-	230	-	-	2,699,714	842,178	3,541,892
Real Estate and Rental Services	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
Self-Employment Services	-	-	-	-	-	-	2,733,017	1,117,702	210,534	81,208	-	-	-	-	-	56	-	2,046,211	2,096,306	4,142,517
Educational Services	-	-	-	-	-	-	396,390	365,949	26,540	9,391	-	-	-	-	-	-	-	663,402	134,868	798,270
Health and Social Services	-	-	-	-	-	-	15,958	50,876	3,558	669	-	-	-	-	2	-	-	70,995	68	71,063
Other	-	293,238	-	-	-	-	156,653	9,232	697	175	-	-	-	-	4	-	-	457,467	2,532	459,999
Total	-	-	-	-	-	-	537,958	8,267,117	1,877,587	112,416	-	-	-	-	757	163	-	10,578,731	217,267	10,795,998
<b>Total</b>	<b>405,701</b>	<b>293,238</b>	-	-	-	-	<b>2,644,652</b>	<b>35,197,712</b>	<b>23,118,305</b>	<b>3,582,960</b>	<b>995,197</b>	-	-	-	-	<b>652,194</b>	<b>57,294</b>	<b>45,855,274</b>	<b>21,091,979</b>	<b>66,947,253</b>

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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>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>
<b>Exposure classifications</b>					
Conditional and unconditional exposures to central governments or central banks	2,822,016	1,055	-	-	405,667
Conditional and unconditional exposures to regional governments or local authorities	248	1,956	3,723	9,493	480,822
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	819,947	34,576	520,202	190,462	67,727
Conditional and unconditional exposures to corporates	6,792,023	3,451,226	2,916,335	3,862,111	9,280,123
Conditional and unconditional retail exposures	5,632,259	676,518	1,865,958	1,778,861	10,505,072
Conditional and unconditional exposures secured by real estate property	591,351	103,932	155,687	173,841	2,377,331
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	6,798	-	-	-	-
Investment in equities	-	-	-	-	-
<b>Total</b>	<b>16,664,642</b>	<b>4,269,263</b>	<b>5,461,905</b>	<b>6,014,768</b>	<b>23,116,742</b>

<b>Prior Period</b>	<b>Term To Maturity</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>
<b>Exposure classifications</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>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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												Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Exposures before Credit Risk Mitigation	19,033,141	-	5,195,722	6,199,592	6,429,362	30,181,213	44,104,362	458,291	-	-	-	580,828
Exposures after Credit Risk Mitigation	24,252,420	-	5,379,294	6,199,592	6,678,969	25,338,334	41,277,697	414,712	-	-	-	580,828
Prior Period												Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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		Provisions
	Impaired Receivables (IFRS 9)		
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	Expected Credit Loss Provisions
Agriculture	557,694	195,261	161,407
Farming and Stockbreeding	555,121	187,660	158,467
Forestry	-	6,769	2,096
Fishery	2,573	832	844
Manufacturing	2,135,001	533,059	462,730
Mining and Quarrying	139,300	61,975	45,364
Production	1,898,323	465,984	405,512
Electricity, Gas and Water	97,378	5,100	11,854
Services	3,529,764	1,365,979	1,211,277
Wholesale and Retail Trade	1,143,084	1,000,379	699,641
Accommodation and Dining	915,127	76,779	166,165
Transportation and Telecom.	399,702	85,097	100,109
Financial Institutions	196,071	28,537	55,214
Real Estate and Rental Services	746,124	96,886	130,303
Professional Services	97,179	61,609	47,625
Educational Services	29,756	14,320	10,360
Health and Social Services	2,721	2,372	1,860
Other	3,966,519	680,445	658,980
<b>Total</b>	<b>10,188,978</b>	<b>2,774,744</b>	<b>2,494,394</b>

Prior Period Major Sectors / Counterparties	Credits			Value Adjustments	Provisions
	Impaired Credits	Past Due Credits			
	Agriculture	129,231	197,073		
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>	

**Information about Value Adjustment and Change in Provisions**

	IFRS 9					Other Adjustment (*)	31.12.2018
	31.12.2017	Transition Effect	Provision for Period	Provision Reversal	Write off from Asset		
Default (3. Stage / Specific Provision)	1,242,811	25,747	917,529	(54,623)	(476,477)	3,193	1,658,180
Expected Loss Provisions (1. and 2.Stage))	576,339	443,827	503,721	(163,384)	-	(4,120)	1,356,383

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	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.



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

**III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation:**

<b>Countries where the risk ultimately taken</b>	<b>Private sector loans in banking accounts</b>	<b>Risk weighted amounts calculated in trading accounts</b>	<b>Total</b>
Turkey	60,879,800	690	60,880,490
England	358,800	-	358,800
TRNC	316,496	-	316,496
The Ivory Coast	43,903	-	43,903
Egypt	11,366	-	11,366
Russia	8,502	-	8,502
Germany	7,344	-	7,344
Other	14,946	-	14,946
	<b>61,641,157</b>	<b>690</b>	<b>61,641,847</b>

<b>Countries where the risk ultimately taken</b>	<b>Private sector loans in banking accounts</b>	<b>Risk weighted amounts calculated in trading accounts</b>	<b>Total</b>
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
	<b>56,250,351</b>	<b>405,695</b>	<b>56,656,046</b>

**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 2018, the Bank's balance sheet short position is TL9,614,191 (31 December 2017: TL10,327,088 short position), off-balance sheet long position is TL10,013,090 (31 December 2017: TL10,443,721 long position) and as a result foreign currency net long position is TL398,899 (31 December 2017: net TL116,633 long position).

The announced current foreign exchange buying rates of the Bank at 31 December 2018 and the previous five working days in full TL are as follows:

	<b>24.12.2018</b>	<b>25.12.2018</b>	<b>26.12.2018</b>	<b>27.12.2018</b>	<b>28.12.2018</b>	<b>31.12.2018</b>
<b>USD</b>	5.2778	5.2875	5.2681	5.2731	5.2562	5.274
<b>JPY</b>	0.0477	0.0479	0.0477	0.0476	0.0476	0.0479
<b>EUR</b>	6.0246	6.0077	5.9977	6.0092	6.0215	6.0361

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### IV. Explanations Related to Currency Risk (Continued)

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2018 are as follows:

	Monthly Average Foreign Exchange Rate
USD	5.2906
JPY	0.0471
EUR	6.0203

#### Currency risk sensitivity:

The Bank is exposed to foreign exchange risk in EURO and USD.

The following table details the Bank's sensitivity to a 10% change in USD and EUR exchange rates. The 10% rate used is the rate that the currency risk is reported to the senior management in the Bank. This ratio represents the possible change expected by the management in exchange rates. 10% depreciation of USD and EURO against TL affects profit and equity amounts positively if there is a short position, affects negatively if there is long position.

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2018	31 December 2018
USD	10 increase	7,949	(833)
USD	10 decrease	(7,949)	833
EURO	10 increase	(293)	(514)
EURO	10 decrease	293	514

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2017	31 December 2017
USD	10 increase	(7,369)	972
USD	10 decrease	7,369	(972)
EURO	10 increase	(960)	45
EURO	10 decrease	960	(45)

(\*) The effect on the equity does not include the effect of the change in exchange rates on the income statement.

The Bank's sensitivity to change in foreign exchange rates did not change significantly in the current period. Opening or closing positions in line with market expectations may increase the sensitivity to change in exchange rates during the period.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 2018, the Bank has net USD long position TL60,839 and net EUR short position TL11,443.

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	7,131,200	5,790,929	780,374	13,702,503
Banks	1,182,694	872,166	973,320	3,028,180
Financial Assets at Fair Value through Profit and Loss	68,670	120,617	-	189,287
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	321	408,467	16,750	425,538
Loans (**)	9,951,841	3,237,449	1,803,283	14,992,573
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*****)	307,007	24,994	5,283	337,284
<b>Total Assets</b>	<b>18,641,733</b>	<b>10,454,622</b>	<b>3,579,010</b>	<b>32,675,365</b>
<b>Liabilities</b>				
Bank Deposits	32,210	-	6	32,216
Foreign Currency Deposits (*)	7,826,943	16,924,830	2,322,860	27,074,633
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	6,766,595	6,402,657	1,196,501	14,365,753
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	4,857	-	-	4,857
Other Liabilities (***)	447,381	323,157	41,559	812,097
<b>Total Liabilities</b>	<b>15,077,986</b>	<b>23,650,644</b>	<b>3,560,926</b>	<b>42,289,556</b>
<b>Net Balance Sheet Position</b>	<b>3,563,747</b>	<b>(13,196,022)</b>	<b>18,084</b>	<b>(9,614,191)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3,989,557)</b>	<b>14,029,951</b>	<b>(27,304)</b>	<b>10,013,090</b>
Financial Derivative Assets (****)	9,515,256	27,120,475	892,119	37,527,850
Financial Derivative Liabilities (*****)	13,504,813	13,090,524	919,423	27,514,760
Non-Cash Loans (*****)	6,531,063	5,941,120	896,004	13,368,187
<b>Prior Period</b>				
Total Assets	13,366,058	9,272,895	4,377,366	27,016,319
Total Liabilities	13,737,964	19,227,173	4,378,270	37,343,407
Net Balance Sheet Position	(371,906)	(9,954,278)	(904)	(10,327,088)
Net Off-Balance Sheet Position	44,990	10,424,488	(25,757)	10,443,721
Financial Derivative Assets (****)	8,924,989	26,256,628	863,476	36,045,093
Financial Derivative Liabilities (*****)	8,879,999	15,832,140	889,233	25,601,372
Non-Cash Loans (*****)	6,050,326	5,487,498	252,325	11,790,149

- (\*) Precious metal accounts amounting to TL1,182,236 (31 December 2017: TL692,499) are included in the foreign currency deposits.
- (\*\*) Foreign currency indexed loans amounting to TL1,337,691 (31 December 2017: TL2,801,409) are included in the loan portfolio.
- (\*\*\*) TL70,397 (31 December 2017: TL78,260) expense accruals from derivative financial instruments are deducted from other liabilities.
- (\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL1,076,006 (31 December 2017: TL2,363,470) are added to derivative financial assets and TL970,306 (31 December 2017: TL2,554,736) has been added to derivative financial liabilities.
- (\*\*\*\*\*) TL200,454 (31 December 2017: TL62,873) income accruals from derivative financial instruments is deducted from other assets.
- (\*\*\*\*\*) There are no effects on the net off-balance sheet position.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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### 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	12,069,370	-	-	-	-	3,591,682	15,661,052
Banks	2,946,059	-	-	-	-	972,377	3,918,436
Financial Assets at Fair Value Through Profit and Loss	56,889	18,679	18,937	117,376	316,013	88,680	616,574
Money Market Placements	281,696	-	-	-	-	-	281,696
Financial Assets at Fair Value Through Other Comprehensive Income	496,598	156,047	1,642,804	608,100	382,198	5,610	3,291,357
Loans (*)	16,238,534	5,258,061	12,002,096	24,529,354	4,844,969	1,125,809	63,998,823
Financial Assets Measured at Amortized Cost	51,006	777,955	1,963,119	-	-	-	2,792,080
Other Assets	245,013	83,555	378,505	1,313,595	31,531	4,384,947	6,437,146
<b>Total Assets</b>	<b>32,385,165</b>	<b>6,294,297</b>	<b>16,005,461</b>	<b>26,568,425</b>	<b>5,574,711</b>	<b>10,169,105</b>	<b>96,997,164</b>
<b>Liabilities</b>							
Bank Deposits	227,383	-	-	-	-	47,697	275,080
Other Deposits	41,252,575	8,292,678	2,790,922	8,753	-	11,597,158	63,942,086
Money Market Borrowings	62,543	-	-	-	-	-	62,543
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	368,498	158,094	-	-	-	-	526,592
Funds Provided From Other Financial Institutions	2,369,599	3,406,012	6,831,921	121,305	1,880,474	-	14,609,311
Other Liabilities	84,363	178,702	187,209	932,224	11,292	16,187,762	17,581,552
<b>Total Liabilities</b>	<b>44,364,961</b>	<b>12,035,486</b>	<b>9,810,052</b>	<b>1,062,282</b>	<b>1,891,766</b>	<b>27,832,617</b>	<b>96,997,164</b>
Balance Sheet Long Position	-	-	6,195,409	25,506,143	3,682,945	-	35,384,497
Balance Sheet Short Position	(11,979,796)	(5,741,189)	-	-	-	(17,663,512)	(35,384,497)
Off-Balance Sheet Long Position	13,311,342	-	-	-	-	-	13,311,342
Off-Balance Sheet Short Position	-	(1,554,023)	(5,253,328)	(5,630,348)	(123,999)	-	(12,561,698)
<b>Total Position</b>	<b>1,331,546</b>	<b>(7,295,212)</b>	<b>942,081</b>	<b>19,875,795</b>	<b>3,558,946</b>	<b>(17,663,512)</b>	<b>749,644</b>

(\*) Revolving loans amounting to TL7,205,162 are included in “Up to 1 Month”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL292,290 intangible assets amounting to TL528,440, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL109,104 while other liabilities line includes the shareholders’ equity of TL9,738,508

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

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

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

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**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>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	2.00	-	13.00
Banks	(0.55)	2.30	-	24.09
Financial Assets at Fair Value Through Profit and Loss	4.89	6.53	-	18.54
Money Market Placements	-	-	-	25.47
Financial Assets at Fair Value Through Other Comprehensive Income	2.77	6.67	-	23.08
Loans	3.66	6.24	5.15	20.05
Financial Assets Measured at Amortized Cost	-	-	-	22.21
Liabilities				
Bank Deposits	-	-	-	14.08
Other Deposits	1.34	3.77	1.57	22.01
Money Market Borrowings	-	-	-	25.03
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	24.40
Funds Provided From Other Financial Institutions	1.76	5.23	-	11.84
	<b>EUR %</b>	<b>USD %</b>	<b>YEN %</b>	<b>TL %</b>
<b>End of Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	4.00
Banks	(0.45)	1.25	-	12.78
Financial Assets at Fair Value Through Profit and Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.30
Financial Assets Measured at Amortized Cost	-	-	-	15.49
Liabilities				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.28	3.09	-	6.68

**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.

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**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”:

<b>Type of Currency</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity- (Losses)/Equity</b>
TL	(400)	802,302	6.24%
TL	500	(892,217)	(6.94)%
EUR	(200)	31,754	0.25%
EUR	200	(24,292)	(0.19)%
USD	(200)	29,989	0.23%
USD	200	(19,668)	(0.15)%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>864,045</b>	<b>6.72%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(936,177)</b>	<b>(7.28)%</b>

**VI. Explanations Related to Share Certificates Position Risk from Banking Book**

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

The Bank has no stocks traded in Istanbul Stock Exchange.

**VII. 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.

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**VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio  
(Continued)**

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

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

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

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

- e) Information on liquidity risk mitigation techniques:

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

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

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

- f) Explanations on the usage of the stress test:

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

- g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine:

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

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

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



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**VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio  
(Continued)**

**Liquidity Coverage Ratio:**

Current Period – 31 December 2018		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			19,863,412	12,787,421
<b>Cash Outflows</b>					
2	Real Person and Retail Deposits	46,047,668	19,001,748	4,231,081	1,900,175
3	Stable Deposits	7,473,714	-	373,686	-
4	Less Stable Deposits	38,573,954	19,001,748	3,857,395	1,900,175
5	Unsecured Debts Other than Real Person and Retail Deposits	20,490,098	11,165,935	10,525,594	5,868,710
6	Operational Deposits	77,909	-	19,477	-
7	Non-Operational Deposits	17,138,861	9,048,318	7,263,320	3,751,093
8	Other Unsecured Funding	3,273,328	2,117,617	3,242,797	2,117,617
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	2,330,531	4,885,588	2,330,531	4,885,588
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	2,330,531	4,885,588	2,330,531	4,885,588
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitment 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	30,608,384	11,731,104	2,523,910	1,141,458
<b>16</b>	<b>Total Cash Outflows</b>			<b>19,611,116</b>	<b>13,795,931</b>
<b>Cash Inflows</b>					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	15,351,445	9,923,979	12,307,906	9,191,743
19	Other cash Inflows	604,281	7,531,871	604,281	7,531,871
<b>20</b>	<b>Total Cash Inflows</b>	<b>15,955,726</b>	<b>17,455,850</b>	<b>12,912,187</b>	<b>16,723,614</b>
				<b>Values to which the upper limit is applied</b>	
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>19,863,412</b>	<b>12,787,421</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>6,698,929</b>	<b>3,448,983</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>296.52</b>	<b>370.76</b>

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

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**VII. 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(*)	
		TL+FC	FC	TL+FC	FC
<b>Prior Period - 31 December 2017</b>					
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets			15,637,407	9,176,269
<b>Cash Outflows</b>					
2	Small Business Customers and Retail Deposits	35,487,852	14,376,874	3,198,478	1,437,687
3	Stable Deposits	7,006,143	-	350,307	-
4	Less Stable Deposits	28,481,709	14,376,874	2,848,171	1,437,687
5	Unsecured Debts Other than Real Person and Retail Deposits	17,773,537	9,224,213	9,268,967	5,317,097
6	Operational Deposits	1,392,091	758,149	348,023	189,537
7	Non-Operational Deposits	14,367,443	7,329,306	6,956,571	3,990,802
8	Other Unsecured Funding	2,014,003	1,136,758	1,964,373	1,136,758
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	8,118,155	5,689,887	8,118,155	5,689,887
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	8,118,155	5,689,887	8,118,155	5,689,887
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	28,632,503	10,121,458	2,247,325	946,802
<b>16</b>	<b>Total Cash Outflows</b>			<b>22,832,925</b>	<b>13,391,473</b>
<b>Cash Inflows</b>					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	8,201,020	3,647,482	5,757,090	2,850,708
19	Other Cash Inflows	7,593,633	13,285,978	7,593,633	13,285,978
<b>20</b>	<b>Total Cash Inflows</b>	<b>15,794,653</b>	<b>16,933,460</b>	<b>13,350,723</b>	<b>16,136,686</b>
<b>Values to which the upper limit is applied</b>					
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>15,637,407</b>	<b>9,176,269</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>9,482,202</b>	<b>3,347,868</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>164.91</b>	<b>274.09</b>

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

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

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

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

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### VII. 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	251.23%	282.54%	129.25%	204.11%
	09.11.2018	26.10.2018	13.10.2017	27.10.2017
Highest Week	412.39%	495.66%	212.83%	337.96%
	21.12.2018	14.12.2018	15.12.2017	15.12.2017

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,591,682	12,069,370	-	-	-	-	-	15,661,052
Banks	972,377	2,946,059	-	-	-	-	-	3,918,436
Financial Assets at Fair Value Through Profit and Loss	-	223	1,361	17,490	192,702	316,118	88,680	616,574
Money Market Placements	-	281,696	-	-	-	-	-	281,696
Financial Assets at Fair Value Through Other Comprehensive Income	5,610	19,968	156,047	1,220,312	1,166,136	723,284	-	3,291,357
Loans (**)	-	16,230,619	5,253,122	12,002,096	24,551,453	4,844,969	1,116,564	63,998,823
Financial Assets Measured at Amortized Cost	-	-	-	-	2,198,759	593,321	-	2,792,080
Other Assets	-	431,149	391,939	795,220	1,464,795	31,531	3,322,512	6,437,146
<b>Total Assets</b>	<b>4,569,669</b>	<b>31,979,084</b>	<b>5,802,469</b>	<b>14,035,118</b>	<b>29,573,845</b>	<b>6,509,223</b>	<b>4,527,756</b>	<b>96,997,164</b>
<b>Liabilities</b>								
Bank Deposits	47,697	227,383	-	-	-	-	-	275,080
Other Deposits	11,597,158	41,243,720	8,289,682	2,802,773	8,753	-	-	63,942,086
Funds Provided From Other Financial Institutions	-	1,735,511	2,725,945	6,962,675	342,031	2,843,149	-	14,609,311
Money Market Borrowings	-	62,543	-	-	-	-	-	62,543
Securities Issued	-	368,498	158,094	-	-	-	-	526,592
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	4,640,894	626,129	834,545	1,070,052	11,292	10,398,640	17,581,552
<b>Total Liabilities</b>	<b>11,644,855</b>	<b>48,278,549</b>	<b>11,799,850</b>	<b>10,599,993</b>	<b>1,420,836</b>	<b>2,854,441</b>	<b>10,398,640</b>	<b>96,997,164</b>
<b>Liquidity Gap</b>	<b>(7,075,186)</b>	<b>(16,299,465)</b>	<b>(5,997,381)</b>	<b>3,435,125</b>	<b>28,153,009</b>	<b>3,654,782</b>	<b>(5,870,884)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>147,524</b>	<b>(56,654)</b>	<b>(3,761)</b>	<b>375,087</b>	<b>1,838</b>	<b>-</b>	<b>464,034</b>
Financial Derivative Assets	-	13,461,374	10,708,847	16,665,546	14,044,584	646,865	-	55,527,216
Financial Derivative Liabilities	-	13,313,850	10,765,501	16,669,307	13,669,497	645,027	-	55,063,182
Non-Cash Loans	6,070,838	1,470,618	2,589,098	5,765,025	6,774,921	-	-	22,670,500
<b>Prior Period</b>								
Total Assets	2,999,009	26,131,159	3,916,772	12,292,976	30,075,541	7,251,412	3,091,360	85,758,229
Total Liabilities	9,504,406	44,075,226	9,899,592	8,785,739	1,140,587	2,317,229	10,035,450	85,758,229
<b>Liquidity Gap</b>	<b>(6,505,397)</b>	<b>(17,944,067)</b>	<b>(5,982,820)</b>	<b>3,507,237</b>	<b>28,934,954</b>	<b>4,934,183</b>	<b>(6,944,090)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(112,505)</b>	<b>(104,333)</b>	<b>230,224</b>	<b>81,010</b>	<b>(2,254)</b>	<b>-</b>	<b>92,142</b>
Financial Derivative Assets	-	19,107,247	9,546,026	16,619,829	12,584,766	396,328	-	58,254,196
Financial Derivative Liabilities	-	19,219,752	9,650,359	16,389,605	12,503,756	398,582	-	58,162,054
Non-Cash Loans	5,544,145	1,011,848	2,529,575	6,556,744	4,940,070	-	-	20,582,382

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

(\*\*) Revolving loans amounting to TL7,205,162 (31 December 2017: TL7,128,307) are included in “Up to 1 Month”

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**VII. 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 2018</b>								
Money Market Borrowings	-	62,586	-	-	-	-	(43)	62,543
Deposit	11,597,158	41,406,134	8,487,709	3,033,077	10,606	-	(592,598)	63,942,086
Bank Deposit	47,697	227,557	-	-	-	-	(174)	275,080
Funds Borrowed From Other Financial Institutions	-	1,946,439	2,747,162	7,335,274	543,770	4,446,642	(2,409,976)	14,609,311
<b>Total</b>	<b>11,644,855</b>	<b>43,642,716</b>	<b>11,234,871</b>	<b>10,368,351</b>	<b>554,376</b>	<b>4,446,642</b>	<b>(3,002,791)</b>	<b>78,889,020</b>
<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>

**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 2018</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	-	-	-	-	-
Cash flow hedge	1,478,649	1,269,268	992,614	1,429,446	133,980	5,303,957
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	1,420,228	1,571,984	2,149,526	735,469	-	5,877,207
Currency swaps-sell	7,774,826	7,166,400	7,779,132	8,143,920	179,003	31,043,281
Interest rate swaps-sell	1,807	783	15,680	106,620	5,816	130,706
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	1,523,162	2,271,203	2,508,514	11,330	-	6,314,209
<b>Total</b>	<b>12,198,672</b>	<b>12,279,638</b>	<b>13,445,466</b>	<b>10,426,785</b>	<b>318,799</b>	<b>48,669,360</b>
<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>

Cash disposal of derivative financial instruments is shown in the table above.

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### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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#### VIII. Explanations Related to Leverage Ratio

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

There is a slight increase in the leverage ratio in line with the increase in cash loan portfolio and capital.

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)	97,481,641	84,431,610
2	(Assets Deducted from Core Capital)	(556,281)	(549,525)
3	<b>Total Risk Amount for Assets on the Balance Sheet</b>	<b>96,925,360</b>	<b>83,882,085</b>
<b>Derivative Financial Instruments and Credit Derivatives</b>			
4	Renewal Cost of Derivative Financial Instruments and Loan Derivatives	2,799,266	1,391,857
5	Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	728,753	698,335
6	<b>Total Risk Amount of Derivative Financial Instruments and Loan Derivatives</b>	<b>3,528,019</b>	<b>2,090,192</b>
<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	<b>Total Risk Amount of Financing Transactions with Securities or Goods Warranties</b>	<b>-</b>	<b>-</b>
<b>Off-the-Balance Sheet Transactions</b>			
10	Gross Nominal Amount of the Off-Balance Sheet Transactions	41,032,512	40,298,665
11	(Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12	<b>Total Risk Amount for Off-Balance Sheet Transactions</b>	<b>41,032,512</b>	<b>40,298,665</b>
<b>Capital and Total Risk</b>			
13	Tier 1 Capital	9,294,595	8,253,609
14	<b>Total Risk Amount</b>	<b>141,485,891</b>	<b>126,270,942</b>
<b>Leverage Ratio</b>			
15	<b>Leverage Ratio</b>	<b>6.57%</b>	<b>6.54%</b>

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

#### IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

	<b>Book Value</b>	<b>Fair Value</b>
	<b>Current</b>	
	<b>Period</b>	<b>Current Period</b>
<b>Financial Assets</b>	<b>74,282,392</b>	<b>72,123,860</b>
Money Market Placements	281,696	281,696
Banks	3,918,436	3,918,436
Financial Assets at Fair Value Through Other Comprehensive Income	3,291,357	3,291,357
Financial Assets measured at amortized cost	2,792,080	2,771,118
Loans	63,998,823	61,861,253
<b>Financial Liabilities</b>	<b>81,727,766</b>	<b>82,314,177</b>
Bank Deposit	275,080	275,080
Other Deposit	63,942,086	64,471,685
Funds Borrowed From Other Financial Institutions (*)	14,671,854	14,728,666
Marketable Securities Issued	526,592	526,592
Sundry Creditors	2,312,154	2,312,154

(\*) Loans to money markets and subordinated loans are included in the funds provided from other financial institutions..

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**IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value  
(Continued)**

	<b>Book Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>70,901,432</b>	<b>70,430,859</b>
Money Market Placements	-	-
Banks	2,513,337	2,513,337
Financial Assets Available for Sale	4,695,464	4,695,464
Held-To-Maturity Investments	401,854	403,707
Loans	63,290,777	62,818,351
<b>Financial Liabilities</b>	<b>73,492,390</b>	<b>73,829,248</b>
Bank Deposit	279,370	279,370
Other Deposit	55,297,346	55,603,482
Funds Borrowed From Other Financial Institutions (*)	15,186,301	15,217,023
Marketable Securities Issued	1,289,688	1,289,688
Sundry Creditors	1,439,685	1,439,685

(\*) Loans to money markets and subordinated loans are included in the funds provided from other financial institutions..

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available for sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Level 1, that are observable either directly or indirectly in the market.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

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### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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#### IX. 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 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>3,793,605</b>	<b>3,227,602</b>	-	<b>7,021,207</b>
Financial assets at fair value through profit and loss	527,894	2,699,477	-	3,227,371
<i>Public sector debt securities</i>	527,894	-	-	527,894
<i>Financial assets at fair value through profit or loss</i>	-	2,610,797	-	2,610,797
<i>Other Financial assets at fair value through profit or loss</i>	-	88,680	-	88,680
Derivative financial assets for hedging purposes	-	502,479	-	502,479
Financial Assets at Fair Value Through Other Comprehensive Income	3,265,711	25,646	-	3,291,357
<i>Public sector debt securities</i>	3,265,711	20,036	-	3,285,747
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	5,610	-	5,610
<b>Financial Liabilities</b>	-	<b>2,764,943</b>	-	<b>2,764,943</b>
Derivative financial liabilities at fair value through profit or loss	-	2,375,761	-	2,375,761
Derivative financial liabilities for hedging purposes	-	389,182	-	389,182
<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>5,085,860</b>	<b>1,097,869</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	4,624,900	65,350	-	4,690,250
<i>Public sector debt securities</i>	4,624,900	13,270	-	4,638,170
<i>Other financial assets available for sale (*)</i>	-	52,080	-	52,080
<b>Financial Liabilities</b>	-	<b>1,401,408</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

(\*) All unquoted share certificates of TL5,214 which are recorded at cost since its fair value cannot be reliably estimated are not included

There is no transition between the levels in the current year.

#### X. 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.

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**XI. 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.



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**XI. Explanations Related to Risk Management (Continued)**

**1. Risk management approach and Risk Weighted Amounts (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)	66,532,643	58,694,864	5,322,611
2 Of which Standardized Approach (SA)	66,532,643	58,694,864	5,322,611
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	1,306,710	1,558,203	104,537
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,306,710	1,558,203	104,537
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	706,725	677,913	56,538
17 Of which Standardized approach (SA)	706,725	677,913	56,538
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	7,395,528	6,784,975	591,642
20 Of which Basic Indicator Approach	7,395,528	6,784,975	591,642
21 Of which Standard Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts Below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>75,941,606</b>	<b>67,715,955</b>	<b>6,075,328</b>

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**XI. 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**

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	15,661,052	15,661,052	-	-	-
Banks	3,918,436	3,919,503	-	-	-
Receivables from money markets	281,696	-	281,696	-	-
Financial Assets at Fair Value Through Profit or Loss	616,574	88,680	-	527,894	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,291,357	3,292,097	-	-	-
Financial Assets measured at amortized cost	2,792,080	2,792,080	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	2,610,797	-	2,610,797	2,610,797	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	502,479	-	502,479	502,479	-
Non performing financial assets	-	-	-	-	-
Expected Credit Loss (-)	(8,958)	-	-	-	-
Loans and receivables (*)	63,998,823	65,190,428	-	-	-
Factoring receivables	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	109,104	109,104	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	115,986	115,986	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	292,290	243,336	-	-	48,954
Intangible assets (net)	528,440	-	-	-	528,440
Investment properties (net)	-	-	-	-	-
Tax assets	1,358	1,358	-	-	-
Deferred tax assets	187,325	187,325	-	-	-
Other assets (*(	2,098,320	1,801,457	297,053	495	-
<b>Total Assets</b>	<b>96,997,164</b>	<b>93,402,411</b>	<b>3,692,025</b>	<b>3,641,665</b>	<b>577,394</b>
<b>Liabilities</b>					
Deposits	64,217,166	-	-	-	-
Loans	11,766,163	-	-	-	-
Debt to money markets Loans	62,543	-	62,543	-	-
Debt securities in issue	526,592	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative Financial Liabilities	2,764,943	-	1,807,845	-	-
Factoring debts	-	-	-	-	-
Provisions	660,132	-	-	-	-
Tax liability	291,338	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,843,148	-	-	-	-
Other liability	4,126,631	-	466,742	-	-
Equity	9,738,508	-	-	-	-
<b>Total Liabilities</b>	<b>96,997,164</b>	<b>-</b>	<b>2,337,130</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 2018

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

### XI. Explanations Related to 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	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.

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**XI. 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**

<b>Current Period</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>96,997,164</b>	<b>93,402,411</b>	<b>3,692,025</b>	<b>3,641,665</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	2,337,130	-	2,337,130	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>94,660,034</b>	<b>93,402,411</b>	<b>1,354,895</b>	<b>3,641,665</b>
4	Off-balance sheet amounts	90,528,859	16,948,427	480,953	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
<b>9</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>-</b>	<b>110,350,838</b>	<b>1,835,848</b>	<b>3,641,665</b>

<b>Prior Period</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>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</b>	<b>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</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>-</b>	<b>98,772,843</b>	<b>1,593,980</b>	<b>470,770</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.

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**XI. 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**

Current Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans	2,774,744	64,073,863	2,849,784	63,998,823
Debt Securities	-	6,077,827	629	6,077,198
Off-balance sheet exposures	-	38,746,911	202,659	38,544,252
<b>Total</b>	<b>2,774,744</b>	<b>108,899,229</b>	<b>3,053,072</b>	<b>108,620,273</b>

Prior Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ Impairments*	Net values
	Defaulted exposures	Non-defaulted exposures		
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>

(\*) Refers to the specific provision.

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**XI. Explanations Related to Risk Management (Continued)**

**3. Credit Risk Disclosure (Continued)**

**3.1. General information about credit risk (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 2017</b>	<b>1,946,625</b>
2	Loans and debt securities that have defaulted since the last reporting period	2,195,549
3	Returned to non-defaulted status	2,018
4	Amounts written off	503,724
5	Other changes (*)	861,688
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2018 (1+2-3-4-5)</b>	<b>2,774,744</b>

(\*) Includes collections during the period.

<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

**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.

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**XI. 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	1,784,550	3.56	173,750	1.24
Farming and Stockbreeding	1,735,415	3.46	166,198	1.19
Forestry	-	-	-	-
Fishery	49,135	0.10	7,552	0.05
Manufacturing	15,615,539	31.15	6,890,850	49.44
Mining and Quarrying	1,654,923	3.30	254,849	1.83
Production	13,554,411	27.04	6,165,453	44.23
Electricity, Gas and Water	406,205	0.81	470,548	3.38
Construction	2,327,789	4.64	590,798	4.24
Services	14,384,915	28.69	6,217,596	44.60
Wholesale and Retail Trade	6,412,554	12.79	1,255,522	9.01
Accommodation and Dining	973,171	1.94	1,051,394	7.54
Transportation and Telecom.	2,294,804	4.58	420,794	3.02
Financial Institutions	1,554,116	3.10	1,419,802	10.19
Real Estate and Rental Services	1,209,616	2.41	1,985,634	14.24
Self-Employment Services	708,475	1.41	80,243	0.58
Educational Services	88,151	0.18	4,207	0.03
Health and Social Services	1,144,028	2.28	-	-
Other	16,021,672	31.96	66,404	0.48
<b>Total</b>	<b>50,134,465</b>	<b>100.00</b>	<b>13,939,398</b>	<b>100.00</b>

	Prior 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>

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”.

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**XI. 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 2018</b>	<b>1-30 Day</b>	<b>31-60 Day</b>	<b>61-90 Day</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	632,672	777,110	1,215,500	2,625,282
Consumer Loans	602,920	355,875	430,668	1,389,463
Credit Cards	106,973	136,331	99,341	342,645
<b>Total</b>	<b>1,342,565</b>	<b>1,269,316</b>	<b>1,745,509</b>	<b>4,357,390</b>

<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>

- h) Breakdown of restructured exposures between impaired and not impaired exposures

Not impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Significant Increase in Credit Risk (Stage 2)</b>	<b>Net Amount</b>
Commercial Loans	1,866,363	290,760	1,575,603
Consumer Loans	97,445	8,455	88,990
Credit Cards	49,128	4,263	44,865
<b>Total</b>	<b>2,012,936</b>	<b>303,478</b>	<b>1,709,458</b>
<b>Prior 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>

Impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Default (Stage 3/Specific Provision)</b>	<b>Net Amount</b>
Commercial Loans	14,325	11,363	2,962
Consumer Loans	26,861	15,352	11,509
Credit Cards	8,072	5,464	2,608
<b>Total</b>	<b>49,258</b>	<b>32,179</b>	<b>17,079</b>
<b>Prior 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>



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**XI. 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	46,362,565	9,664,219	8,690,629	9,163,643	6,601,291	-	-
2	Debt securities	6,078,567	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>52,441,132</b>	<b>9,664,219</b>	<b>8,690,629</b>	<b>9,163,643</b>	<b>6,601,291</b>	-	-
4	Of which defaulted	2,675,160	89,333	66,566	10,251	948	-	-

		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	42,068,948	11,678,055	9,128,085	9,543,774	8,044,101	-	-
2	Debt securities	5,040,024	-	-	-	-	-	-
<b>3</b>	<b>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	-	-

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**XI. 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%

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**XI. 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		
	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	20,198,597	-	25,377,088	40,788	3,232,295	13%
2	Exposures to regional governments or local authorities	992,484	6,578	984,538	3,144	494,165	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	6,006,593	1,366,431	5,661,657	1,551,717	2,349,501	33%
7	Exposures to corporates	26,152,538	20,226,548	24,223,728	12,033,390	35,789,239	99%
8	Retail exposures	27,267,455	12,620,886	22,628,331	2,709,599	18,997,345	75%
9	Exposures secured by residential property	6,067,061	327,662	6,067,062	132,530	2,169,857	35%
10	Exposures secured by commercial real estate	2,558,285	211,302	2,558,285	114,482	1,336,383	50%
11	Past-due loans	1,113,563	205,582	1,112,615	65,022	1,217,144	103%
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	2,960,154	3,737,223	2,953,765	2,242	852,424	29%
17	Investments in equities	94,290	-	94,290	-	94,290	100%
<b>18</b>	<b>Total</b>	<b>93,411,020</b>	<b>38,702,212</b>	<b>91,661,359</b>	<b>16,652,914</b>	<b>66,532,643</b>	<b>61%</b>

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**XI. 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	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	15,372,386	-	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>

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**XI. 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		0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights												
1	Exposures to regional governments or local authorities	22,185,581	-	-	-	-	-	3,232,295	-	-	-	25,417,876
2	Exposures to regional governments or local authorities	-	-	-	-	987,037	-	645	-	-	-	987,682
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	5,154,440	-	1,484,779	-	570,019	4,136	-	-	7,213,374
7	Exposures to corporates	-	-	160,786	-	678,504	-	35,417,828	-	-	-	36,257,118
8	Retail exposures	-	-	7,903	-	7,021	25,323,006	-	-	-	-	25,337,930
9	Exposures secured by residential property	-	-	-	6,199,592	-	-	-	-	-	-	6,199,592
10	Exposures secured by commercial real estate	-	-	-	-	2,672,767	-	-	-	-	-	2,672,767
11	Past-due loans	-	-	-	-	331,085	-	436,453	410,099	-	-	1,177,637
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	-	-	-	-	-	-	94,290	-	-	-	94,290
17	Other assets	2,066,839	-	45,928	-	-	-	843,240	-	-	-	2,956,007
<b>18</b>	<b>Total</b>	<b>24,252,420</b>	<b>-</b>	<b>5,369,057</b>	<b>6,199,592</b>	<b>6,161,193</b>	<b>25,323,006</b>	<b>40,594,770</b>	<b>414,235</b>	<b>-</b>	<b>-</b>	<b>108,314,273</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.

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**XI. 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)**

Prior Period	Asset Classes / Risk Weights	0%	10%	20%	35%	50% secured by real estate (* )	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	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
<b>18</b>	<b>Total</b>	<b>22,691,918</b>	<b>-</b>	<b>2,866,523</b>	<b>7,086,255</b>	<b>4,973,077</b>	<b>24,963,489</b>	<b>33,629,117</b>	<b>535,398</b>	<b>-</b>	<b>-</b>	<b>96,745,777</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.

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**XI. 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.

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**XI. 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)	749,662	480,953		1.4	1,215,124	953,104
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					11,621	2,970
<b>Total</b>						<b>956,074</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)	1,032,519	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



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**XI. 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	1,215,124	350,636
<b>Total subject to the CVA capital charge</b>	<b>1,215,124</b>	<b>350,636</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	1,681,750	548,443
<b>Total subject to the CVA capital charge</b>	<b>1,681,750</b>	<b>548,443</b>

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**XI. Explanations Related to Risk Management (Continued)**

**4. Counterparty Credit Risk (Continued)**

**4.4. Standardized approach – CCR exposures by regulatory portfolio and risk weights**

<b>Current Period</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>Total credit exposure(*)</b>	
Claims from central governments and central banks	-	-	-	-	-	-	5,601	-	-	5,601	
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	-	-	9,468	-	515,103	-	-	477	-	525,048	
Corporates	-	-	769	-	2,673	-	677,319	-	-	680,761	
Retail portfolios	-	-	-	-	-	15,328	7	-	-	15,335	
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>10,237</b>	-	<b>517,776</b>	<b>15,328</b>	<b>682,927</b>	<b>477</b>	-	<b>1,226,745</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.

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**XI. Explanations Related to Risk Management (Continued)**

**4. Counterparty Credit Risk (Continued)**

**4.4. Standardized approach – CCR exposures by regulatory portfolio and risk weights (continued)**

<b>Prior Period Risk Weight/ Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure(*)</b>
Claims from central governments and central banks	-	-	-	-	-	-	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>155,157</b>	-	<b>1,100,189</b>	<b>15,447</b>	<b>415,249</b>	<b>1,200</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.

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**XI. 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	-	1,642	-	-	-	-
Cash – other currencies	-	13,849	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>15,491</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	-	-	-	-	-	-
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>	-	-	-	-

**4.6. Credit derivatives exposures**

	Current Period	
	Protection bought	Protection sold
<b>Nominal</b>		
Single-name credit default swaps	105,480	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>105,480</b>	-
<b>Fair Values</b>	(5,875)	-
Positive fair value (asset)	390	-
Negative fair value (liability)	(6,265)	-

	Prior Period	
	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.

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**XI. Explanations Related to Risk Management (Continued)**

**5. Securitization Disclosures**

Since the Bank does not hold securitization position, the notes to be presented according to the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” have not been presented.

**6. Market Risk Disclosures**

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 – Counterparty credit risk.

Notes and explanations prepared in accordance with the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Bank.

**6.1. Qualitative disclosure requirements related to market risk**

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

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.

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**XI. Explanations Related to Risk Management (Continued)**

**6. Market Risk Disclosures (Continued)**

**6.1. Qualitative disclosure requirements related to market risk (continued)**

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; motive behind which is to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VAR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All limit and risk positions are represented to Audit Committee and to The Board of Directors

**6.2. Standardized Approach**

<b>Current Period</b>		<b>Risk Weighted Amounts</b>
Outright products		
1	Interest rate risk (general and specific)	634,338
2	Equity risk (general and specific)	-
3	Foreign exchange risk	36,949
4	Commodity risk	12,000
Options		
5	Simplified approach	-
6	Delta-plus method	23,438
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>706,725</b>

<b>Prior Period</b>		<b>Risk Weighted Amounts</b>
Outright product		
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		<b>Options</b>
5	Simplified approach	-
6	Delta-plus method	15,163
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>677,913</b>

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**XI. Explanations Related to Risk Management (Continued)**

**7. Explanations Related to Operational Risk**

a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.

b) In case of Basic Indicator Approach the following:

	31.12.2015	31.12.2016	31.12.2017	Total/Number of positive gross income years	Beta (%)	Total
Gross Income	3,595,664	4,103,251	4,133,929	3,944,281	15	591,642
Operational Risk Capital Requirement (Total*12.5)						7,395,528

	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

a) The Bank does not use the standard method.

b) The Bank does not use any alternative approach in standard method

c) 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.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

	Current Period	
	TL	FC
Cash in TL/Foreign Currency	442,449	1,564,017
Balances with the Central Bank of Turkey	1,516,100	12,032,184
Other	-	106,302
<b>Total</b>	<b>1,958,549</b>	<b>13,702,503</b>

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

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

	Current Period	
	TL	FC
Unrestricted Demand Deposit	1,478,914	-
Unrestricted Time Deposit	-	5,243,049
Restricted Time Deposit	37,186	6,789,135
<b>Total</b>	<b>1,516,100</b>	<b>12,032,184</b>

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

Foreign currency unrestricted deposit amounting to TL5,243,049 (31 December 2017: TL1,384,996), foreign currency restricted deposit amounting to TL6,789,135 (31 December 2017: TL7,540,264), unrestricted deposit balance amounting to TL1,478,914 (31 December 2017: TL1,042,047) and restricted deposit amounting to TL37,186 (31 December 2017: TL11,015) comprises of reserve deposits. As of 31 December 2018, the Turkish lira required reserve ratios are determined to be within the range of 1.5%-8% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2017: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-20% (31 December 2017: 4%-24%).

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

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

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

Net book value of unrestricted financial assets at fair value through profit and loss is TL527,894 (31 December 2017: TL460,960)



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

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

	Current Period	
	TL	FC
Forward Transactions	458,840	10,370
Swap Transactions	1,812,191	186,750
Futures Transactions	-	-
Options	129,526	12,730
Other	-	390
<b>Total</b>	<b>2,400,557</b>	<b>210,240</b>

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

**4. Information on banks:**

a) Information on Banks:

	Current Period	
	TL	FC
Banks		
Domestic Banks	800,909	98
Foreign Banks	82,122	3,035,307
Foreign Head Offices and Branches	-	-
<b>Total</b>	<b>883,031</b>	<b>3,035,405</b>

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

b) Information on Foreign Banks:

	Unrestricted Amount	Restricted Amount
	Current Period	Current Period
EU Countries	2,587,570	-
USA and Canada	43,364	-
OECD Countries(*)	58,094	-
Off-Shore Banking Regions	383,071	-
Other	45,330	-
<b>Total</b>	<b>3,117,429</b>	-

	Unrestricted Amount	Restricted Amount
	Prior Period	Prior Period
EU Countries	952,584	-
USA and Canada	25,001	-
OECD Countries(*)	181,220	-
Off-Shore Banking Regions	284,954	-
Other	16,524	-
<b>Total</b>	<b>1,460,283</b>	-

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

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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#### I. Explanations and Disclosures Related to the Assets (Continued)

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

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

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar Investment Securities	266,235	-
Other	-	-
<b>Total</b>	<b>266,235</b>	<b>-</b>

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

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

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

	Current Period	
	TL	FC
Government Bonds	64,511	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
<b>Total</b>	<b>64,511</b>	<b>-</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL2,960,611.

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

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

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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### I. Explanations and Disclosures Related to the Assets (Continued)

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

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

	<b>Current Period</b>
Debt securities	3,285,747
Quoted on a Stock Exchange	3,265,711
Not Quoted	20,036
Equity Securities	5,610
Quoted on a Stock Exchange	-
Not Quoted	5,610
Impairment Provision (-)	-
<b>Total</b>	<b>3,291,357</b>

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

	<b>Prior Period</b>
Debt securities	4,638,170
Quoted on a Stock Exchange	4,624,900
Not Quoted	13,270
Equity Securities	57,294
Quoted on a Stock Exchange	-
Not Quoted	57,294
Impairment Provision (-)	-
<b>Total</b>	<b>4,695,464</b>

#### 6. Information on loans:

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

	<b>Current Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	19,520	260,569
Corporate Shareholders	19,520	260,569
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	108,259	-
<b>Total</b>	<b>127,779</b>	<b>260,569</b>
	<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	100,051	301,623
Corporate Shareholders	100,051	301,623
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	101,302	-
<b>Total</b>	<b>201,353</b>	<b>301,623</b>

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

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

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

Cash Loans	Standard Loans	Loans under Close Monitoring (*)		
		Loans Not Subject to Restructuring	Restructured	
			Loans with Revised Contract Terms	Refinance
Non-specialized Loans	53,884,885	8,176,042	313,312	1,699,624
Working Capital Loans	5,637,888	1,185,879	20,973	526,354
Export Loans	7,214,944	507,160	9,075	66,254
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,005,340	3	-	-
Consumer Loans	10,568,447	2,661,974	526	96,919
Credit Cards	3,492,684	715,765	49,128	-
Other	25,965,582	3,105,261	233,610	1,010,097
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>53,884,885</b>	<b>8,176,042</b>	<b>313,312</b>	<b>1,699,624</b>

	Standard Loans	Loans Under Close Monitoring
12-Month Expected Credit Losses	355,390	-
Significant increase in Credit Risk	-	836,214
<b>Total</b>	<b>355,390</b>	<b>836,214</b>

Number of Extensions	Standard Loans	Loans Under Close Monitoring(*)
Extended by 1 or 2 Times	-	177,848
Extended by 3,4 or 5 Times	-	52,263
Extended by Over 5 Times	-	83,204
<b>Total</b>	<b>-</b>	<b>313,315</b>

(\*) Refers to the loan amounts made for the extension of the payment plan within the restructured loans.

Extension Periods	Standard Loans	Loans Under Close Monitoring (*)
0-6 Months	-	77,674
6-12 Months	-	71,312
1-2 Years	-	71,512
2-5 Years	-	80,741
5 Years and Over	-	12,076
<b>Total</b>	<b>-</b>	<b>313,315</b>

(\*) Refers to the loan amounts made for the extension of the payment plan within the restructured loans

	Loans Under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	Restructured
Short Term Loans	24,608,170	2,050,388	374,320
Medium and Long Term Loans	29,276,715	6,125,654	1,638,616
<b>Toplam</b>	<b>53,884,885</b>	<b>8,176,042</b>	<b>2,012,936</b>

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**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:

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>368,621</b>	<b>12,344,890</b>	<b>12,713,511</b>
Housing Loans	1,514	5,971,254	5,972,768
Vehicle Loans	8,649	403,124	411,773
General Purpose Loans	358,458	5,970,512	6,328,970
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	-	<b>21,184</b>	<b>21,184</b>
Housing Loans	-	21,172	21,172
Vehicle Loans	-	-	-
General Purpose Loans	-	12	12
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>12</b>	<b>36,064</b>	<b>36,076</b>
Housing Loans	-	6,992	6,992
Vehicle Loans	-	6,639	6,639
General Purpose Loans	12	22,433	22,445
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2,681,027</b>	<b>43,729</b>	<b>2,724,756</b>
With Installments	807,930	43,729	851,659
Without Installments	1,873,097	-	1,873,097
<b>Individual Credit Cards-FC</b>	<b>9,541</b>	-	<b>9,541</b>
With Installments	-	-	-
Without Installments	9,541	-	9,541
<b>Personnel Loans-TL</b>	<b>7,220</b>	<b>62,445</b>	<b>69,665</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	7,220	62,445	69,665
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>32,513</b>	<b>82</b>	<b>32,595</b>
With Installments	10,064	82	10,146
Without Installments	22,449	-	22,449
<b>Personnel Credit Cards-FC</b>	<b>168</b>	-	<b>168</b>
With Installments	-	-	-
Without Installments	168	-	168
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>483,742</b>	-	<b>483,742</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>3,688</b>	-	<b>3,688</b>
<b>Total</b>	<b>3,586,532</b>	<b>12,508,394</b>	<b>16,094,926</b>

(\*) Overdraft Accounts include personnel loans amounting to TL5,831.

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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: (continued)

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment – TL</b>	<b>762,278</b>	<b>10,663,963</b>	<b>11,426,241</b>
Business Loans	97	254,815	254,912
Vehicle Loans	34,312	614,286	648,598
General Purpose Loans	727,869	9,794,862	10,522,731
Other	-	-	-
<b>Commercial loans with installment - Indexed to FC</b>	<b>4,407</b>	<b>740,855</b>	<b>745,262</b>
Business Loans	2,031	10,297	12,328
Vehicle Loans	48	236,460	236,508
General Purpose Loans	2,328	494,098	496,426
Other	-	-	-
<b>Commercial loans with installment – FC</b>	<b>236</b>	<b>-</b>	<b>236</b>
Business Loans	-	-	-
Vehicle Loans	3	-	3
General Purpose Loans	233	-	233
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,488,228</b>	<b>-</b>	<b>1,488,228</b>
With Installments	389,791	-	389,791
Without Installments	1,098,437	-	1,098,437
<b>Corporate Credit Cards-FC</b>	<b>2,289</b>	<b>-</b>	<b>2,289</b>
With Installments	-	-	-
Without Installments	2,289	-	2,289
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,277,559</b>	<b>-</b>	<b>1,277,559</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,534,997</b>	<b>11,404,818</b>	<b>14,939,815</b>
<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment – TL</b>	<b>650,471</b>	<b>13,570,795</b>	<b>14,221,266</b>
Business Loans	2,997	323,359	326,356
Vehicle Loans	25,434	758,020	783,454
General Purpose Loans	622,040	12,489,416	13,111,456
Other	-	-	-
<b>Commercial loans with installment - Indexed to FC</b>	<b>16,092</b>	<b>710,279</b>	<b>726,371</b>
Business Loans	-	19,697	19,697
Vehicle Loans	2,015	189,745	191,760
General Purpose Loans	14,077	500,837	514,914
Other	-	-	-
<b>Commercial loans with installment – FC</b>	<b>112</b>	<b>-</b>	<b>112</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	112	-	112
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,212,899</b>	<b>-</b>	<b>1,212,899</b>
With Installments	380,553	-	380,553
Without Installments	832,346	-	832,346
<b>Corporate Credit Cards-FC</b>	<b>2,237</b>	<b>-</b>	<b>2,237</b>
With Installments	-	-	-
Without Installments	2,237	-	2,237
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,147,148</b>	<b>-</b>	<b>1,147,148</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,028,959</b>	<b>14,281,074</b>	<b>17,310,033</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

f) Allocation of loans by customers:

	<b>Current Period</b>
Public sector	1,047,745
Private sector	63,026,118
<b>Total</b>	<b>64,073,863</b>

	<b>Prior Period</b>
Public sector	957,153
Private sector	61,629,810
<b>Total</b>	<b>62,586,963</b>

g) Domestic and foreign loans:

	<b>Current Period</b>
Domestic Loans	63,118,948
Foreign Loans	954,915
<b>Total</b>	<b>64,073,863</b>

	<b>Prior Period</b>
Domestic Loans	61,768,545
Foreign Loans	818,418
<b>Total</b>	<b>62,586,963</b>

h) Loans granted to subsidiaries and associates:

	<b>Current Period</b>
Direct Loans Granted to Subsidiaries and Associates	97,952
Indirect Loans Granted to Subsidiaries and Associates	-
<b>Total</b>	<b>97,952</b>

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

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

	<b>Current Period</b>
Loans and Receivables with Limited Collectability	329,331
Loans and Receivables with Doubtful Collectability	342,439
Uncollectible Loans and Receivables	986,410
<b>Total</b>	<b>1,658,180</b>

g.2) Specific provisions provided against loans:

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



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
Gross Amounts before Provisions	26,606	15,968	6,684
Restructured Loans	26,606	15,968	6,684
<b>Prior Period</b>			
(Gross amounts before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	14,741	10,373	9,944

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>Uncollectible Loans and Receivables</b>
<b>Prior period end balance</b>	<b>116,275</b>	<b>164,821</b>	<b>1,665,529</b>
Additions (+)	1,918,103	118,394	159,052
Transfers from other Categories of Loans under Follow-up (+)	-	1,058,303	467,794
Transfers to other Categories of Loans under Follow-up (-) (**)	1,059,519	468,596	-
Collections (-)	274,360	202,468	384,860
Write-Offs (-)	790	149	2,247
Sold Portfolio (-)(*)	-	-	500,538
Corporate and Commercial Loans	-	-	369,680
Retail Loans	-	-	64,476
Credit Cards	-	-	66,382
Other	-	-	-
<b>Current period end balance</b>	<b>699,709</b>	<b>670,305</b>	<b>1,404,730</b>
Provision (-)	329,331	342,439	986,410
<b>Net Balances on Balance Sheet</b>	<b>370,378</b>	<b>327,866</b>	<b>418,320</b>

(\*) Past due receivables portfolio amounting to TL500,538 for which TL483,618 of provision had been allocated is sold for TL24,061 in 2018. After all sales procedures were completed, such past due receivables have been written off from the accounts.

Information about the sales took place in 2018;

<b>Date of Sale</b>	<b>Sold to</b>	<b>Loans under Follow-Up</b>	<b>Provision</b>	<b>Sale Price</b>
29.03.2018	Hayat Varlık Yönetim A.Ş.	131,972	126,665	9,100
07.06.2018	Hayat Varlık Yönetim A.Ş.	90,869	87,574	4,660
27.09.2018	Hayat Varlık Yönetim A.Ş.	158,566	154,405	5,151
27.12.2018	Hayat Varlık Yönetim A.Ş.	119,130	114,974	5,150
<b>Current Period Total</b>		<b>500,538</b>	<b>483,618</b>	<b>24,061</b>

(\*\*) In compliance with the related communique, retail loans amounting to TL2,018 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 2018**

(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.3) Information on foreign currency 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</b>	<b>Loans and</b>
	<b>with Limited</b>	<b>with Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>31 December 2018</b>			
Period End Balance	21,749	30,099	228,009
Provision (-)	14,989	12,713	198,615
<b>Net Balance on Balance Sheet</b>	<b>6,760</b>	<b>17,386</b>	<b>29,394</b>
<b>31 December 2017</b>			
Prior Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
<b>Net Balance on Balance Sheet</b>	<b>984</b>	<b>685</b>	<b>42,210</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>Receivables</b>	<b>Receivables</b>	<b>Loans and</b>
	<b>with Limited</b>	<b>with Doubtful</b>	<b>Receivables</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	699,709	670,305	1,404,730
Provision (-)	329,331	342,439	986,410
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>370,378</b>	<b>327,866</b>	<b>418,320</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period(Net)</b>	<b>13,322</b>	<b>18,468</b>	<b>5,838</b>
Interest Accruals, Rediscounts and Valuation Differences	70,640	102,720	97,595
Provision Amount (-)	57,318	84,252	91,757
<b>Prior Period (Net)</b>	-	-	-
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

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. 29750 dated 22 June 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>
Standard loans	39,823,754	10,568,447	3,492,684	53,884,885
Loans under close monitoring	6,664,666	2,759,419	764,893	10,188,978
Non performing loans	1,207,174	1,395,223	172,347	2,774,744
<b>Total</b>	<b>47,695,594</b>	<b>14,723,089</b>	<b>4,429,924</b>	<b>66,848,607</b>
12 month expected credit loss (Stage 1)(-)	218,413	85,416	51,561	355,390
Significant increase in credit risk (Stage 2)(-)	634,220	149,047	52,947	836,214
Default (Stage 3/Specific provision)(-)	760,528	769,345	128,307	1,658,180
<b>Total</b>	<b>1,613,161</b>	<b>1,003,808</b>	<b>232,815</b>	<b>2,849,784</b>
<b>Net credit balance on balance sheet</b>	<b>46,082,433</b>	<b>13,719,281</b>	<b>4,197,109</b>	<b>63,998,823</b>
<b>Prior 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>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

m) Other explanations and disclosures: (continued)

The following is a reclassification of provision for impairment on loans by stage;

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	230,885	43,711	632,158	906,754
IFRS 9 transition effect	(36,347)	450,918	(18,231)	396,340
Transfers;				
- Stage 1 to Stage 2	(24,754)	151,248	-	126,494
- Stage 1 to Stage 3	(11,368)	-	500,864	489,496
- Stage 2 to Stage 3	-	(96,204)	385,882	289,678
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	17,600	(46,301)	-	(28,701)
Transferred within the period	124,318	230,005	(338,461)	15,862
Collections	(81,921)	(99,157)	(43,602)	(224,680)
Write-offs (*)	-	-	(361,275)	(361,275)
Currency differences	-	-	3,193	3,193
<b>Total expected credit losses</b>	<b>218,413</b>	<b>634,220</b>	<b>760,528</b>	<b>1,613,161</b>

<b>Consumer</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	182,562	19,386	527,953	729,901
IFRS 9 transition effect	(144,411)	100,100	38,155	(6,156)
Transfers;				
- Stage 1 to Stage 2	(6,035)	46,437	-	40,402
- Stage 1 to Stage 3	(1,875)	-	82,465	80,590
- Stage 2 to Stage 3	-	(7,047)	71,777	64,730
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	8,175	(39,428)	-	(31,253)
Transferred within the period	55,028	51,262	119,984	226,274
Collections	(8,028)	(21,663)	(14,171)	(43,862)
Write-offs (*)	-	-	(56,818)	(56,818)
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>85,416</b>	<b>149,047</b>	<b>769,345</b>	<b>1,003,808</b>

<b>Credit Cards</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	47,714	3,258	82,700	133,672
IFRS 9 transition effect	(6,092)	26,142	5,823	25,873
Transfers;				
- Stage 1 to Stage 2	(6,304)	31,837	-	25,533
- Stage 1 to Stage 3	(732)	-	39,448	38,716
- Stage 2 to Stage 3	-	(1,302)	17,590	16,288
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	5,922	(11,082)	-	(5,160)
Transferred within the period	15,536	11,413	45,121	72,070
Collections	(4,483)	(7,319)	(3,992)	(15,794)
Write-offs (*)	-	-	(58,383)	(58,383)
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>51,561</b>	<b>52,947</b>	<b>128,307</b>	<b>232,815</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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)

	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
1 Ocak 2017	488,206	619,163	106,912	1,214,281
Transferred within the period	671,828	87,081	87,584	846,493
Collections	(156,705)	(73,885)	(31,617)	(262,207)
Write-offs (**)	(371,171)	(104,406)	(80,179)	(555,756)
<b>31 Aralık 2017</b>	<b>632,158</b>	<b>527,953</b>	<b>82,700</b>	<b>1,242,811</b>

(\*) Past due receivables portfolio amounting to TL500,538 for which TL483,618 of provision had been allocated is sold for TL24,061 in 2018. After all sales procedures were completed, such past due receivables have been written off from the accounts.

Explanations on sales of non-performing loan portfolio in 2018:

<b>Date</b>	<b>Sold to</b>	<b>Non-Performing Loan Amount</b>	<b>Provision</b>	<b>Proceed</b>
29.03.2018	Hayat Varlık Yönetim A.Ş.	131,972	126,665	9,100
07.06.2018	Hayat Varlık Yönetim A.Ş.	90,869	87,574	4,660
27.09.2018	Hayat Varlık Yönetim A.Ş.	158,566	154,405	5,151
27.12.2018	Hayat Varlık Yönetim A.Ş.	119,130	114,974	5,150
<b>Current Period Total</b>		<b>500,538</b>	<b>483,618</b>	<b>24,061</b>

(\*\*) Past due receivables portfolio amounting to TL556,552 for which TL555,756 of provision had been allocated is sold for TL32,791 in 2017. After all sales procedures were completed, such past due receivables have been written off from the accounts.

Explanations 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>

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 2018 is TL1,365,215 (31 December 2017: TL806,842).

**The fair value of the collateral of non-performing loans that do not exceed the risk:**

	<b>Current Period</b>
Mortgage	952,032
Vehicle	173,263
Cash	500
Other (*)	239,420
<b>Total</b>	<b>1,365,215</b>

(\*) Includes guarantees from Treasury and Credit Guarantee Fund amounting to TL239,407.

	<b>Prior Period</b>
Mortgage	622,898
Vehicle	111,528
Cash	136
Other (*)	72,280
<b>Total</b>	<b>806,842</b>

(\*) Includes guarantees from Treasury and Credit Guarantee Fund amounting to TL61,361.

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

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

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

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined not to be impaired at 31 December 2018 is TL3,107,199 (31 December 2017: TL2,227,231).

**The fair value of the collateral of loans under follow up that do not exceed the risk:**

	<b>Current Period</b>
Mortgage	2,064,027
Vehicle	7,056
Cash	98,298
Other	937,818
<b>Total</b>	<b>3,107,199</b>
	<b>Prior Period</b>
Mortgage	2,057,968
Vehicle	122,538
Cash	29,096
Other	17,629
<b>Total</b>	<b>2,227,231</b>

As of 31 December 2018 and 31 December 2017, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

<b>31 December 2018</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	103,828	5,197	109,025
Other	79	-	79
<b>Total</b>	<b>103,907</b>	<b>5,197</b>	<b>109,104</b>
	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
<b>31 December 2017</b>			
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>

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

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

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	480,116	-
Other	-	-
<b>Total</b>	<b>480,116</b>	<b>-</b>

Unrestricted financial assets measured at amortized cost are TL2,311,964.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### I. Explanations and Disclosures Related to the Assets (Continued)

#### 7. Information on financial assets measured at amortized cost: (Continued)

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

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

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

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

	Current Period
Government Bonds	2,792,080
Treasury Bills	-
Other Public Sector Debt Securities	-
<b>Total</b>	<b>2,792,080</b>

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

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

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

	Current Period
Debt securities	2,792,080
Quoted on a Stock Exchange	2,792,080
Unquoted	-
Impairment Provision (-)	-
<b>Total</b>	<b>2,792,080</b>

a.7) Information on held to maturity investments:

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

	<b>Current Period</b>
Beginning Balance	401,854
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year (*)	2,682,111
Disposals Through Sales and Redemptions	(291,885)
Impairment Provision (-)	-
<b>Closing Balance</b>	<b>2,792,080</b>

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

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

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

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

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

a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2017: None).

a.2) Information on the unconsolidated associates: None (31 December 2017: None).

a.3) Explanations of consolidated associates: None (31 December 2017: None).

a.4) Information on sector information on consolidated associates: None (31 December 2017: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2017: None).

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

a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	<b>TEB Faktoring A.Ş.</b>	<b>TEB Yatırım Menkul Değerler A.Ş.</b>	<b>TEB Portföy Yönetimi A.Ş.</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	30,000	28,794	6,860
Reserves	45,674	44,047	6,567
Net income for the period and prior period income	47,030	43,589	5,871
Income/ Loss recognized under equity in accordance with TAS	-	-	(321)
Leasehold Improvements on Operational Leases (-)	365	159	-
Goodwill and intangible asset and the related deferred tax liability (-)	2,383	1,242	530
<b>Total Common Equity Tier 1 Capital</b>	<b>119,956</b>	<b>115,029</b>	<b>18,447</b>
General Provision	1,637	-	-
<b>Total Equity</b>	<b>121,593</b>	<b>115,029</b>	<b>18,447</b>



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

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

c) Information on the unconsolidated subsidiaries: None (31 December 2017: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

	Address (City/ Country)	The Bank's share percentage-If shareholders' share 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
			29.14

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	1,677,408	122,704	788	233,697	-	35,992	16,544	-
2	242,307	116,430	1,873	48,454	-	31,424	19,669	-
3	22,740	18,977	230	3,247	156	3,698	3,631	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2017.

d.2) Information on consolidated subsidiaries:

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

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

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

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

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

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

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	45,767	37,735	7,617	154,946	(139,881)

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

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

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

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	-	-
Cash Flow Hedge	502,479	-
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>502,479</b>	<b>-</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL24,658 is recorded under equity as of 31 December 2018 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

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

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

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted 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.

**13. Information on investment properties:**

	31 Aralık 2017	Additions	Disposals	Other	31 Aralık 2018
Cost:					
Land and buildings	105,132	1,669	-	7,111	113,912
Leased tangible assets	-	-	-	-	-
Other	723,938	98,079	(23,749)	(6,829)	791,439
<b>Total Cost</b>	<b>829,070</b>	<b>99,748</b>	<b>(23,749)</b>	<b>282</b>	<b>905,351</b>
	31 Aralık 2017	Period Charge	Disposals	Other	31 Aralık 2018
Accumulated Depreciation:					
Land and buildings	46,709	4,110	-	-	50,819
Leased tangible assets	-	-	-	-	-
Other	510,739	73,859	(22,356)	-	562,242
<b>Total Accumulated Depreciation</b>	<b>557,448</b>	<b>77,969</b>	<b>(22,356)</b>	<b>-</b>	<b>613,061</b>
<b>Net Book Value</b>	<b>271,622</b>				<b>292,290</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

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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:

	31 December 2017	Additions	Disposals	Other	31 December 2018
Cost:					
Other intangible assets	302,695	68,561	(693)	-	370,563
<b>Total Cost</b>	<b>302,695</b>	<b>68,561</b>	<b>(693)</b>	<b>-</b>	<b>370,563</b>
	31 December 2017	Period Charge	Disposals	Other	31 December 2018
Accumulated Depreciation:					
Other intangible assets	204,049	59,240	(42)	-	263,247
<b>Total Accumulated Depreciation</b>	<b>204,049</b>	<b>59,240</b>	<b>(42)</b>	<b>-</b>	<b>263,247</b>
<b>Net Book Value</b>	<b>98,646</b>				<b>107,316</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: Not applicable for the unconsolidated financial statements.
- 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.

- Beginning and ending balance of the goodwill and movements on goodwill in the current period:

	Current Period	Prior Period
Beginning Balance	421,124	421,124
Foreign Exchange differences	-	-
Acquired	-	-
<b>Ending balance</b>	<b>421,124</b>	<b>421,124</b>

- Information on investment properties: None (31 December 2017: None)

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 2018, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL187,325 (31 December 2016: TL69,095). 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>69,095</b>	<b>42,562</b>
IFRS 9 transtion impact	219,896	-
Deferred Tax Benefit / (Charge)	(99,544)	64,565
Deferred Tax Accounted for under Equity	(2,122)	(38,032)
<b>Deferred Tax Asset</b>	<b>187,325</b>	<b>69,095</b>

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. The deferred tax charge of TL99,544 is stated under the tax provision in the income statement (31 December 2017: TL 64,565 income). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	<b>Current Period</b>
Financial Assets at Fair Value through Other Comprehensive Income	29,676
Cash Flow Hedge	(38,364)
Actuarial Profit or Loss	6,566
<b>Total</b>	<b>(2,122)</b>

	<b>Prior Period</b>
Financial Assets Available for Sale	(1,049)
Cash Flow Hedge	(30,899)
Actuarial Profit or Loss	(6,084)
<b>Total</b>	<b>(38,032)</b>

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

#### I. Explanations and Disclosures Related to the Assets (Continued)

##### 17. Information on assets held for sale and discontinued operations:

	<b>Current Period</b>
Beginning of Period Cost	90,677
Beginning of Period Accumulated Depreciation (-)	-
<b>Net Book Value</b>	<b>90,677</b>
Opening Balance	90,677
Acquired	109,037
Disposed(-)	88,923
Impairment (-)	1,687
Depreciation Value (-)	-
Period End Cost	109,104
Period End Accumulated Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>109,104</b>

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

##### 18. Information on other asset

Other Assets item of the balance sheet amounting to TL2,098,320 (31 December 2016: TL1,319,742) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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	1,843,615	-	7,064,993	12,635,918	2,592,790	347,412	135,942	-	24,620,670
Foreign Currency Deposits	6,125,847	-	5,702,852	13,314,064	362,293	219,166	168,175	-	25,892,397
Residents in Turkey	5,552,284	-	5,412,121	12,857,489	342,378	184,563	156,348	-	24,505,183
Residents Abroad	573,563	-	290,731	456,575	19,915	34,603	11,827	-	1,387,214
Public Sector Deposits	336,258	-	60,453	70,442	29,249	-	-	-	496,402
Commercial Deposits	2,672,300	-	1,769,680	3,147,808	820,947	255,150	388,716	-	9,054,601
Other Institutions Deposits	111,946	-	55,337	1,230,038	235,821	951,051	111,587	-	2,695,780
Precious Metals Deposits	507,192	-	34,816	512,511	32,089	95,628	-	-	1,182,236
Bank Deposits	47,697	-	227,383	-	-	-	-	-	275,080
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	17,495	-	227,383	-	-	-	-	-	244,878
Special Financial Institutions	30,181	-	-	-	-	-	-	-	30,181
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,644,855</b>	<b>-</b>	<b>14,915,514</b>	<b>30,910,781</b>	<b>4,073,189</b>	<b>1,868,407</b>	<b>804,420</b>	<b>-</b>	<b>64,217,166</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	1,579,123	-	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>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### II. Explanations and Disclosures Related to the Liabilities (Continued)

1. 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	Current Period
Saving Deposits	11,576,580	12,344,862
Foreign Currency Saving Deposits	3,449,885	11,524,532
Other Deposits in the Form of Saving Deposits	271,856	764,746
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-
<b>Total</b>	<b>15,298,321</b>	<b>24,634,140</b>

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

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

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

	Current Period
Foreign Branches' Deposits and Other Accounts	590,915
Deposits of Controlling Shareholders and Their Close Families	1,393,010
Deposits of Chairman and Members of the Board of Directors and Their Close Families	58,066
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-
	<b>Prior Period</b>
Foreign Branches' Deposits and Other Accounts	481,344
Deposits of Controlling Shareholders and Their Close Families	1,824,044
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508
Deposits Obtained Through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

	Current Period	
	TL	FC
Forward Transactions	149,769	37,072
Swap Transactions	2,014,714	28,648
Futures Transactions	-	-
Options	134,174	5,119
Other	-	6,265
<b>Total</b>	<b>2,298,657</b>	<b>77,104</b>
	Prior Period	
	TL	FC
Forward Transactions	126,546	8,454
Swap Transactions	693,606	63,911
Futures Transactions	-	96
Options	54,655	10,017
Other	-	792
<b>Total</b>	<b>874,807</b>	<b>83,270</b>

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

a) Information on banks and other financial institutions:

	Current Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	243,558	608,957
From Foreign Banks, Institutions and Funds	-	10,913,648
<b>Total</b>	<b>243,558</b>	<b>11,522,605</b>

As of 31 December 2018, the Bank has borrowings from its related parties amounting to TL4,671,779.

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

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

b) Maturity analysis of borrowings:

	Current Period	
	TL	FC
Short-term	243,558	7,240,036
Medium and long-term	-	4,282,569
<b>Total</b>	<b>243,558</b>	<b>11,522,605</b>
	Prior Period	
	TL	FC
Short-term	176,925	8,755,730
Medium and long-term	-	3,834,357
<b>Total</b>	<b>176,925</b>	<b>12,590,087</b>

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

#### II. Explanations and Disclosures Related to the Liabilities (Continued)

##### 3. Information on funds borrowed and debt securities issued: (Continued)

c) Additional explanation related to the concentrations of the Bank’s major liabilities:

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

d) Information on debt securities issued:

	Current Period	
	TL	FC
Bank Bonds	526,592	-
Treasury Bills	-	-
<b>Total</b>	<b>526,592</b>	<b>-</b>

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

##### 4. Funds provided through repurchase transactions:

Information on funds provided through repurchase transactions:

	Current Period	
	TL	FC
<b>Domestic Transactions</b>	<b>62,543</b>	<b>-</b>
Financial Institutions and Organizations	62,543	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Total</b>	<b>62,543</b>	<b>-</b>

	Prior Period	
	TL	FC
<b>Yurtiçi İşlemlerden</b>	<b>105,206</b>	<b>-</b>
Mali Kurum ve Kuruluşlar	105,206	-
Diğer Kurum ve Kuruluşlar	-	-
Gerçek Kişiler	-	-
<b>Yurtdışı İşlemlerden</b>	<b>-</b>	<b>-</b>
Mali Kurum ve Kuruluşlar	-	-
Diğer Kurum ve Kuruluşlar	-	-
Gerçek Kişiler	-	-
<b>Toplam</b>	<b>105,206</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 TL1,806,383 (31 December 2017: TL599,037) do not exceed 10% of the total balance sheet

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**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 2017: None).

- d) Explanations regarding operational leases:

For the period ended 31 December 2018, operational lease expenses amounting to TL248,941 (31 December 2017: TL218,418) 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.

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

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	384,325	4,857
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>384,325</b>	<b>4,857</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 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges by the Bank, as of 31 December 2018 accumulated valuation differences amounted TL24,658 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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:**

a) Information on general provisions:

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

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

c) The specific provisions provided for unindemnified non-cash loans amount to TL47,696 (31 December 2017: TL48,741).

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

As of 31 December 2018, TL12,744 (31 December 2017: TL13,333) unused vacation provision, TL173,020 (31 December 2017: TL118,236) employee termination benefit provision, TL143,382 (31 December 2017: TL123,071) bonus provision and TL 2,550 (31 December 2017: None) health expense provision are presented under “Reserve for Employee Benefit” in financial statements.

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.

	<b>31 December 2018</b>	<b>31 December 2017</b>
Discount Rate (%)	16.70	11.80
Expected Inflation Rate (%)	11.20	5.00
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

Movement of employee termination benefits:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	118,236	123,536
Service cost	12,398	14,134
Interest cost	13,552	12,077
Settlement cost	(14,851)	6,083
Actuarial loss	39,509	(22,336)
Benefits paid	4,176	(15,258)
<b>Total</b>	<b>173,020</b>	<b>118,236</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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:

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 2018 and 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.

Based on the determined assumptions;

<b>Transferrable Retirement and Health Liabilities:</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Net Present Value of Transferrable Retirement Liabilities	(762,544)	(1,543,240)
Net Present Value of Transferrable Retirement and Health Contributions	336,330	539,015
General Administration Expenses	(7,625)	(15,432)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(433,839)	(1,019,657)
Fair Value of Plan Assets (2)	2,221,325	1,918,007
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,787,486	898,350
Non-Transferable Benefits (4)	(414,945)	(208,881)
Asset Surplus over Total Benefits ((3)-(4))	1,372,541	689,469

Distribution of fair value of total assets of the Retirement Fund as of 31 December 2018 and 31 December 2017 is presented below:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Bank placements	2,084,814	1,775,504
Tangible assets	106,383	99,036
Other	30,128	43,467
<b>Total</b>	<b>2,221,325</b>	<b>1,918,007</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on TAS 19 are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Discount Rate	16.70%	11.80%
Expected Inflation Rate	11.20%	5.00%

As of 31 December 2018, medical inflation is expected more than 20% (31 December 2017: 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 2017: CSO 2001) Female/Male mortality table is use.

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

e) Information on other provisions:

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

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

	<b>Current Period</b>
Provision for Legal Cases	65,111
Provision for Non-Cash Loans	202,659
Provision for Promotions of Credit Cards and Banking Services	12,622
Other	50,594
<b>Total</b>	<b>330,986</b>
	<b>Prior Period</b>
Provision for Legal Cases	56,674
Provision for Unindemnified Non-Cash Loans	48,741
Provision for Promotions of Credit Cards and Banking Services	12,265
Other	67,114
<b>Total</b>	<b>184,794</b>

The following table is represented reconciliation on the provision for impairment of non-cash loans.

	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	30,407	359	48,741	79,507
IFRS 9 transition effect	9,466	51,650	(26,949)	34,167
Transfers;				
- Stage 1 to Stage 2	(2,680)	22,071	-	19,391
- Stage 1 to Stage 3	(857)	-	17,513	16,656
- Stage 2 to Stage 3	-	(4,465)	42,305	37,840
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	7,063	(16,753)	-	(9,690)
Transferred within the period	24,096	70,315	(13,757)	80,654
Collections	(16,754)	(18,955)	(20,157)	(55,866)
Write-offs (*)	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>50,741</b>	<b>104,222</b>	<b>47,696</b>	<b>202,659</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 current tax provision:

As of 31 December 2018, the Bank’s corporate tax provision is TL96,184 (31 December 2017: TL73,989)

As of 31 December 2018, the Bank’s total tax and premium liability is TL291,338. (31 December 2017: TL229,944)

b) Information on current tax liability

	<b>Current Period</b>
Corporate Tax Payable	96,184
Taxation on Securities	76,902
Property Tax	2,379
Banking Insurance Transaction Tax (BITT)	73,128
Foreign Exchange Transaction Tax	39
Value Added Tax Payable	4,712
Other (*)	20,192
<b>Total</b>	<b>273,536</b>

(\*) Others include income taxes deducted from wages amounting to TL16,820 and stamp taxes payable amounting to TL1,693.

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

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

c) Information on premiums:

	<b>Current Period</b>
Social Security Premiums-Employee	7,641
Social Security Premiums-Employer	8,432
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	656
Unemployment Insurance-Employer	1,073
Other	-
<b>Total</b>	<b>17,802</b>

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

d) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 31 December 2018 (31 December 2017: None)

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**10. Information on liabilities regarding assets held for sale and discontinued operations:** None (31 December 2017: None).

**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The Bank has issued Subordinated debt instrument which has two early redemption rights, the earliest five-year end of which is not before 5 years, and the first interest-to-pay interest period in the amount of USD210 million with the maturity of 10 years on 5 November 2018. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of 6 months Libor + 7.32% after the first early redemption date.

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 issued subordinated debt instrument which has early redemption right in 27 June 2023, with the maturity of 10 years in the amount of EUR125 million in 27 June 2018. The interest rate of the issuance is 6 month Euribor + 5.10% per annum.

The above mentioned four 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.

a) Information on subordinated loans

	Current Period	
	TL	FC
Debt Instruments to be Included in the Additional Capital Calculation	-	-
Subordinated loans	-	-
Subordinated Debt Instruments	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	2,843,148
Subordinated Loans	-	-
Subordinated Debt Instruments	-	2,843,148
<b>Total</b>	-	<b>2,843,148</b>
	Prior Period	
	TL	FC
Debt Instruments to be Included in the Additional Capital Calculation	-	-
Subordinated loans	-	-
Subordinated Debt Instruments	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	2,314,083
Subordinated Loans	-	-
Subordinated Debt Instruments	-	2,314,083
<b>Total</b>	-	<b>2,314,083</b>



## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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	
	TL	FC
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	2,496,465
From Other Foreign Institutions	-	346,683
<b>Total</b>	<b>-</b>	<b>2,843,148</b>

	Prior Period	
	TL	FC
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	1,819,913
From Other Foreign Institutions	-	494,170
<b>Total</b>	<b>-</b>	<b>2,314,083</b>

##### 12. Information on Shareholders' Equity:

###### a) Presentation of Paid-in Capital:

	Current Period
Common Stock	2,204,390
Preferred Stock	-

	Prior Period
Common Stock	2,204,390
Preferred Stock	-

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

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.

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

#### II. Explanations and Disclosures Related to the Liabilities (Continued)

##### 12. Information on Shareholders’ Equity: (Continued)

h) Information on marketable securities valuation differences:

	Current Period	
	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(131,232)	(8,323)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(131,232)</b>	<b>(8,323)</b>

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

13. Information on minority shares: None (31 December 2017: None)

#### 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:

	Current Period
Commitments for Credit Card Expenditure Limits	6,093,650
Loan Granting Commitments	4,402,209
Asset Purchase and Sale Commitments	3,128,940
Payment Commitments for Cheques	1,681,617
Time Deposit Purchase and Sale Commitments	603,610
Tax and Fund Liabilities from Export Commitments	54,955
Commitments for Promotions Related with Credit Cards and Banking Activities	4,357
Other Irrevocable Commitments	107,073
<b>Total</b>	<b>16,076,411</b>

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**1. Information on off-balance sheet liabilities: (Continued)**

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

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

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

	<b>Current Period</b>
Letters of Credit	2,691,811
Bank Acceptances	34,672
Other Commitments	4,838,088
Other Contingencies	1,033,453
<b>Total</b>	<b>8,598,024</b>

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

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

	<b>Current Period</b>
Guarantee Letters	9,801,321
Advance Guarantee Letters	1,681,247
Guarantee Letters Given for Customs	519,302
Temporary Guarantee Letters	386,289
Other Guarantee Letters	1,684,317
<b>Total</b>	<b>14,072,476</b>

	<b>Prior Period</b>
Guarantee Letters	9,092,727
Advance Guarantee Letters	1,224,234
Temporary Guarantee Letters	779,900
Guarantee Letters Given for Customs	478,659
Other Guarantee Letters	1,463,760
<b>Total</b>	<b>13,039,280</b>

c) Total amount of non-cash loans:

	<b>Current Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,684,317
With Maturity of One Year or Less Than One Year	268,524
With Maturity of More Than One Year	1,415,793
Other Non-Cash Loans	20,986,183
<b>Total</b>	<b>22,670,500</b>

	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1,482,962
With Maturity of One Year or Less Than One Year	264,000
With Maturity of More Than One Year	1,218,962
Other Non-Cash Loans	19,099,420
<b>Total</b>	<b>20,582,382</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**III. Explanations and Disclosures Related to the 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			
	(%)	FC		(%)
Agricultural	47,823	0.51	44,716	0.33
Farming and raising livestock	31,599	0.34	44,716	0.33
Forestry, Wood and Paper	-	-	-	-
Fishery	16,224	0.17	-	-
Manufacturing	2,708,372	29.12	7,080,287	52.96
Mining and Quarry	218,525	2.35	233,095	1.74
Production	2,370,092	25.48	6,588,980	49.29
Electricity, Gas and Water	119,755	1.29	258,212	1.93
Construction	1,943,616	20.89	2,317,908	17.34
Services	4,376,238	47.04	3,562,957	26.65
Wholesale and Retail Trade	1,304,288	14.02	1,220,149	9.13
Hotel, Tourism, Food and Beverage Services	109,997	1.18	62,813	0.47
Transportation and Communication	571,791	6.15	402,858	3.01
Financial Institutions	521,690	5.61	751,657	5.62
Real Estate and Renting	1,746,329	18.77	1,018,659	7.62
Self-employment Services	92,457	0.99	104,080	0.78
Education Services	9,825	0.11	96	0.00
Health and Social Services	19,861	0.21	2,645	0.02
Other	226,264	2.43	362,319	2.71
<b>Total</b>	<b>9,302,313</b>	<b>100.00</b>	<b>13,368,187</b>	<b>100.00</b>

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	40,136	0.46	40,915	0.35
Farming and raising livestock	37,123	0.42	40,915	0.35
Forestry, Wood and Paper	-	-	-	-
Fishery	3,013	0.04	-	-
Manufacturing	1,881,639	21.40	5,159,239	43.76
Mining and Quarry	233,647	2.66	299,601	2.54
Production	1,467,532	16.68	4,659,371	39.51
Electricity, Gas and Water	180,460	2.05	200,267	1.70
Construction	2,073,224	23.58	1,607,285	13.63
Services	4,743,244	53.95	4,936,810	41.87
Wholesale and Retail Trade	2,524,939	28.72	3,060,187	25.96
Hotel, Tourism, Food and Beverage Services	104,846	1.19	93,963	0.80
Transportation and Communication	682,040	7.76	598,914	5.08
Financial Institutions	308,205	3.51	342,281	2.90
Real Estate and Renting	1,008,056	11.47	723,774	6.14
Self-employment Services	86,541	0.98	114,774	0.97
Education Services	3,451	0.04	31	-
Health and Social Services	25,166	0.28	2,886	0.02
Other	53,990	0.61	45,900	0.39
<b>Total</b>	<b>8,792,233</b>	<b>100.00</b>	<b>11,790,149</b>	<b>100.00</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**1. Information on off-balance sheet liabilities: (Continued)**

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	6,321,989	6,584,098	562,196	604,193
Bank acceptances	-	34,439	-	233
Letters of credit	2,738	2,631,520	-	57,553
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	2,384,877	3,247,711	30,513	208,440
<b>Total</b>	<b>8,709,604</b>	<b>12,497,768</b>	<b>592,709</b>	<b>870,419</b>

The Bank provided a reserve for TL259,393 (31 December 2017: TL86,629) of non-cash loans not indemnified which equals to net amounting to TL47,696 (31 December 2017: TL48,741).

**2. Information related to derivative financial instruments:**

	Derivative transactions according to purposes	
	Trading	Hedging
	Current Period	Current Period
Types of trading transactions		
Foreign currency related derivative transactions (I):	82,690,619	-
Forward transactions	11,993,806	-
Swap transactions	58,021,271	-
Futures transactions	-	-
Option transactions	12,675,542	-
Interest related derivative transactions (II):	3,099,012	-
Forward rate transactions	-	-
Interest rate swap transactions	3,099,012	-
Interest option transactions	-	-
Futures interest transactions	-	-
Marketable securities call-put options (III)	-	-
Other trading derivative transactions (IV)	141,773	-
<b>A. Total trading derivative transactions (I+II+III+IV)</b>	<b>85,931,404</b>	<b>-</b>
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	24,658,994
Net investment hedges	-	-
<b>B. Total hedging related derivatives</b>	<b>-</b>	<b>24,658,994</b>
<b>Total Derivative Transactions (A+B)</b>	<b>85,931,404</b>	<b>24,658,994</b>

	Derivative transactions according to purposes	
	Trading	Trading
	Prior Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I):	89,419,346	-
Forward transactions	17,347,430	-
Swap transactions	56,183,278	-
Futures transactions	523,178	-
Option transactions	15,365,460	-
Interest related derivative transactions (II):	3,572,423	-
Forward rate transactions	-	-
Interest rate swap transactions	3,108,138	-
Interest option transactions	-	-
Futures interest transactions	464,285	-
Marketable securities call-put options (III)	-	-
Other trading derivative transactions (IV)	85,042	-
<b>A. Total trading derivative transactions (I+II+III+IV)</b>	<b>93,076,811</b>	<b>-</b>
Types of hedging transactions		
Fair value hedges	-	214,454
Cash flow hedges	-	23,124,985
Net investment hedges	-	-
<b>B. Total hedging related derivatives</b>	<b>-</b>	<b>23,339,439</b>
<b>Total Derivative Transactions (A+B)</b>	<b>93,076,811</b>	<b>23,339,439</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**2. Information related to derivative financial instruments: (Continued)**

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 2018, the Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2018, there are no fair value hedging derivative instruments. 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 negative TL5,063. The fair value gain of the hedged loans was TL99. The Bank accounted TL58 gain for derivative instruments used for hedging purposes and TL99 gain from hedged item loans in the financial statements

	Current Period		
	Nominal	Fair Value	
		Asset	Liability
Cross Currency Swaps	-	-	-
Interest Rate Swaps	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Prior Period		
	Nominal	Fair Value	
		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>

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 TL24,658,994 (31 December 2017: TL23,124,985) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL350,622 (31 December 2017: TL175,119) credit accounted for under equity is presented after deducting its deferred tax effect of TL76,890 (31 December 2017: TL38,526) debit in the financial statements. In 2018, ineffective portion of TL24,658 (31 December 2017: None) expense is accounted for under income statement.

	Current Period		
	Nominal	Fair Value	
		Asset	Liability
Cross Currency Swaps	2,936,400	295,600	198,026
Interest Rate Swaps	21,722,594	206,879	191,156
<b>Total</b>	<b>24,658,994</b>	<b>502,479</b>	<b>389,182</b>

	Prior Period		
	Nominal	Fair Value	
		Asset	Liability
Cross Currency Swaps	1,441,880	77,090	77,219
Interest Rate Swaps	21,683,105	5,731	356,595
<b>Total</b>	<b>23,124,985</b>	<b>82,821</b>	<b>433,814</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**3. Credit derivatives and risk exposures on credit derivatives: None**

**4. Explanations on contingent liabilities and assets:**

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

**b) Accounting and presentation of contingent assets and liabilities in the financial statements:**

- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2018, there are no contingent assets that need to be explained (31 December 2017: 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. The Bank has provided provision amounting to TL 65,111 for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under inde Other Provisions nakit in the financial statements.

**5. Custodian and intermediary services:**

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

**6. The information on the Bank's rating by the international rating introductions (\*):**

TEB maintained its position as one of the most highly rated banks in Turkey. As of the 31 December 2018, TEB's ratings were as follows:

**Moody's Investor Services:**

Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	ba3
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	Ba3
Short Term TL Deposits	NP
Outlook	Negative

**Fitch Ratings:**

*Foreign Currency*

Long-term	BB-
Short-term	B
Outlook	Negative

*Turkish Lira*

Long-term	BB+
Short-term	B
Outlook	Negative
National	AAA (tur)
Outlook	Stable
Financial Strength	b+

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

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(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	
	TL	FC
<b>Interest income on loans (*)</b>		
Short term loans	4,289,402	307,025
Medium and long term loans	4,611,920	336,819
Interest on loans under follow-up	148,034	1,295
Premiums received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>9,049,356</b>	<b>645,139</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL120,720.

	Prior Period	
	TL	FC
<b>Interest income on loans (*)</b>		
Short term loans	2,583,555	172,931
Medium and long term loans	4,048,006	263,515
Interest on loans under follow-up	51,119	-
Premiums received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>6,682,680</b>	<b>436,446</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL113,051.

b) Information on interest income on banks:

	Current Period	
	TL	FC
The Central Bank of Turkey	-	19,422
Domestic banks	130,507	2,273
Foreign banks	14,102	58,460
Branches and head office abroad	-	-
<b>Total</b>	<b>144,609</b>	<b>80,155</b>

	Prior Period	
	TL	FC
The Central Bank of Turkey	-	9,152
Domestic banks	44,831	855
Foreign banks	5,216	5,717
Branches and head office abroad	-	-
<b>Total</b>	<b>50,047</b>	<b>15,724</b>

c) Information on interest income on marketable securities portfolio:

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	153,166	13,768
Financial Assets at Fair Value Through Other Comprehensive Income	493,807	15,350
Financial Assets Measured at Amortized Cost	435,730	-
<b>Total</b>	<b>1,082,703</b>	<b>29,118</b>

	Prior Period	
	TL	FC
Financial Assets Held for Trading	40,445	6,517
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	461,191	903
Held-to-Maturity Investments	48,413	-
<b>Total</b>	<b>550,049</b>	<b>7,420</b>



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### IV. Explanations and Disclosures Related to the Statement of Income (Continued)

#### 1. Explanations on Interest Income (Continued)

d) Interest Income on Subsidiaries and Associates:

	Current Period	
	TL	FC
Interest received from Subsidiaries and Associates		1,114

	Prior Period	
	TL	FC
Interest received from Subsidiaries and Associates		474

#### 2. Explanations on Interest Expense

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

	Current Period	
	TL	FC
Banks		
The Central Bank of Turkey	-	-
Domestic banks	14,298	15,056
Foreign banks	-	440,336
Branches and head office abroad	-	-
Other financial institutions	-	-
<b>Total</b>	<b>14,298</b>	<b>455,392</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL18,654.

	Prior Period	
	TL	FC
Banks		
The Central Bank of Turkey	-	-
Domestic banks	10,207	4,967
Foreign banks	-	302,404
Branches and head office abroad	-	-
Other financial institutions	-	10,292
<b>Total</b>	<b>10,207</b>	<b>317,663</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL11,885.

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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:

	<b>Current Period</b>
Interest expenses to associates and subsidiaries	3,790
	<b>Prior Period</b>
Interest expenses to associates and subsidiaries	1,419

c) Information on interest expenses on securities issued:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Interest Expense on securities issued	251,229	116
<b>Total</b>	<b>251,229</b>	<b>116</b>
	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Interest Expense on securities issued	83,592	-
<b>Total</b>	<b>83,592</b>	<b>-</b>

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

<b>Current Period</b>	<b>Account Name</b>	<b>Demand Deposits</b>	<b>Time Deposits</b>				<b>More than 1 Year</b>	<b>Accumulated Deposits</b>	<b>Total</b>
			<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>			
<b>TL</b>	Bank Deposits	-	40,583	-	-	-	-	-	40,583
	Saving Deposits	9	936,448	2,430,755	170,360	25,026	6,834	-	3,569,432
	Public Sector Deposits	-	1,986	28,297	3,647	-	-	-	33,930
	Commercial Deposits	7	324,551	779,885	133,348	47,432	29,421	-	1,314,644
	Other Deposits	-	16,746	169,924	99,501	332,203	17,494	-	635,868
	7 Days Call Accounts	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>16</b>	<b>1,320,314</b>	<b>3,408,861</b>	<b>406,856</b>	<b>404,661</b>	<b>53,749</b>	<b>-</b>	<b>5,594,457</b>
<b>FC</b>	Foreign Currency Deposits	5	90,798	549,710	9,041	3,751	4,089	-	657,394
	Bank Deposits	-	10,820	-	-	-	-	-	10,820
	7 Days Call Accounts	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	487	8,898	552	2,246	-	-	12,183
	<b>Total</b>	<b>5</b>	<b>102,105</b>	<b>558,608</b>	<b>9,593</b>	<b>5,997</b>	<b>4,089</b>	<b>-</b>	<b>680,397</b>
	<b>Grand Total</b>	<b>21</b>	<b>1,422,419</b>	<b>3,967,469</b>	<b>416,449</b>	<b>410,658</b>	<b>57,838</b>	<b>-</b>	<b>6,274,854</b>
<b>Prior Period</b>	<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulated Deposits</b>	<b>Total</b>
<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	-	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	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>532,342</b>	<b>2,085,789</b>	<b>283,706</b>	<b>147,923</b>	<b>12,048</b>	<b>-</b>	<b>3,061,808</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>598,063</b>	<b>2,453,663</b>	<b>289,645</b>	<b>151,565</b>	<b>13,224</b>	<b>-</b>	<b>3,506,446</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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

	<b>Cari Dönem</b>
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	435
Other	16,473
<b>Total</b>	<b>16,908</b>

	<b>Önceki Dönem</b>
Trading Securities	-
Financial assets at fair value through profit and loss	-
Financial assets available for sale	1,224
Other	17,894
<b>Total</b>	<b>19,118</b>

#### 4. Information on trading gain / loss:

	<b>Current Period</b>
<b>Gains</b>	<b>62,484,310</b>
Gains on capital market operations	165,933
Gains on derivative financial instruments (*)	23,020,693
Foreign exchange gains (**)	39,297,684
<b>Losses (-)</b>	<b>62,909,232</b>
Losses on capital market operations	344,561
Losses on derivative financial instruments (*)	20,147,392
Foreign exchange losses (**)	42,417,279

(\*) Foreign exchange net gain on hedging transactions is TL235,442.

(\*\*) Foreign exchange net gain on derivative financial transactions are TL499,306.

	<b>Prior Period</b>
<b>Gains</b>	<b>22,821,080</b>
Gains on capital market operations	60,447
Gains on derivative financial instruments (*)	7,431,068
Foreign exchange gains (**)	15,329,565
<b>Losses (-)</b>	<b>23,756,187</b>
Losses on capital market operations	89,683
Losses on derivative financial instruments (*)	8,126,304
Foreign exchange losses (**)	15,540,200

(\*) Foreign exchange net gain on hedging transactions is TL113,807.

(\*\*) Foreign exchange net gain on derivative financial transactions are TL50,701.

#### 5. Information on other operating income:

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### IV. Explanations and Disclosures Related to the Statement of Income (Continued)

#### 6. Provision expenses of banks for loans and other receivables:

##### a) Allowance for Expected Credit Losses:

	<b>Current Period</b>
Expected Credit Losses	1,228,110
12-Month Expected Credit Losses (Stage 1)	92,738
Significant Increase in Credit Risk (Stage 2)	247,599
Credit-Impaired (Stage 3)	887,773
Impairment Provisions for Financial Assets	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	19,355
<b>Total</b>	<b>1,247,465</b>

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

	<b>Prior Period</b>
Specific provisions for loans and other receivables	551,432
III. Group Loans and Receivables	107,287
IV. Group Loans and Receivables	161,524
V. Group Loans and Receivables	282,621
General provision expenses	(107,554)
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
<b>Total</b>	<b>446,760</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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>
Personnel expenses	1,232,546
Reserve for employee termination benefits	15,275
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	77,969
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	59,240
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	1,687
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	989,087
Operating lease expenses	248,941
Maintenance expenses	28,813
Advertisement expenses	86,823
Other expenses	624,510
Loss on sales of assets	4,762
Other (*)	266,569
<b>Total</b>	<b>2,647,135</b>

(\*) Included in other TL101,862 is premiums paid to the Saving Deposit Insurance Fund, TL104,624 is other taxes and duties paid.

	<b>Prior Period</b>
Personnel expenses	1,120,339
Reserve for employee termination benefits	17,036
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	84,630
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	46,461
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	2,854
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	875,273
Operating lease expenses	218,418
Maintenance expenses	24,222
Advertisement expenses	96,672
Other expenses	535,961
Loss on sales of assets	3,395
Other (*)	254,917
<b>Total</b>	<b>2,404,905</b>

(\*) Included in other TL70,013 is premiums paid to the Saving Deposit Insurance Fund, TL109,815 is other taxes and duties paid

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**8. Information of the profit/loss on continued and discontinued operations:**

a) Profit before tax consists of net interest income amounting to TL4,206,089 (31 December 2017: TL3,907,817) and net fee and commission income amounting to TL1,270,224 (31 December 2017: TL1,059,666) while operational expenses are TL2,647,135 (31 December 2017: TL2,404,905).

b) Information of the profit/(loss) on discontinued operations:

None.

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

a) As of 31 December 2018, the current tax charge is TL179,473 (31 December 2017: TL308,657). Deferred tax expense is TL99,544 (31 December 2017: TL64,565 deferred tax income) and there is no current and deferred tax income/expense from discontinued operations (31 December 2017: None).

b) Deferred tax expense on temporary differences resulted from continued operations is TL99,544 (31 December 2017: TL64,565 deferred tax income).

c) Tax reconciliation:

	<b>Current Period</b>
<b>Profit before tax</b>	<b>1,280,720</b>
<b>Additions</b>	<b>30,651</b>
Nonallowable expenses	28,621
Other	2,030
<b>Deductions</b>	<b>(34,286)</b>
Dividend income	(16,718)
Other	(17,568)
<b>Taxable Profit/ (Loss)</b>	<b>1,277,085</b>
Corporate tax rate	22%
<b>Tax calculated</b>	<b>280,959</b>
Previous year tax adjustment effect	(1,942)
<b>Tax charge</b>	<b>279,017</b>
	<b>Prior Period</b>
<b>Profit before tax</b>	<b>1,312,931</b>
<b>Additions</b>	<b>45,867</b>
Nonallowable expenses	45,867
General Loan Loss Provision	<b>(138,338)</b>
Other	(107,808)
<b>Deductions</b>	<b>(18,598)</b>
Dividend income	(11,932)
<b>Taxable Profit/ (Loss)</b>	<b>1,220,460</b>
Corporate tax rate	20%
<b>Tax calculated</b>	<b>244,092</b>
Previous year tax adjustment effect	-
<b>Tax charge</b>	<b>244,092</b>

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

As of 31 December 2018, the Bank’s net profit from continued operations is TL1,001,703 (31 December 2017: TL1,068,839) As of 31 December 2018, there is no net profit from discontinued operations. (31 December 2017: None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**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 2017: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2017: None).
- c) Profit/ loss attributable to minority interest: None (31 December 2017: None).

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

	<b>Current Period</b>
<b><u>Other fees and commissions received</u></b>	
Card Fee and Commissions	1,011,356
Service Commissions	140,599
Insurance Commissions	130,011
Intelligence Fee and Commissions	51,883
Settlement Expense Provision, Eft, Swift, Agency Commissions	40,078
Transfer Commissions	30,651
Fund Management Fees	21,220
Commissions and Fees Earned from Correspondent Banks	4,254
Other	256,465
<b>Total</b>	<b>1,686,517</b>
<b><u>Other fees and commissions paid</u></b>	
Credit Cards Commissions and Fees	498,961
Commission and Fees Paid to Correspondent Banks	36,409
Settlement Expense Provision, Eft, Swift, Agency Commissions	18,500
Other	86,486
<b>Total</b>	<b>640,356</b>
	<b>Prior Period</b>
<b><u>Other fees and commissions received</u></b>	
Card Fee and Commissions	676,969
Service Commissions	120,721
Insurance Commissions	120,418
Intelligence Fee and Commissions	60,114
Settlement Expense Provision, Eft, Swift, Agency Commissions	32,847
Fund Management Fees	20,779
Transfer Commissions	14,761
Commissions and Fees Earned from Correspondent Banks	3,054
Other	250,224
<b>Total</b>	<b>1,299,887</b>
<b><u>Other fees and commissions paid</u></b>	
Credit Cards Commissions and Fees	290,090
Settlement Expense Provision, Eft, Swift, Agency Commissions	17,219
Commissions and Fees Paid to Correspondent Banks	16,681
Other	77,996
<b>Total</b>	<b>401,986</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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**V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity**

a) The effect of changes in the fair value of financial assets at fair value through profit or loss is recognized in the “Marketable Securities Valuation Differences” account under the equity. The relevant amount is decreased by TL 135,494 in 2018 (31 Aralık 2017: TL21,475 increase) and change effect to deferred tax is TL29,676 (31 Aralık 2017: TL1,049).

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 2018 increased by TL175,504 (31 December 2017: TL136,983 increased) and the effect of this change to deferred tax is TL38,364 (31 December 2017: TL30,899).

c) Explanations on profit distribution:

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

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.

**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 TL6,644,599 (31 December 2017: TL3,745,204) 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 TL1,999,209 (31 December 2017: TL506,617) 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 TL56,907 (31 December 2017: TL324,266) consists of changes in sundry debtors, blocked reserved deposits and other assets.

“Other items” amounting to TL68,561 (31 December 2016: TL63,519) 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 TL1,516,339 for the year 2018 (31 December 2016: TL413,878).



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**VI. Explanations and Disclosures Related to Statement of Cash Flows (Continued)**

**2. Cash and cash equivalents at beginning and end of periods:**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the period</b>	<b>Current Period</b>
<b>Cash</b>	<b>3,424,493</b>
Cash in TL/Foreign Currency	919,549
Central Bank – Unrestricted amount	2,427,043
Other	77,901
<b>Cash equivalents</b>	<b>2,512,627</b>
Banks	2,512,627
Money market placements	-
<b>Total cash and cash equivalents</b>	<b>5,937,120</b>

<b>End of the period</b>	<b>Current Period</b>
<b>Cash</b>	<b>8,834,731</b>
Cash in TL/Foreign Currency	2,006,466
Central Bank – Unrestricted amount	6,721,963
Other	106,302
<b>Cash equivalents</b>	<b>4,199,335</b>
Banks	3,917,835
Money market placements	281,500
<b>Total cash and cash equivalents</b>	<b>13,034,066</b>

<b>Beginning of the period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,831,531</b>
Cash in TL/Foreign Currency	814,303
Central Bank – Unrestricted amount	2,934,387
Other	82,841
<b>Cash equivalents</b>	<b>3,568,598</b>
Banks	1,568,598
Money market placements	2,000,000
<b>Total cash and cash equivalents</b>	<b>7,400,129</b>

<b>End of the period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,424,493</b>
Cash in TL/Foreign Currency	919,549
Central Bank – Unrestricted amount	2,427,043
Other	77,901
<b>Cash equivalents</b>	<b>2,512,627</b>
Banks	2,512,627
Money market placements	-
<b>Total cash and cash equivalents</b>	<b>5,937,120</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 items of previous periods are presented as of 31 December 2017 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	132,994	1,089	167,506	301,623	275,065	134,644
Balance at End of Period	97,952	971	73,228	260,569	281,838	20,136
Interest and Commission Income	1,114	64	17,331	1,310	6,728	450

Direct and indirect shareholders of the Bank balance above includes TL53,708 and other entities included in the risk group balance above includes TL279,827 placement in “Banks”.

b) Prior Period:

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

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

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	42,863	21,472	1,524,306	1,355,438	756,839	1,095,132
Balance at End of Period	57,033	42,863	1,497,789	1,524,306	1,055,942	756,839
Interest on Deposits	3,790	1,419	95,774	62,614	103,901	62,344

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of Period	-	78,862	35,229,756	25,275,220	655,880	247,304
End of Period	34,685	-	28,512,967	35,229,756	1,210,586	655,880
Total Profit/loss	3,578	10,725	(349,116)	(263,137)	(26,780)	3,795
Hedging Transactions purposes						
Beginning of Period	-	-	12,113,184	3,032,500	-	-
End of Period	-	-	17,581,390	12,113,184	-	-
Total Profit/Loss	-	-	637,693	49,591	-	-

d) As of 31 December 2018, the total amount of remuneration and benefits provided for the senior management of the Bank is TL43,586 (31 December 2017: TL34,281).

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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#### 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	499	9,416			
Rep-offices abroad	-	-		Country	
Branches abroad	4	71	Cyprus	Total Assets	Capital
				1,024,104	20,000
Off-shore branches	-	-	-	-	-

##### 2. Explanations on Branch and Agency Openings or Closings of the Bank:

In the year 2018, the Bank closed 1 branches, there are no branches opened during the year.

#### IX. Explanations and Disclosures Related to Subsequent Events

- After Alain Georges Auguste FONTENEAU, the member of the Board of Directors, has resigned from his duty, Nicolas de BAUDINET de COURCELLES has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 7 January 2019, that will be presented to the approval of the first general assembly
- The Bank issued a bond on 11 January 2019, with a nominal value of TL143,937 maturity of 70 days with the ISIN code “TRFTEBK31919”
- The Bank issued a bond on 18 January 2019, with a nominal value of TL7,400 maturity of 98 days with the ISIN code “TR0TEBK00ZA6”
- The Bank issued a bond on 24 January 2019, with a nominal value of TL87,358 maturity of 71 days with the ISIN code “TRFTEBK41918”

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other Explanations on 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 2019 is presented preceding the financial statements.

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

None.

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**SECTION 5 - CONSOLIDATED FINANCIAL STATEMENTS**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
AUDITOR 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 2018**



**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 General Assembly 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 2018, 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 2018, 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 BRSA and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") 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.

<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p><b>Expected credit losses for loans</b></p> <p>The Group has total expected credit losses for loans amounting to TL 2.920.677 thousand in respect to total loans amounting to TL 68.589.346 thousand, which represent a significant portion of the Group’s total assets in its consolidated financial statements as at 31 December 2018. Explanations and notes related to provision for impairment of loans are presented Section Three Part VIII, Section Four Part II, Section Five Part I.6 in the accompanying consolidated financial statements as at 31 December 2018.</p> <p>As of 1 January 2018, the Group started to recognize provision for impairment in accordance with “TFRS 9 Financial Instruments” requirements in line with the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside” as published in the Official Gazette dated 22 June 2016 numbered 29750. Accordingly, provisioning rules applicable as at 31 December 2017 under the previous BRSA regulation have changed with the application of expected credit loss model under TFRS 9 together with the rules on classification of loans as per their credit risk (staging). The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The Group determines staging of credit identifying significant increase in credit risk with quantitative and qualitative assessments presented Section Three Part VIII in the accompanying consolidated financial statements and default event presented in Section Four Part II in the accompanying consolidated financial statements. Information used in the expected credit loss assessment such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles.</p> <p>Together with our financial risk experts, we have evaluated and tested the methodologies used in classification of loans as per their credit risk (staging) and building the impairment models in line with the requirement of TFRS 9 under the Group’s policies procedures. Regarding the expected credit losses models; we have assessed appropriateness of the segmentation, lifetime probability of default and loss given default calculations, and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed the approach and expert judgment utilized in interpretation of supportable forward-looking expectations (including macroeconomic factors) by using the information publicly announced with our experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by re-performing on a sample selection basis.</li> </ul>





<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p><b>Expected credit losses for loans (continued)</b></p> <p>The Group has developed new and complex models that requires data to be derived from multiple systems and has not been part of the financial reporting process before for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• We have checked the appropriateness of the policies of the Group to identify the significant increase in credit risk and default event and assessed the information on the classification of the loans as per their credit risk (staging).</li> <li>• We tested the completeness of historical data considered in determining of probability of default, which is used in expected credit losses calculation based on a selected sample and checked the accuracy of resultant calculations.</li> <li>• We checked the calculation of the Loss Given Default used by the Group in the expected credit losses calculations, and tested collaterals, recovery and costs.</li> <li>• We checked expected credit losses determined based on individual assessment per Group’s policy by means of supporting data, and evaluated appropriateness via communications with management.</li> <li>• For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of the accuracy of cash flows in the calculation with the cash flows defined in the credit agreements and the discounting method.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Group’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment under TFRS 9 rules, we have performed loan review procedures based on a selected sample.</li> <li>• We checked the disclosures in the financial statements the Group presented in relation to expected credit losses.</li> </ul>



<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p><b>First time application of TFRS 9</b></p> <p>The Group has adopted “TFRS 9 Financial Instruments” (“TFRS 9”) to replace “TAS 39 Financial Instruments: Recognition and measurement” as of 1 January 2018. Transition resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The impact of the first application of TFRS 9 and relevant disclosures are presented in Section 3 Part 1 in the accompanying consolidated financial statements as at 31 December 2018.</p> <p>TFRS 9 Financial Instruments Standard consists of three phases:  Phase 1 – Classification and measurement of financial assets and financial liabilities;  Phase 2 – Expected credit losses and  Phase 3 – Hedge accounting.</p> <p>Management assessed the business model to determine whether its financial assets are held to collect, held to collect and sell or other. For the financial assets in every business model, management has performed assessment for each type of product to conclude whether the cash flows from financial instruments fulfil the solely of payment of principal of interest criteria (“SPPI”).</p> <p>TFRS 9 lead to an increase in complexity and in the degree of judgment required to calculate the expected credit losses. First time application of the standard, required significant judgment and interpretation especially in development of expected credit losses models. Regarding changes due to adoption of TFRS 9, explanations regarding Group’s transition to expected credit losses approach are stated in key audit matter “Expected credit losses for loans”</p> <p>The Group has elected to continue to apply the hedge accounting requirements of TAS 39.</p> <p>As first time application of TFRS 9 requires number of decision making based on interpretation and judgment, and as it is a major change in the accounting framework of the Group, we considered this as key audit matter.</p>	<p>With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following;</p> <p>We read the Group’s TFRS 9 based classification and measurement policy for financial assets and financial liabilities, and compared it with the requirements of TFRS 9;</p> <p>We obtained and reviewed the Group’s business model assessment. We assessed criterias used to determine contracts which give rise to cash flows that are solely payments of principal and interest, and tested contracts representing product groups based on a selected sample. Audit procedures related to TFRS 9 expected credit losses phase and relevant models are explained in the part ‘how the key audit matter was addressed in the audit’ of key audit matter titled “Expected credit losses for loans” We checked the appropriateness of the opening balance adjustments and disclosures presented.</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>



<b>Key Audit Matters</b>	<b>How Our Audit Addressed the Key Audit Matter</b>
<p data-bbox="288 577 820 611"><b>Valuation of Pension Fund Obligations</b></p> <p data-bbox="288 640 895 786">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 consolidated financial statements as at 31 December 2018.</p> <p data-bbox="288 819 895 1621">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 data-bbox="288 1655 895 1886">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 data-bbox="919 577 1477 757">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 data-bbox="919 790 1485 969">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 data-bbox="919 1003 1474 1120">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 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 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 2018 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.

A handwritten signature in blue ink, appearing to read "Didem Demer Kaya", is written over a faint, circular watermark or stamp.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 6 February 2019





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

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Trade Registry Number: 189356  
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**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 2018**

Address : Saray Mahallesi Sokullu Caddesi No:7/A – 7/B  
Ümraniye 34768 - İstanbul  
Telephone : (0 216) 635 35 35  
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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:

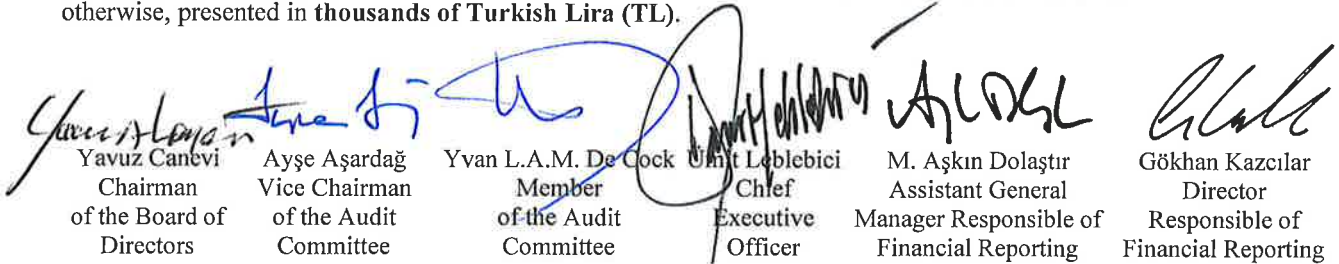
- General Information about the Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation
- Disclosures and Footnotes on Consolidated Financial Statements
- Other Explanations
- Independent Auditor’s Report

The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:

	<b>Subsidiaries</b>	<b>Associates</b>	<b>Jointly Controlled Entities</b>
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 Canevi Chairman of the Board of Directors  
Ayşe Aşardağ Vice Chairman of the Audit Committee  
Yvan L.A.M. De Cock Member of the Audit Committee  
Mehmet Leblebici Chief Executive Officer  
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  
Tel No : (0216) 635 24 51  
Fax No : (0216) 636 36 36

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**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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**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 2018 and 31 December 2017 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Name of shareholders</b>	<b>31 December 2018</b>		<b>31 December 2017</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 2018, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1.00 (full TL) nominal each.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the 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
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	General Manager and the Executive Director	Master
<b>Assistant General Managers;</b>		
Turgut Boz	Senior Assistant General Manager Responsible from SME Banking Group and Deputy Chairman of General Manager	University
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Dr.Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources Group	PhD
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	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.

(\*\*) Alain Georges Auguste Fonteneau has resigned from his duty as a member of the Board of Directors of our Bank as of 31 December 2018.

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 INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

#### IV. Information on the Parent 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, 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 2018, the Parent Bank has 499 local branches and 4 foreign branches (31 December 2017: 500 local branches, 4 foreign branches). As of 31 December 2018, the number of employees of the Group is 9,790 (31 December 2017: 9,763).

#### 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 Profit or Loss
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows
- VII. Consolidated Statement of Profit Distribution

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018**

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

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

ASSETS		Section 5 Note	Audited Current Period 31.12.2018		Total
			TL	FC	
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>12,111,950</b>	<b>17,581,103</b>	<b>29,693,053</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>		<b>3,124,009</b>	<b>16,763,263</b>	<b>19,887,272</b>
1.1.1	Cash and Balances with Central Bank	(I-1)	1,958,549	13,702,503	15,661,052
1.1.2	Banks	(I-4)	883,672	3,060,760	3,944,432
1.1.3	Money Market Placements		281,788	-	281,788
<b>1.2</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>		<b>427,287</b>	<b>189,287</b>	<b>616,574</b>
1.2.1	Government Debt Securities	(I-2)	391,248	136,646	527,894
1.2.2	Equity Securities		36,039	52,641	88,680
1.2.3	Other Financial Assets		-	-	-
<b>1.3</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>		<b>2,867,309</b>	<b>425,538</b>	<b>3,292,847</b>
1.3.1	Government Debt Securities	(I-5)	2,861,699	425,538	3,287,237
1.3.2	Equity Securities		5,610	-	5,610
1.3.3	Other Financial Assets		-	-	-
<b>1.4</b>	<b>Financial Assets Measured at Amortized Cost</b>		<b>2,792,080</b>	<b>-</b>	<b>2,792,080</b>
1.4.1	Government Debt Securities	(I-7)	2,792,080	-	2,792,080
1.4.2	Other Financial Assets		-	-	-
<b>1.5</b>	<b>Derivative Financial Assets</b>		<b>2,902,998</b>	<b>210,240</b>	<b>3,113,238</b>
1.5.1	Derivative Financial Assets at Fair Value Through Profit or Loss	(I-3)	2,400,519	210,240	2,610,759
1.5.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	502,479	-	502,479
<b>1.6</b>	<b>Non-performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7</b>	<b>Allowance for Expected Credit Losses (-)</b>		<b>(1,733)</b>	<b>(7,225)</b>	<b>(8,958)</b>
<b>II.</b>	<b>LOANS (Net)</b>		<b>51,158,219</b>	<b>14,520,450</b>	<b>65,678,669</b>
<b>2.1</b>	<b>Loans</b>		<b>50,188,077</b>	<b>13,918,727</b>	<b>64,106,804</b>
2.1.1	Loans at Measured at Amortised Cost		50,188,077	13,918,727	64,106,804
2.1.2	Loans at Fair Value Through Profit or Loss		-	-	-
2.1.3	Loans at Fair Value Through Other Comprehensive Income		-	-	-
<b>2.2</b>	<b>Lease Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.2.1	Finance Lease Receivables	(I-11)	-	-	-
2.2.2	Operational Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
<b>2.3</b>	<b>Factoring Receivables</b>		<b>756,712</b>	<b>886,392</b>	<b>1,643,104</b>
2.3.1	Factoring Receivables Measured at Amortised Cost	(I-6)	756,712	886,392	1,643,104
2.3.2	Factoring Receivables at Fair Value Through Profit or Loss		-	-	-
2.3.3	Factoring Receivables at Fair Value Through Other Comprehensive Income		-	-	-
<b>2.4</b>	<b>Non-performing Loans</b>		<b>2,816,777</b>	<b>22,661</b>	<b>2,839,438</b>
<b>2.5</b>	<b>Allowance for Expected Credit Losses (-)</b>		<b>(2,603,347)</b>	<b>(307,330)</b>	<b>(2,910,677)</b>
2.5.1	12 Month Expected Credit Losses (Stage 1)		(302,634)	(53,630)	(356,264)
2.5.2	Significant Increase in Credit Risk (Stage 2)		(601,434)	(235,543)	(836,977)
2.5.3	Credit-impaired (Stage 3)		(1,699,279)	(18,157)	(1,717,436)
<b>III.</b>	<b>NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>		<b>109,104</b>	<b>-</b>	<b>109,104</b>
3.1	Held for Sale	(I-17)	109,104	-	109,104
3.2	Held From Discontinued Operations		-	-	-
<b>IV.</b>	<b>INVESTMENTS</b>		<b>5</b>	<b>-</b>	<b>5</b>
<b>4.1</b>	<b>Investments in Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
4.1.1	Associates Accounted with Equity Method	(I-8)	-	-	-
4.1.2	Unconsolidated Associates		-	-	-
<b>4.2</b>	<b>Investments in Subsidiaries (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
4.2.1	Unconsolidated Financial Subsidiaries	(I-9)	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
<b>4.3</b>	<b>Joint Ventures (Net)</b>		<b>5</b>	<b>-</b>	<b>5</b>
4.3.1	Joint Ventures Accounted with Equity Method	(I-10)	-	-	-
4.3.2	Unconsolidated Joint Ventures		5	-	5
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>		<b>295,181</b>	<b>-</b>	<b>295,181</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS(Net)</b>		<b>532,595</b>	<b>-</b>	<b>532,595</b>
6.1	Goodwill	(I-14)	421,124	-	421,124
6.2	Other		111,471	-	111,471
<b>VII.</b>	<b>INVESTMENT PROPERTIES(Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>1,358</b>	<b>-</b>	<b>1,358</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>		<b>208,699</b>	<b>-</b>	<b>208,699</b>
<b>X.</b>	<b>OTHER ASSETS</b>		<b>1,811,892</b>	<b>328,820</b>	<b>2,140,712</b>
<b>TOTAL ASSETS</b>			<b>66,229,003</b>	<b>32,430,373</b>	<b>98,659,376</b>

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

# 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)

	Section 5 Note	Audited Prior Period 31.12.2017		Total
		TL	FC	
<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>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		<b>1,214,439</b>	<b>191,765</b>	<b>1,406,204</b>
2.1 Financial Assets Held for Trading		1,214,439	191,765	1,406,204
2.1.1 Government Debt Securities	(I-2)	346,092	114,868	460,960
2.1.2 Equity Securities		-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244
2.1.4 Other Marketable Securities		-	-	-
2.2 Financial Assets at Fair Value Through Profit or 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>IV. MONEY MARKET PLACEMENTS</b>		<b>64</b>	<b>-</b>	<b>64</b>
4.1 Interbank Money Market Placements		-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-
4.3 Receivables from Reverse Repurchase Agreements		64	-	64
<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>
5.1 Equity Securities		24,598	32,696	57,294
5.2 Government Debt Securities		4,607,731	32,108	4,639,839
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>
6.1 Loans and Receivables		50,456,183	12,165,134	62,621,317
6.1.1 Loans to Risk Group of the Bank		108,106	3,424	111,530
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		50,348,077	12,161,710	62,509,787
6.2 Loans under Follow-up		1,946,625	-	1,946,625
6.3 Specific Provisions (-)		1,242,811	-	1,242,811
<b>VII. FACTORING RECEIVABLES</b>	<b>(I-18)</b>	<b>1,228,000</b>	<b>776,847</b>	<b>2,004,847</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-7)</b>	<b>401,854</b>	<b>-</b>	<b>401,854</b>
8.1 Government Debt Securities		401,854	-	401,854
8.2 Other Marketable Securities		-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-8)</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>
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>
11.1 Accounted with Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		5	-	5
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-financial Joint Ventures		5	-	5
<b>XII. FINANCIAL LEASE RECEIVABLES</b>	<b>(I-11)</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>
13.1 Fair Value Hedge		4,454	-	4,454
13.2 Cash Flow Hedge		81,486	1,335	82,821
13.3 Foreign Net Investment Hedge		-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	<b>(I-13)</b>	<b>274,634</b>	<b>-</b>	<b>274,634</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>(I-14)</b>	<b>523,232</b>	<b>-</b>	<b>523,232</b>
15.1 Goodwill		421,124	-	421,124
15.2 Other		102,108	-	102,108
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	<b>(I-15)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>87,105</b>	<b>-</b>	<b>87,105</b>
17.1 Current Tax Asset		649	-	649
17.2 Deferred Tax Asset	(I-16)	86,456	-	86,456
<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>
18.1 Held for Sale Purpose		90,677	-	90,677
18.2 Related to Discontinued Operations		-	-	-
<b>XIX. OTHER ASSETS</b>		<b>938,807</b>	<b>412,292</b>	<b>1,351,099</b>
<b>TOTAL ASSETS</b>		<b>62,743,434</b>	<b>25,026,400</b>	<b>87,769,834</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

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

### I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Section 5 Note	Audited Current Period 31.12.2018		Total
		TL	FC	
<b>I. DEPOSITS</b>	(II-1)	37,092,765	27,067,369	64,160,134
<b>II. FUNDS BORROWED</b>	(II-3)	799,844	12,397,794	13,197,638
<b>III. MONEY MARKET FUNDS</b>	(II-4)	104,977	-	104,977
<b>IV. SECURITIES ISSUED (Net)</b>	(II-3)	526,592	-	526,592
4.1 Bills		526,592	-	526,592
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	-	-
<b>V. FUNDS</b>		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
<b>VI. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		2,683,023	81,961	2,764,984
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(II-2)	2,298,698	77,104	2,375,802
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	384,325	4,857	389,182
<b>VIII. FACTORING PAYABLES</b>	(II-14)	1,434	6,527	7,961
<b>IX. LEASE PAYABLES</b>	(II-6)	-	-	-
9.1 Finance Lease Payables		-	-	-
9.2 Operational Lease Payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
<b>X. PROVISIONS</b>	(II-8)	579,921	102,307	682,228
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		332,139	17,335	349,474
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		247,782	84,972	332,754
<b>XI. CURRENT TAX LIABILITIES</b>	(II-9)	301,912	-	301,912
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>		-	-	-
13.1 Held for Sale		-	-	-
13.2 Held From Discontinued Operations		-	-	-
<b>XIV. SUBORDINATED LOANS</b>	(II-11)	-	2,843,148	2,843,148
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	2,843,148	2,843,148
<b>XV. OTHER LIABILITIES</b>		3,428,013	769,162	4,197,175
<b>XVI. SHAREHOLDERS’ EQUITY</b>	(II-12)	9,886,100	(13,473)	9,872,627
16.1 Paid-in Capital		2,204,390	-	2,204,390
16.2 Capital reserves		488,101	-	488,101
16.2.1 Share Premiums		2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		485,536	-	485,536
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		299,624	-	299,624
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		147,475	(13,473)	134,002
16.5 Profit Reserves		5,675,707	-	5,675,707
16.5.1 Legal Reserves		382,343	-	382,343
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		5,184,127	-	5,184,127
16.5.4 Other Profit Reserves		109,237	-	109,237
16.6 Profit or Loss		1,062,214	-	1,062,214
16.6.1 Prior Periods Profit / Loss		9,497	-	9,497
16.6.2 Current Periods Profit / Loss		1,052,717	-	1,052,717
16.7 Minority Interest	(II-13)	8,589	-	8,589
<b>TOTAL LIABILITIES</b>		<b>55,404,581</b>	<b>43,254,795</b>	<b>98,659,376</b>

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

**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)**

		Section 5	Audited Prior Period 31.12.2017		
		Note	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	<b>(II-1)</b>	<b>33,324,106</b>	<b>22,209,747</b>	<b>55,533,853</b>
1.1	Deposits from Risk Group of the Bank		552,292	1,728,853	2,281,145
1.2	Other		32,771,814	20,480,894	53,252,708
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(II-2)</b>	<b>874,807</b>	<b>83,270</b>	<b>958,077</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>(II-3)</b>	<b>1,178,838</b>	<b>13,385,130</b>	<b>14,563,968</b>
<b>IV.</b>	<b>MONEY MARKET FUNDS</b>	<b>(II-4)</b>	<b>194,543</b>	-	<b>194,543</b>
4.1	Interbank Money Market Payables		-	-	-
4.2	Istanbul Stock Exchange Money Market Takings		89,337	-	89,337
4.3	Funds Provided under Repurchase Agreements		105,206	-	105,206
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>(II-3)</b>	<b>1,289,688</b>	-	<b>1,289,688</b>
5.1	Bills		1,289,688	-	1,289,688
5.2	Asset Backed Securities		-	-	-
5.3	Bonds		-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-
6.1	Borrower Funds		-	-	-
6.2	Other		-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>1,286,856</b>	<b>207,123</b>	<b>1,493,979</b>
<b>VIII.</b>	<b>OTHER EXTERNAL FUNDING PAYABLE</b>	<b>(II-5)</b>	<b>594,901</b>	<b>4,136</b>	<b>599,037</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>	<b>(II-14)</b>	<b>886</b>	<b>2,550</b>	<b>3,436</b>
<b>X.</b>	<b>FINANCIAL LEASE PAYABLES</b>	<b>(II-6)</b>	-	-	-
10.1	Financial Lease Payables		-	-	-
10.2	Operating Lease Payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred Financial Lease Expenses ( - )		-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	<b>(II-7)</b>	<b>443,017</b>	<b>314</b>	<b>443,331</b>
11.1	Fair Value Hedge		9,517	-	9,517
11.2	Cash Flow Hedge		433,500	314	433,814
11.3	Foreign Net Investment Hedge		-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>(II-8)</b>	<b>1,001,930</b>	<b>31,237</b>	<b>1,033,167</b>
12.1	General Loan Loss Provisions		578,401	-	578,401
12.2	Restructuring Provisions		-	-	-
12.3	Reserve for Employee Benefits		251,982	16,356	268,338
12.4	Insurance Technical Provisions (Net)		-	-	-
12.5	Other Provisions		171,547	14,881	186,428
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>(II-9)</b>	<b>240,812</b>	-	<b>240,812</b>
13.1	Current Tax Liability		240,812	-	240,812
13.2	Deferred Tax Liability		-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>		-	-	-
14.1	Held for Sale		-	-	-
14.2	Held From Discontinued Operations		-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	<b>(II-11)</b>	-	<b>2,314,083</b>	<b>2,314,083</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(II-12)</b>	<b>9,091,687</b>	<b>10,173</b>	<b>9,101,860</b>
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital Reserves		1,086,949	10,173	1,097,122
16.2.1	Share Premium		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Marketable Securities Valuation Differences		(48,127)	9,733	(38,394)
16.2.4	Revaluation Differences surplus on Tangible Assets		266,122	-	266,122
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
16.2.8	Hedging Funds (Effective Portion)		136,153	440	136,593
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-
16.2.10	Other Capital Reserves		729,709	-	729,709
16.3	Profit Reserves		4,694,289	-	4,694,289
16.3.1	Legal Reserves		326,730	-	326,730
16.3.2	Status Reserves		-	-	-
16.3.3	Extraordinary Reserves		4,322,887	-	4,322,887
16.3.4	Other Profit Reserves		44,672	-	44,672
16.4	Profit or Loss		1,097,665	-	1,097,665
16.4.1	Prior Periods Profit/Loss		9,497	-	9,497
16.4.2	Current Period Profit/Loss		1,088,168	-	1,088,168
16.5	Minority Interest	<b>(II-13)</b>	8,394	-	8,394
<b>TOTAL LIABILITIES</b>			<b>49,522,071</b>	<b>38,247,763</b>	<b>87,769,834</b>

The accompanying notes are an integral part of these consolidated financial statement.



# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2018

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

### II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

		Audited Current Period 31.12.2018			
		Section 5 Note	TL	FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>70,045,235</b>	<b>79,260,240</b>	<b>149,305,475</b>
<b>I.</b>	<b>GUARANTEES</b>	(III-1)	<b>9,301,342</b>	<b>13,368,187</b>	<b>22,669,529</b>
1.1	Letters of Guarantee		6,883,214	7,188,291	14,071,505
1.1.1	Guarantees Subject to State Tender Law		123,696	83,710	207,406
1.1.2	Guarantees Given for Foreign Trade Operations		412,617	489,797	902,414
1.1.3	Other Letters of Guarantee		6,346,901	6,614,784	12,961,685
1.2	Bank Acceptances		-	34,672	34,672
1.2.1	Import Letter of Acceptance		-	34,672	34,672
1.2.2	Other Bank Acceptances		-	-	-
1.3	Letters of Credit		2,738	2,689,073	2,691,811
1.3.1	Documentary Letters of Credit		400	1,355,735	1,356,135
1.3.2	Other Letters of Credit		2,338	1,333,338	1,335,676
1.4	Pre-financing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		2,414,187	2,423,901	4,838,088
1.9	Other Collaterals		1,203	1,032,250	1,033,453
<b>II.</b>	<b>COMMITMENTS</b>	(III-1)	<b>13,167,163</b>	<b>2,913,113</b>	<b>16,080,276</b>
2.1	Irrevocable Commitments		13,167,163	2,913,113	16,080,276
2.1.1	Asset Purchase and Sale Commitments		1,082,628	2,046,312	3,128,940
2.1.2	Deposit Purchase and Sale Commitments		-	603,610	603,610
2.1.3	Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		4,243,982	158,227	4,402,209
2.1.5	Securities Issuance Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheque Payments		1,681,617	-	1,681,617
2.1.8	Tax and Fund Liabilities from Export Commitments		54,955	-	54,955
2.1.9	Commitments for Credit Card Limits		6,093,650	-	6,093,650
2.1.10	Commitments for Credit Cards and Banking Services Promotions		4,357	-	4,357
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		5,974	104,964	110,938
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	(III-2)	<b>47,576,730</b>	<b>62,978,940</b>	<b>110,555,670</b>
3.1	Derivative Financial Instruments for Hedging Purposes		17,040,694	7,618,300	24,658,994
3.1.1	Fair Value Hedge		-	-	-
3.1.2	Cash Flow Hedge		17,040,694	7,618,300	24,658,994
3.1.3	Foreign Net Investment Hedges		-	-	-
3.2	Held for Trading Transactions		30,536,036	55,360,640	85,896,676
3.2.1	Forward Foreign Currency Buy/Sell Transactions		4,332,308	7,661,498	11,993,806
3.2.1.1	Forward Foreign Currency Transactions-Buy		2,332,275	3,784,324	6,116,599
3.2.1.2	Forward Foreign Currency Transactions-Sell		2,000,033	3,877,174	5,877,207
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		21,025,783	40,059,772	61,085,555
3.2.2.1	Foreign Currency Swap-Buy		6,432,076	22,606,791	29,038,867
3.2.2.2	Foreign Currency Swap-Sell		14,283,707	14,663,969	28,947,676
3.2.2.3	Interest Rate Swaps-buy		155,000	1,394,506	1,549,506
3.2.2.4	Interest Rate Swaps-Sell		155,000	1,394,506	1,549,506
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,177,945	7,497,597	12,675,542
3.2.3.1	Foreign Currency Options-Buy		2,295,403	4,065,930	6,361,333
3.2.3.2	Foreign Currency Options-Sell		2,882,542	3,431,667	6,314,209
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-
3.2.5	Interest Rate Futures		-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-
3.2.5.2	Interest rate Futures-Sell		-	-	-
3.2.6	Other		-	141,773	141,773
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>166,783,540</b>	<b>38,195,370</b>	<b>204,978,910</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>27,059,177</b>	<b>2,660,318</b>	<b>29,719,495</b>
4.1	Assets Under Management		5,114,637	-	5,114,637
4.2	Investment Securities Held In Custody		10,739,307	1,224,567	11,963,874
4.3	Cheques Received for Collection		10,337,345	914,949	11,252,294
4.4	Commercial Notes Received for Collection		520,901	150,183	671,084
4.5	Other assets Received for Collection		-	370,619	370,619
4.6	Assets Received for Public Offering		-	-	-
4.7	Other Items under Custody		346,987	-	346,987
4.8	Custodians		-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>134,055,340</b>	<b>34,300,621</b>	<b>168,355,961</b>
5.1	Marketable Securities		456,962	914,680	1,371,642
5.2	Guarantee Notes		51,983,348	21,448,844	73,432,192
5.3	Commodity		17,208	671,712	688,920
5.4	Warranty		-	-	-
5.5	Immovables		73,125,364	6,604,523	79,729,887
5.6	Other Pledged Items		8,472,458	4,660,862	13,133,320
5.7	Pledged Items-Depository		-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>5,669,023</b>	<b>1,234,431</b>	<b>6,903,454</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>236,828,775</b>	<b>117,455,610</b>	<b>354,284,385</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AT 31 DECEMBER 2017**

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

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

		Audited Prior Period 31.12.2017			
		Section 5 Note	TL	FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>83,271,170</b>	<b>73,710,455</b>	<b>156,981,625</b>
<b>I.</b>	<b>GUARANTEES</b>	(III-1)	<b>8,792,233</b>	<b>11,792,407</b>	<b>20,584,640</b>
1.1	Letters of Guarantee		6,874,187	6,165,093	13,039,280
1.1.1	Guarantees Subject to State Tender Law		148,296	80,708	229,004
1.1.2	Guarantees Given for Foreign Trade Operations		397,094	428,037	825,131
1.1.3	Other Letters of Guarantee		6,328,797	5,656,348	11,985,145
1.2	Bank Acceptances		34	42,282	42,316
1.2.1	Import Letter of Acceptance		34	42,282	42,316
1.2.2	Other Bank Acceptances		-	-	-
1.3	Letters of Credit		16,215	2,380,353	2,396,568
1.3.1	Documentary Letters of Credit		16,215	1,071,808	1,088,023
1.3.2	Other Letters of Credit		-	1,308,545	1,308,545
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		1,883,852	1,994,838	3,878,690
1.9	Other Collaterals		17,945	1,209,841	1,227,786
<b>II.</b>	<b>COMMITMENTS</b>	(III-1)	<b>14,790,946</b>	<b>5,189,789</b>	<b>19,980,735</b>
2.1	Irrevocable Commitments		14,790,946	5,189,789	19,980,735
2.1.1	Asset Purchase and Sale Commitments		2,396,003	4,918,206	7,314,209
2.1.2	Deposit Purchase and Sale Commitments		-	-	-
2.1.3	Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		4,526,858	104,211	4,631,069
2.1.5	Securities Issuance Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheque Payments		2,387,642	-	2,387,642
2.1.8	Tax and Fund Liabilities from Export Commitments		31,047	-	31,047
2.1.9	Commitments for Credit Card Limits		5,411,646	-	5,411,646
2.1.10	Commitments for Credit Cards and Banking Services Promotions		3,723	-	3,723
2.1.11	Receivables from Short Sale Commitments on Securities		-	-	-
2.1.12	Payables for Short Sale Commitments on Securities		-	-	-
2.1.13	Other Irrevocable Commitments		34,027	167,372	201,399
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	(III-2)	<b>59,687,991</b>	<b>56,728,259</b>	<b>116,416,250</b>
3.1	Derivative Financial Instruments for Hedging Purposes		20,206,555	3,132,884	23,339,439
3.1.1	Fair Value Hedge		105,000	109,454	214,454
3.1.2	Cash Flow Hedge		20,101,555	3,023,430	23,124,985
3.1.3	Foreign Net Investment Hedges		-	-	-
3.2	Held for Trading Transactions		39,481,436	53,595,375	93,076,811
3.2.1	Forward Foreign Currency Buy/Sell Transactions		7,347,221	10,000,209	17,347,430
3.2.1.1	Forward Foreign Currency Transactions-Buy		2,626,654	6,094,827	8,721,481
3.2.1.2	Forward Foreign Currency Transactions-Sell		4,720,567	3,905,382	8,625,949
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		26,193,704	33,097,712	59,291,416
3.2.2.1	Foreign Currency Swap-Buy		9,168,870	18,887,840	28,056,710
3.2.2.2	Foreign Currency Swap-Sell		17,024,834	11,101,734	28,126,568
3.2.2.3	Interest Rate Swaps-buy		-	1,554,069	1,554,069
3.2.2.4	Interest Rate Swaps-Sell		-	1,554,069	1,554,069
3.2.3	Foreign Currency, Interest Rate and Securities Options		5,940,453	9,425,007	15,365,460
3.2.3.1	Foreign Currency Options-Buy		3,069,022	4,609,277	7,678,299
3.2.3.2	Foreign Currency Options-Sell		2,871,431	4,815,730	7,687,161
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	523,178	523,178
3.2.4.1	Foreign Currency Futures-Buy		-	58,893	58,893
3.2.4.2	Foreign Currency Futures-Sell		-	464,285	464,285
3.2.5	Interest Rate Futures		-	464,285	464,285
3.2.5.1	Interest Rate Futures-Buy		-	464,285	464,285
3.2.5.2	Interest rate Futures-Sell		-	-	-
3.2.6	Other		58	84,984	85,042
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>185,333,457</b>	<b>31,961,783</b>	<b>217,295,240</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>34,374,029</b>	<b>2,046,934</b>	<b>36,420,963</b>
4.1	Assets Under Management		8,117,665	-	8,117,665
4.2	Investment Securities Held In Custody		12,560,772	775,972	13,336,744
4.3	Cheques Received for Collection		11,598,266	923,474	12,521,740
4.4	Commercial Notes Received for Collection		418,922	142,166	561,088
4.5	Other assets Received for Collection		34	205,322	205,356
4.6	Assets Received for Public Offering		-	-	-
4.7	Other Items under Custody		1,678,370	-	1,678,370
4.8	Custodians		-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>143,929,860</b>	<b>28,859,731</b>	<b>172,789,591</b>
5.1	Marketable Securities		1,478,414	45,461	1,523,875
5.2	Guarantee Notes		57,671,167	19,300,063	76,971,230
5.3	Commodity		48,895	733,876	782,771
5.4	Warranty		-	-	-
5.5	Immovables		76,572,882	5,037,944	81,610,826
5.6	Other Pledged Items		8,158,502	3,742,387	11,900,889
5.7	Pledged Items-Depository		-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>7,029,568</b>	<b>1,055,118</b>	<b>8,084,686</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>268,604,627</b>	<b>105,672,238</b>	<b>374,276,865</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2018

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

### III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Audited Current Period 31.12.2018
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-1)</b>	<b>11,549,019</b>
1.1	Interest Income on Loans		9,969,684
1.2	Interest Income on Reserve Deposits		134,151
1.3	Interest Income on Banks		229,849
1.4	Interest Income on Money Market Placements		98,455
1.5	Interest Income on Securities Portfolio		1,111,977
1.5.1	Financial Assets at Fair Value Through Profit or Loss		166,934
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		509,313
1.5.3	Financial Assets Measured at Amortised Cost		435,730
1.6	Financial Lease Income		-
1.7	Other Interest Income		4,903
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>7,210,051</b>
2.1	Interest Expense on Deposits		6,271,064
2.2	Interest Expense on Funds Borrowed		601,201
2.3	Interest Expense on Money Market Borrowings		76,881
2.4	Interest Expense on Securities Issued		251,345
2.5	Other Interest Expense		9,560
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>4,338,968</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,340,991</b>
4.1	Fees and Commissions Received		2,005,514
4.1.1	Non-cash Loans		227,286
4.1.2	Other	(IV-12)	1,778,228
4.2	Fees and Commissions Paid (-)		664,523
4.2.1	Non-cash Loans		4,575
4.2.2	Other	(IV-12)	659,948
<b>V.</b>	<b>PERSONNEL EXPENSES(-)</b>	<b>(IV-7)</b>	<b>1,312,022</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>435</b>
<b>VII.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(IV-4)</b>	<b>(422,768)</b>
7.1	Securities Trading Gains / Losses		(178,667)
7.2	Gains / Losses on Derivative Financial Instruments		2,869,724
7.3	Foreign Exchange Gains / Losses		(3,113,825)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>105,924</b>
<b>IX.</b>	<b>GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>		<b>4,051,528</b>
<b>X.</b>	<b>ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)</b>	<b>(IV-6)</b>	<b>1,265,528</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>1,432,998</b>
<b>XII.</b>	<b>NET OPERATING INCOME/(LOSS) (IX-X-XI)</b>		<b>1,353,002</b>
<b>XIII.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>
<b>XIV.</b>			<b>-</b>
<b>XV.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>
<b>XVI.</b>	<b>PROFIT / LOSS FROM CONTINUED OPERATIONS BEFORE TAX (XII+...+XV)</b>	<b>(IV-8)</b>	<b>1,353,002</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(298,611)</b>
17.1	Current Tax Provision		(202,705)
17.2	Expense Effect of Deferred Tax (+)		(603,814)
17.3	Income Effect of Deferred Tax (-)		507,908
<b>XVIII.</b>	<b>NET PROFIT / LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(IV-10)</b>	<b>1,054,391</b>
<b>XIX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		<b>-</b>
19.1	Income from Non-current Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3	Income from Other Discontinued Operations		-
<b>XX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>
20.1	Expenses from Non-current Assets Held for Sale		-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3	Expenses for Other Discontinued Operations		-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>	<b>(IV-8)</b>	<b>-</b>
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>-</b>
22.1	Current Tax Provision		-
22.2	Expense Effect of Deferred Tax (+)		-
22.3	Income Effect of Deferred Tax (-)		-
<b>XXIII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI+XXII)</b>	<b>(IV-10)</b>	<b>-</b>
<b>XXIV.</b>	<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	<b>(IV-11)</b>	<b>1,054,391</b>
24.1	Group's Profit / Loss		1,052,717
24.2	Minority Interest Profit / Loss (-)		1,674
	Earnings per Share		0.4776

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

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

### III. CONSOLIDATED STATEMENT OF INCOME

	Section 5 Note	Audited Prior Period 31.12.2017
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>8,076,002</b>
1.1 Interest Income on Loans		7,275,460
1.2 Interest Income on Reserve Deposits		74,537
1.3 Interest Income on Banks		68,885
1.4 Interest Income on Money Market Placements		96,896
1.5 Interest Income on Marketable Securities Portfolio		557,625
1.5.1 Held-for-trading Financial Assets		46,962
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-
1.5.3 Available-for-sale Financial Assets		462,250
1.5.4 Held-to-maturity Investments		48,413
1.6 Financial Lease Income		-
1.7 Other Interest Income		2,599
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>4,088,016</b>
2.1 Interest Expense on Deposits		3,505,027
2.2 Interest Expense on Funds Borrowed		398,010
2.3 Interest Expense on Money Market Borrowings		59,857
2.4 Interest Expense on Securities Issued		83,592
2.5 Other Interest Expense		41,530
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3,987,986</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1,127,066</b>
4.1 Fees and Commissions Received		1,547,881
4.1.1 Non-cash Loans		168,630
4.1.2 Other	(IV-12)	1,379,251
4.2 Fees and Commissions Paid		420,815
4.2.1 Non-cash Loans		3,909
4.2.2 Other	(IV-12)	416,906
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>1,224</b>
<b>VI. TRADING INCOME/(LOSS) (NET)</b>	<b>(IV-4)</b>	<b>(938,640)</b>
6.1 Securities Trading Gains/(Losses)		(29,418)
6.2 Gains/(Losses) on Derivative Financial Instruments		(705,962)
6.3 Foreign Exchange Gains/(Losses)		(203,260)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>110,605</b>
<b>VIII. TOTAL OPERATING INCOME/(LOSS) (III+IV+V+VI+VII)</b>		<b>4,288,241</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>456,639</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>2,488,828</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,342,774</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-
<b>XIII. GAIN/(LOSS) FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-
<b>XIV. GAIN/(LOSS) ON NET MONETARY POSITION</b>		-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAX (XI+...+XIV)</b>	<b>(IV-9)</b>	<b>1,342,774</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-9)</b>	<b>(252,963)</b>
16.1 Current Tax Provision		(324,520)
16.2 Deferred Tax Provision		71,557
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(IV-10)</b>	<b>1,089,811</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>1,089,811</b>
23.1 Group's Profit/(Loss)		1,088,168
23.2 Minority Interest Profit/(Loss)	(IV-11)	1,643
Earnings per Share		0.4936

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018

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

### IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<b>Audited Current Period 31.12.2018</b>
<b>I. NET PROFIT / (LOSS)</b>	<b>1,054,391</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>5,420</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>(25,754)</b>
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	(33,289)
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	877
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified To Profit Or Loss	6,658
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>31,174</b>
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(135,678)
2.2.3 Income (Loss) Related with Cash Flow Hedges	175,504
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-
2.2.6 Taxes Relating To Components of Other Comprehensive Income that will be Reclassified to Profit Or Loss	(8,652)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,059,811</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

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

### IV. CONSOLIDATED INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY

	Audited Prior Period 31.12.2017	
<b>I.</b>	<b>ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES</b>	
	FROM AVAILABLE FOR SALE FINANCIAL ASSETS	20,276
<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>	136,983
<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>	31,445
<b>IX.</b>	<b>DEFERRED TAX OF VALUATION DIFFERENCES</b>	(38,056)
<b>X.</b>	<b>TOTAL NET PROFIT/LOSS ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	150,648
<b>XI.</b>	<b>PROFIT/(LOSS)</b>	1,089,811
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(1,435)
11.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	1,390
11.3	Transfer of Foreign Net Investment Hedge Operations to Income Statement	-
11.4	Other	1,089,856
<b>XII.</b>	<b>TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE PERIOD (X±XI)</b>	1,240,459

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN THE 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. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited	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>Prior Period - 01.01-31.12.2017</b>																		
<b>I. Beginning Balance 31.12.2016</b>	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
<b>II. Corrections According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effects 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	-	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																		
<b>IV. Increase/Decrease Related to Merger</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>	-	-	-	-	-	-	-	-	-	-	19,295	-	-	-	-	19,295	(6)	19,289
<b>VI. Hedging Funds (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
6.1 Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	106,084	-	106,084	-	106,084
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>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation Adjustment to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>	-	-	-	-	-	-	298,893	(182,687)	-	-	-	(90,936)	-	-	-	25,270	5	25,275
<b>XIX. Period Net Income / Loss</b>	-	-	-	-	-	-	-	1,088,168	-	-	-	-	-	-	-	1,088,168	1,643	1,089,811
<b>XX. Profit Distribution</b>	-	-	-	-	49,338	-	911,882	(63,053)	-	(944,065)	-	45,898	-	-	-	-	(1,045)	(1,045)
20.1 Dividends Distributed	-	-	-	-	49,338	-	911,882	(63,053)	-	(944,065)	-	45,898	-	-	-	-	(1,045)	(1,045)
20.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 30.09.2017</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	-	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.

**TÜRK EKONOMİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

CHANGES IN SHAREHOLDER'S EQUITY	Accumulated Other Comprehensive Income or Expense not Reclassified at Profit and Loss			Accumulated Other Comprehensive Income or Expense Reclassified at Profit and Loss			Prior Period Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(Loss)	Total Equity Expect from Minority Shares	Minority Shares	Total Equity				
	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2							3	4	5	6
<b>I. Current Period – 01.01-31.12.2018</b>																
<b>II. Prior Period Closing Balance</b>	2,204,390	2,565	-	670,966	266,122	58,351	919	-	(38,394)	136,593	4,694,289	1,097,665	-	9,093,466	8,394	9,101,860
<b>III. Adjustment in accordance with TAS 8</b>	-	-	-	(185,430)	-	-	-	-	4,562	-	(6,750)	-	-	(187,618)	-	(187,618)
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effect of Changes in Accounting Policy	-	-	-	(185,430)	-	-	-	-	4,562	-	(6,750)	-	-	(187,618)	-	(187,618)
<b>IV. New Balance (I+II)</b>	2,204,390	2,565	-	485,536	266,122	58,351	919	-	(33,832)	136,593	4,687,539	1,097,665	-	8,905,848	8,394	8,914,242
<b>V. Total Comprehensive Income</b>	-	-	-	-	-	(26,645)	877	-	(105,899)	137,140	-	-	1,052,717	1,058,190	1,621	1,059,811
<b>VI. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Increase from Internal Resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Inflation Adjustment to Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonds convertible to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Increase/Decrease from Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	988,168	(1,088,168)	-	(100,000)	(1,426)	(101,426)
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)	(1,426)	(101,426)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	988,168	(988,168)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance 31.12.2018</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI)</b>	2,204,390	2,565	-	485,536	266,122	31,706	1,796	-	(139,731)	273,733	5,675,707	9,497	1,052,717	9,864,038	8,589	9,872,627

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

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



# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

### VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Audited Current Period 31..12.2018
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,522,580</b>
1.1.1	Interest received	10,793,613
1.1.2	Interest paid	(6,947,399)
1.1.3	Dividend received	435
1.1.4	Fees and commissions received	2,027,384
1.1.5	Other income	2,251,484
1.1.6	Collections from previously written off loans	868,891
1.1.7	Payments to personnel and service suppliers	(1,296,160)
1.1.8	Taxes paid	(174,021)
1.1.9	Others (VI-1)	(6,001,647)
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>5,302,105</b>
1.2.1	Net (increase) in financial asset at fair value through profit or loss	(122,269)
1.2.2	Net (decrease) in due from banks and other financial institutions	8,379
1.2.3	Net (increase) in loans	(2,927,107)
1.2.4	Net (increase) in other assets (VI-1)	(71,975)
1.2.5	Net (decrease) in bank deposits	(93,794)
1.2.6	Net increase in other deposits	7,845,044
1.2.7	Net increase / (decrease) in financial asset at fair value through profit or loss	-
1.2.8	Net (decrease) in funds borrowed	(1,428,242)
1.2.9	Net increase / (decrease) in matured payables	-
1.2.10	Net increase in other liabilities (VI-1)	2,092,069
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>6,824,685</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(642,163)</b>
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3	Cash paid for purchase of tangible assets	(101,021)
2.4	Cash obtained from sale of tangible assets	2,547
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income	(1,178,960)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income	987,426
2.7	Cash paid for purchase of financial assets measured at amortised cost	(573,615)
2.8	Cash obtained from sale of financial assets measured at amortised cost	291,886
2.9	Others (VI-1)	(70,426)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>(598,943)</b>
3.1	Cash obtained from funds borrowed and securities issued	6,654,809
3.2	Cash used for repayment of funds borrowed and securities issued	(7,152,326)
3.3	Equity instruments issued	-
3.4	Dividends paid	(101,426)
3.5	Payments for financial leases	-
3.6	Others	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents (VI-1)</b>	<b>1,516,339</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents</b>	<b>7,099,918</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period (VI-2)</b>	<b>5,960,236</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period (VI-2)</b>	<b>13,060,154</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2017

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

### VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Audited Prior Period 31.12.2017
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,409,851</b>
1.1.1	Interest received	7,765,356
1.1.2	Interest paid	(3,935,135)
1.1.3	Dividend received	1,224
1.1.4	Fees and commissions received	1,573,193
1.1.5	Other income	568,331
1.1.6	Collections from previously written off loans	670,787
1.1.7	Payments to personnel and service suppliers	(1,168,652)
1.1.8	Taxes paid	(244,372)
1.1.9	Others	(3,820,881)
	(VI-1)	
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>(3,171,213)</b>
1.2.1	Net increase in financial assets held for trading	(18,608)
1.2.2	Net decrease / increase in financial assets at fair value through profit or loss	-
1.2.3	Net (increase)/decrease in due from banks and other financial institutions	(6,033)
1.2.4	Net (increase) in loans	(7,901,713)
1.2.5	Net (increase) in other assets	(5,340)
	(VI-1)	
1.2.6	Net (decrease) in bank deposits	(459,817)
1.2.7	Net increase in other deposits	5,495,186
1.2.8	Net increase in funds borrowed	185,522
1.2.9	Net increase / decrease in matured payables	-
1.2.10	Net (decrease) in other liabilities	(460,410)
	(VI-1)	
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>(1,761,362)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(652,041)</b>
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3	Cash paid for purchase of tangible assets	(116,143)
2.4	Cash obtained from sale of tangible assets	183
2.5	Cash paid for purchase of financial assets available for sale	(2,435,786)
2.6	Cash obtained from sale of financial assets available for sale	1,964,565
2.7	Cash paid for purchase of investment securities	-
2.8	Cash obtained from sale of investment securities	-
2.9	Others	(64,860)
	(VI-1)	
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>539,161</b>
3.1	Cash obtained from funds borrowed and securities issued	2,061,841
3.2	Cash used for repayment of funds borrowed and securities issued	(1,521,635)
3.3	Equity instruments issued	-
3.4	Dividends paid	(1,045)
3.5	Payments for financial leases	-
3.6	Others	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>413,878</b>
	(VI-1)	
<b>V.</b>	<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,460,364)</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>7,420,600</b>
	(VI-2)	
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>5,960,236</b>
	(VI-2)	

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

# TÜRK EKONOMİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017

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

### VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

	Current Audited Period 31.12.2018(*)	Prior Audited Period 31.12.2017(*)
<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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

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

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and in case where a specific regulation is not made by BRSA. “Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The accounting principles except TFRS 9 Financial Instruments Standard’s impact, are in accordance with the used principles in preparation of yearly financial statement as of 31 December 2018. The 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 this 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 TFRS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TFRS which have entered into force as of 1 January 2018 have no material impact on the Group’s accounting policies, financial position and performance except TFRS 9 Financial Instruments Standard. The amendments of TFRS which are published but not yet effective as of finalization date of financial statement, except TFRS 16 Leases Standard, will have no impact on the accounting policies, financial condition and performance of the Group. Along with the on-going works on leases under TFRS 16 which will be effective as of 1 January 2019, it is assumed that the effect with related deferred tax will cause a decrease of approximately 1% on equity.

**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 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.

**Explanations on TFRS 16 Leases Standard**

“TFRS 16 Leases” Standard, which is effective as at 1 January 2019 is published in the Official Gazette numbered 30393 dated 16 April 2018. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The Bank will recognize an adjustment to opening retained earnings at 1 January 2019, to reflect the application of the new requirements at the adoption date.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

**Classification, measurement and presentation of leases**

The lease obligation is classified as gross basis in the way that equals to the total of all cash payments under the contract and netted off with the interest expense arising from the contract. The right of use arising from the leasing transactions is capitalized at commencement date of a lease by measuring the present value of the lease payments that have not been paid at the date. The lease payments is discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, incremental borrowing rate obtained by Asset-Liability Management Department of the Parent Bank is used.

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

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

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

- c. Different Accounting Policies Applied in the Preparation of Consolidated Financial Statements:**

Where the accounting policies used by the subsidiaries differ from the Parent Bank, the differences are aligned in the financial statements by taking into account the materiality criterion.

**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 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.

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 fair value through other comprehensive income 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**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 Parent Bank but over which the Parent Bank has controlling power, has been included in the consolidation due to the reason that this company is “Structured Entity”.

The financial statements of the subsidiaries are prepared as of 31 December 2018 and 31 December 2017.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

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

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

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

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

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

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

For Bank assurance services provided by the 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**

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



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

*Financial Assets at Fair Value through Profit or Loss*

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

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

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

*Financial Assets at Fair Value Through Other Comprehensive Income*

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

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

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

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

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

*Financial Assets Measured at Amortised Cost*

*Financial investment measured at amortized cost:*

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

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

*Loans:*

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

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

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

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The Group has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

***Stage 1:***

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

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

***Stage 2:***

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses. Following criterias have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructuring loans
- Concordatum events
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probability of defaults.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank's internal rating based credit rating models.

***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.

**Expected Credit Loss Calculation**

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

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

There is mainly three loan portfolios as commercial portfolios, retail portfolios and sovereign portfolios.

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

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

The Bank does not have any financial asset as purchased or originated credit-impaired.

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

**Expected Credit Loss Calculation (Continued)**

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

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

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioral score cards used in the retail portfolio include the behavioral data of the customer and the product in the Bank, the demographic information of the customer and the behavioral data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in “Communique on Credit Risk Mitigation Techniques” is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.

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

Effective interest rate: the discount factor which reflects the time value of money.

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

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

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

**Expected Credit Loss Calculation (Continued)**

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

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills and CBRT balances are classified under Stage 1 loans. In addition, the institutions related to risk group of the Bank and other banks' placements are classified under Stage 1 loans.

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

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

Qualitative assessments:

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

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

Quantitative assessments:

“Significant increase in credit risk” is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 loans.

In the case of the internal credit rating of the loans is above a defined threshold without comparison with the origination date, the mentioned “high-risk portfolio” is classified under Stage 2 loans.

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

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

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

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

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financials assets measured at amortised cost 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 2018, the Parent Bank has reverse repo amounting to TL281,788 (31 December 2017: TL64).

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

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

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

As of 31 December 2018, assets held for sale and discontinued operations of the Group are TL109,104 (31 December 2017: TL90,677). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL6,131 (31 December 2017: TL4,444) has been reserved as provision for impairment losses.

As of 31 December 2018 the Group has no discontinued operations.

**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 Parent Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

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**XII. Explanations on Goodwill and Other Intangible Assets (Continued)**

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 Parent 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 Parent Bank’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 Parent 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.

**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:

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Buildings	50 years
Motor vehicles	5 years
Furniture, fixtures and office equipment and others	5-15 years

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**XIII. Explanations on Tangible Fixed Assets (Continued)**

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. For the branches this period is considered as three years in parallel with the Bank's business plans.

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”.

**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.



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

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 2018, the Pension Fund has 1,686 employees and 1,095 pensioners (31 December 2017: 1,757 employees and 1,065 pensioners).

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

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. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “president”

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 2018. 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 Parent 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 Parent Bank.

Communiqué on “Turkish Accounting Standard (TAS 19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2018, actuarial loss amounting to TL26,645 (1 January - 31 December 2017: TL24,678 actuarial gain) was classified as “Other Comprehensive Income” and as of 31 December 2018, a total of TL31,706 (31 December 2017: TL58,351) actuarial gain was accounted under “Other Reserves”.

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**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 Parent 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.

*Deferred Tax Asset / Liability*

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

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 BDDK.DZM.2/13/1-a-3 and dated 8 December 2004.

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

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

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**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 2018.

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

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

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the 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 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.

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

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.

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>Other</b>	<b>Elimination</b>	<b>Total</b>
Dividend Income	-	-	-	18,374	(17,939)	435
Profit Before Tax	235,407	561,474	417,321	157,252	(18,452)	1,353,002
Tax Provision (-)	-	-	-	298,637	(26)	298,611
<b>Net Profit for the Period</b>	<b>235,407</b>	<b>561,474</b>	<b>417,321</b>	<b>(141,385)</b>	<b>(18,426)</b>	<b>1,054,391</b>
<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	12,641,490	22,276,779	25,057,150	38,839,771	(155,819)	98,659,371
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	124,429	(124,424)	5
<b>Total Assets</b>	<b>12,641,490</b>	<b>22,276,779</b>	<b>25,057,150</b>	<b>38,964,200</b>	<b>(280,243)</b>	<b>98,659,376</b>
Segment Liabilities	41,287,107	14,038,372	10,080,246	23,537,275	(156,251)	88,786,749
Shareholders' Equity	-	-	-	9,996,619	(123,992)	9,872,627
<b>Total Liabilities</b>	<b>41,287,107</b>	<b>14,038,372</b>	<b>10,080,246</b>	<b>33,533,894</b>	<b>(280,243)</b>	<b>98,659,376</b>
<b>Prior Period (31.12.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Dividend Income	-	-	-	20,096	(18,872)	1,224
Profit before Tax	367,459	442,398	585,994	(34,205)	(18,872)	1,342,774
Tax Provision (-)	-	-	-	252,963	-	252,963
<b>Net Profit For The Period</b>	<b>367,459</b>	<b>442,398</b>	<b>585,994</b>	<b>(287,168)</b>	<b>(18,872)</b>	<b>1,089,811</b>
<b>Prior Period (31.12.2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME</b>	<b>Other</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>

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**XXIV. Explanations on Other Matters**

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

**XXV. Reclassifications**

In order to be consistent with the presentation of financial statements dated 31 December 2018, some reclassifications are made in the cash flow statement as of 31 December 2017.

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

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

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

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

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

	Before TFRS 9		After TFRS 9	
	Basis of Measurement	Book value	Basis of Measurement	Book value
Financial Assets		31 December 2017		1 January 2018
Cash and Balances with Central Bank	Amortised cost	10,975,772	Amortised cost	10,973,463
Banks and Money Market Placements	Amortise(d cost	2,544,866	Amortised cost	2,537,893
Marketable securities	Fair value through other comprehensive income	4,697,133	Fair value through other comprehensive income	2,681,908
	Fair value through profit or loss	460,960	Fair value through profit or loss	525,328
	Amortised cost	401,854	Amortised cost	2,370,745
Derivative financial assets held for trading	Fair value through profit or loss	949,698	Fair value through profit or loss	949,698
Derivative financial assets for hedging purposes	Fair value through other comprehensive income	82,821	Fair value through other comprehensive income	82,821
Loans (Gross)	Amortised cost	64,567,942	Amortised cost	64,567,942
Factoring receivables (Gross)	Amortised cost	2,046,557	Amortised cost	2,046,557

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

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

	Book Value Before TFRS 9 31 December 2017	Reclassifications	Remeasurement	Book Value After TFRS 9 1 January 2018
<b>Financial Assets</b>				
<b>Cash and Balances with Central Bank</b>				
Book value in accordance with TAS 39	10,975,772			
Remeasurement: Provision provided for expected credit losses	-		(2,309)	
Book value in accordance with TFRS 9				10,973,463
<b>Banks and money markets placements</b>				
Book value in accordance with TAS 39	2,544,866			
Remeasurement: Provision provided for expected credit losses	(5,867)		(1,106)	
Book value in accordance with TFRS 9				2,537,893
<b>Financial assets at fair value through other comprehensive income</b>				
Balances before reclassification (available for sale)	4,697,133			
Disposal: to held to maturity portfolio		(1,963,540)		
Disposal: to held for trading portfolio		(52,235)		
Remeasurement: Fair value differences			1,152	
Remeasurement: Provision provided for expected credit losses	(355)		(247)	
Book value in accordance with TFRS 9				2,681,908
<b>Financial assets at fair value through profit or loss</b>				
Book value in accordance with TAS 39	460,960			
Addition: from available for sale portfolio		64,368		
Book value in accordance with TFRS 9				525,328
<b>Financial assets measured at amortised cost</b>				
Balances before reclassification (held to maturity)	401,854			
Addition: from available for sale portfolio		1,969,425		
Remeasurement: Provision provided for expected credit losses	-		(534)	
Book value in accordance with TFRS 9				2,370,745
<b>Loans</b>				
Book value in accordance with BRSA requirements (Gross)	64,567,942			
Remeasurement: Provision provided for expected credit losses (Stage 1 + Stage 2)	(527,516)		(390,309)	
Remeasurement: Provision provided for expected credit losses (Stage 3)	(1,242,811)		(25,747)	
Book value in accordance with TFRS 9 (Net)				62,381,559
<b>Factoring receivables</b>				
Book value in accordance with BRSA requirements (Gross)	2,046,557			
Remeasurement: Provision provided for expected credit losses (Stage 1 + Stage 2)	(2,062)		(847)	
Remeasurement: Provision provided for expected credit losses (Stage 3)	(41,710)		1,789	
Book value in accordance with TFRS 9 (Net)				2,003,727

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

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

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

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

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

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

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

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

	Book Value Before TFRS 9 31 December 2017	Remeasurement	Book Value After TFRS 9 1 January 2018
<b>Cash and Balances with Central Bank</b>	-	2,309	2,309
Stage 1	-	2,309	2,309
<b>Banks and Money Markets Placements</b>	5,867	1,106	6,973
Stage 1	5,867	1,106	6,973
<b>Marketable Securities</b>	355	781	1,136
<i>At fair Value Through Other Comprehensive Income</i>			
Stage 1	355	247	602
<i>At fair Value Through Profit or Loss</i>			
Stage 1	-	534	534
<b>Loans</b>	1,770,327	416,056	2,186,383
Stage 1	461,161	(186,851)	274,310
Stage 2	66,355	577,160	643,515
Stage 3	1,242,811	25,747	1,268,558
<b>Factoring Receivables</b>	43,772	(942)	42,830
Stage 1	2,062	(291)	1,771
Stage 2	-	1,138	1,138
Stage 3	41,710	(1,789)	39,921
<b>Non Cash Loans</b>	79,507	34,167	113,674
Stage 1	30,407	9,466	39,873
Stage 2	359	51,650	52,009
Stage 3	48,741	(26,949)	21,792
<b>Derivative Financial Assets</b>	10,211	(10,211)	-
Stage 1	10,211	(10,211)	-
<b>Other Assets</b>	1,624	(1,583)	41
Stage 1	1,624	(1,583)	41

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

According to section 15 paragraph 2 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is not compulsory to restate previous period information and if the previous period information is not restated, the difference between the book value of 1 January 2018 at the date of initial application should be reflected in the opening balance of equity. The explanations about the initial application effects of TFRS 9 on equity are presented below.

The negative difference amounting to TL441,683 between provisions for impairment provided in accordance with 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 No. 29750 dated 22 June 2016 and provisions provided for the expected credit losses measured in accordance with the TFRS 9 expected credit loss model as of 1 January 2018, has been classified under "Other Capital Reserves" in shareholders' equity.

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

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

As stated in the Communiqué on "Uniform Chart of Accounts and its Explanations" issued on 20 September 2017, effective from 1 January 2018 deferred tax assets will be provided on general loan loss provisions (TFRS 9 expected credit loss provisions for the loans at first and second stages). Within this scope, deferred tax assets amounting to TL224,682 have been reflected to the opening financials as of 1 January 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity.

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

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

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

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

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

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

*Financial Assets at Fair Value Through Profit or Loss*

Financial Assets at Fair Value through Profit or 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.



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

*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.

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 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 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 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.

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

*Loans and Receivables (Continued)*

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. 29750 dated 22 June 2016. 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 Parent Bank reserves general loan loss provision for loans and other receivables.

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**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 2018, Group’s total capital has been calculated as TL12,996,601 (31 December 2017: TL10,986,830) and Capital Adequacy Ratio is 16.70% (31 December 2017: 15.72%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “Standard Approach”, the market risk of purchase and sale accounts by using the “Standard Method”, counterparty credit risk of derivative and repo transactions by using the “Fair Value Method”, credit valuation adjustments of over the counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

**Information related to the components of Consolidated Shareholders' Equity:**

	<b>Current Period 31.12.2018</b>	<b>Amount related to treatment before 01.01.2014(*)</b>
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	6,601,021	
Gains Recognized in Equity as per TAS	-	
Profit	1,062,214	
Current Period Profit	1,052,717	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	209	314
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>10,071,188</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	139,731	
Leasehold Improvements on Operational Leases	49,477	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	102,530	102,530
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>712,862</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>9,358,326</b>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 Consolidated Shareholders' Equity: (Continued)

	Current Period 31.12.2018	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third Parties Share in the Additional Tier 1 Capital	45	-
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	45	-
<b>Additional Tier 1 Capital before deductions</b>	<b>45</b>	<b>45</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 1 Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
<b>Items to be deducted from Tier 1 Capital during the Transition Period</b>	<b>-</b>	<b>-</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>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>45</b>	<b>45</b>
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>9,358,371</b>	<b>9,358,371</b>
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	2,465,663	-
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	316,403	-
Third parties' share in the Tier 2 Capital	60	-
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	60	-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	868,480	-
<b>Tier 2 Capital Before Deductions</b>	<b>3,650,606</b>	<b>3,650,606</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>-</b>
<b>Total Tier 2 Capital</b>	<b>3,650,606</b>	<b>3,650,606</b>
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>13,008,977</b>	<b>13,008,977</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 Consolidated Shareholders' Equity: (Continued)

	Current Period 31.12.2018	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	12,375	
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	1	
<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	12,996,601	
Total Risk Weighted Assets	77,833,576	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.02	
Tier 1 Capital Adequacy Ratio (%)	12.02	
Capital Adequacy Ratio (%)	16.70	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	1.88	
a) Capital conservation buffer requirement (%)	1.88	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4.14	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	88,526	
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)	208,699	
<b>Limits related to provisions considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,358,020	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	868,480	
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	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	354,295	

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 Consolidated Shareholders' Equity: (Continued)**

	<b>Prior Period 31.12.2017</b>	<b>Amount related to treatment before 01.01.2014(*)</b>
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	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>	

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 Consolidated Shareholders' Equity: (Continued)

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
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>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 1 Capital which are compatible with the article 7 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
<b>Items to be deducted from Tier 1 Capital during the Transition Period</b>	<b>-</b>	<b>-</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>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>48</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>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>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>-</b>
<b>Total Tier 2 Capital</b>	<b>2,623,775</b>	<b>2,623,775</b>
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>10,994,298</b>	<b>10,994,298</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 Consolidated Shareholders' Equity: (Continued)**

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total 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.



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 Consolidated Shareholders' Equity: (Continued)**

	T	T-1	T-2	T-3	T-4
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	9,358,326	9,377,870	9,018,738	8,659,829	-
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	9,004,031	9,023,575	8,741,791	8,382,882	-
Tier 1 Capital	9,358,371	9,377,906	9,018,773	8,659,874	-
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	9,004,076	9,023,611	8,741,826	8,382,882	-
Capital	12,996,601	13,346,987	12,046,430	11,404,030	-
Capital where the transition impact of TFRS 9 has not been applied (c)	12,642,306	12,992,692	12,046,430	11,404,030	-
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	77,833,576	81,562,442	81,309,037	75,842,095	-
<b>CAPITAL ADEQUACY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.02	11.50	11.09	11.42	-
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.57	11.06	10.75	11.05	-
Tier 1 Capital Adequacy Ratio (%)	12.02	11.50	11.09	11.42	-
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	11.57	11.06	10.75	11.05	-
Capital Adequacy Ratio (%)	16.70	16.36	14.82	15.04	-
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	16.24	15.93	14.82	15.04	-
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	137,491,434	161,824,242	146,738,608	134,136,085	-
Leverage Ratio	6.81%	5.60%	6.15%	6.46%	-
FTA not Applied Leverage Ratio (d) (*)	6.55%	5.38%	5.96%	6.25%	-

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

a: Common equity tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.

b: Tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.

c: Total capital if temporary article 5 of the Regulation on equities of banks has not applied.

ç: Capital adequacy ratios calculated with capital items if temporary article 5 of the Regulation on banks has not applied.

d: The leverage ratio calculated with capital items if temporary article 5 of the Regulation on banks has not applied.

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

<b>Total Capital per Balance Sheet</b>	<b>9,872,627</b>
Hedging Funds (effective portion)	(273,733)
Deductions Made Under Regulation	(594,863)
Transition Impact of TFRS 9 (Temporary 5th Article)	354,295
<b>Common Equity Tier 1 Capital</b>	<b>9,358,326</b>
Additional Tier 1 Capital Share	45
<b>Tier 1 Capital</b>	<b>9,358,371</b>
General Provisions	868,480
Bank's Borrowing Instruments	2,782,066
Deductions Made Under Regulation	(12,376)
Third parties' share in the Tier 2 Capital	60
<b>Total Equity</b>	<b>12,996,601</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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.

<b>Issuer</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>
Unique identifier (e.g. CUSIP, ISIN)	XS1895575071	XS0808626013	XS0780562665	XS1845118865
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)	1,107.5	603.6	316.4	754.5
Par value of instrument(TL Currency in mil)	1,107.5	603.6	342.8	754.5
Accounting classification	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	20.07.2012	14.05.2012	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	20.07.2024	14.05.2024	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	20.07.2019	14.05.2019	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	Euribor+4.75%	LIBOR+5.75%	Euribor+5.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**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 numbered 29750 dated 22 June 2016 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.

A restructuring is defined as the privilege due to the borrower's encountered or likely to encountered financial difficulties. The privileges granted to the borrower assumed to be in financial difficulty are

- a change in the terms and conditions of the loan or
- partially or completely refinancing of the loan in favor of the debtor.

In order to be subject to restructuring, the firm must be confronted with the difficulty of payment. The difficulty should be supported by concrete developments or findings. Each restructuring request is evaluated on transaction basis by the authorized credit allocation unit according to the activity of the firm, the income generation structure by the sectoral operation.

Restructuring of the loans supported by Credit Guarantee Fund (“CGF loans”) is evaluated in accordance with the current legislation. The principles regarding to restructuring of Treasury-Back CGF loans in the scope of 11 October 2018 dated Presidential Decree are taken into account.

Non-required delay time loans that is not classified as Group III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated December 14, 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as “Past-due Loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The Parent bank provides specific reserves to Group III, IV and V loans in accordance with “Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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	20,226,631	17,893,351
Conditional and unconditional receivables from regional or local governments	995,628	840,575
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	7,165,998	8,604,245
Conditional and unconditional corporate receivables	41,405,053	40,792,674
Conditional and unconditional retail receivables	30,424,992	32,408,082
Conditional and unconditional secured mortgage receivables	8,872,358	9,295,288
Past due receivables	1,186,130	864,921
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	2,891,169	2,400,928
Investments in equities	94,290	81,094

(\*) 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	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.

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**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 2018, the receivables of the Group from its top 100 and top 200 cash loan customers share in total cash loans respectively 19.44% and 25.94% (31 December 2017: 14.99% and 20.03%).

As of 31 December 2018 the receivables of the Group from its top 100 and top 200 non-cash loan customers share of 52.12% and 65.42% respectively in the total non-cash loans (31 December 2017: 47.81% and 58.75%).

As of 31 December 2018, 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 12.69% and 17.27% respectively (31 December 2017: 5.85% and 8.23%).

As of 31 December 2018, the general loan loss provision related with the credit risk taken by the Group is TL1,358,020 (31 December 2017: TL578,401).

**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 2018, consumer loans, business loans, and agriculture loans are excluded from the internal rating system of the Parent Bank and those loans are about 28.15% (31 December 2017: 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:

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total % 31.12.2018</b>	<b>Share in the Total % 31.12.2017</b>
1 <sup>st</sup> Category	The borrower has a very strong financial structure	34.37	32.22
2 <sup>nd</sup> Category	The borrower has a good financial structure	24.29	25.88
3 <sup>rd</sup> Category	The borrower has an intermediate level of financial structure	32.04	34.50
4 <sup>th</sup> Category	The financial structure of the borrower has to be closely monitored in the medium term	9.30	7.40
<b>Total</b>		<b>100.00</b>	<b>100.00</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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
<b>Current Period</b>																			
Domestic		2,897,307	496,243	-	-	-	1,126,100	26,860,455	20,503,825	3,334,203	1,159,587	-	-	-	-	-	767,563	94,290	57,239,573
European Union (EU)																			
Countries		-	-	-	-	-	834,303	440,649	14,324	4,635	1,759	-	-	-	-	-	15,885	-	1,311,555
OECD Countries (*)		-	-	-	-	-	64,376	308,883	21,041	666	2	-	-	-	-	-	1,702	-	396,670
Off-Shore Banking Regions (****)		340,589	-	-	-	-	9	175,649	96,763	62,447	3,402	-	-	-	-	-	193	-	679,052
USA, Canada		-	-	-	-	-	-	5,090	13	-	-	-	-	-	-	-	-	-	5,103
Other Countries		-	-	-	-	-	27,522	72,108	2,477	663	2	-	-	-	-	-	-	-	102,772
Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets/Liabilities (**)		-	1,895	-	-	-	373,430	13,004,299	2,174,176	103,626	96,068	-	-	-	-	-	2,242	-	15,755,736
<b>Total</b>		<b>3,237,896</b>	<b>498,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,425,740</b>	<b>40,867,133</b>	<b>22,812,619</b>	<b>3,506,240</b>	<b>1,260,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,585</b>	<b>94,290</b>	<b>75,490,461</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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
<b>Prior Period</b>																		
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
<b>Total</b>	<b>422,706</b>	<b>293,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,596,912</b>	<b>36,817,871</b>	<b>23,530,858</b>	<b>3,582,960</b>	<b>997,161</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570,030</b>	<b>57,294</b>	<b>68,869,030</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

(\*\*\*) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(\*\*\*\*) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

#### Risk profile by Sectors or Counterparties:

Exposure Categories (**)																					
Current Period	Conditional and unconditional exposures to central governments or 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	-	-	-	-	-	-	537,750	1,108,927	59,990	106,320	-	-	-	-	-	1,603	-	1,590,117	224,473	1,814,590	
Farming and Stockbreeding	-	-	-	-	-	-	458,397	1,089,595	59,793	98,072	-	-	-	-	-	1,603	-	1,490,539	216,921	1,707,460	
Forestry	-	-	-	-	-	-	7,952	669	-	2,177	-	-	-	-	-	-	-	10,798	-	10,798	
Fishery	-	-	-	-	-	-	71,401	18,663	197	6,071	-	-	-	-	-	-	-	88,780	7,552	96,332	
Manufacturing	-	-	-	-	-	-	22,273,544	5,266,647	650,798	402,973	-	-	-	-	-	-	-	16,247,656	12,346,306	28,593,962	
Mining and Quarrying	-	-	-	-	-	-	1,757,757	273,690	31,174	13,800	-	-	-	-	-	-	-	1,639,383	437,038	2,076,421	
Production	-	-	-	-	-	-	19,375,112	4,957,692	611,305	385,691	-	-	-	-	-	-	-	14,101,793	11,228,007	25,329,800	
Electricity, Gas and Water	-	-	-	-	-	-	1,140,675	35,265	8,319	3,482	-	-	-	-	-	-	-	506,480	681,261	1,187,741	
Construction	-	-	-	-	-	-	3,234,464	1,147,017	180,805	163,212	-	-	-	-	-	-	-	2,953,197	1,772,301	4,725,498	
Services	3,237,896	498,138	-	-	-	2,425,740	14,433,128	6,004,118	1,051,443	510,217	-	-	-	-	-	734,026	88,526	16,291,590	12,691,642	28,983,232	
Wholesale and Retail Trade	-	-	-	-	-	-	5,542,865	2,937,597	357,133	240,499	-	-	-	-	-	6,398	-	6,510,750	2,573,742	9,084,492	
Accommodation and Dining	-	-	-	-	-	-	999,877	427,251	294,529	38,500	-	-	-	-	-	-	-	888,532	871,625	1,760,157	
Transportation and Telecom.	-	-	-	-	-	-	1,654,041	1,128,501	106,724	107,022	-	-	-	-	-	-	-	2,299,131	697,170	2,996,301	
Financial Institutions	3,237,896	-	-	-	-	2,425,740	2,010,950	47,403	3,977	7,442	-	-	-	-	-	727,552	88,526	2,557,658	5,991,828	8,549,486	
Real Estate and Rental Services	-	-	-	-	-	-	3,615,551	1,081,627	246,206	100,257	-	-	-	-	-	56	-	2,635,722	2,407,975	5,043,697	
Self-Employment Services	-	-	-	-	-	-	435,891	317,525	37,841	16,207	-	-	-	-	-	-	-	663,148	144,316	807,464	
Educational Services	-	-	-	-	-	-	21,385	51,724	4,181	271	-	-	-	-	-	3	-	74,362	3,202	77,564	
Health and Social Services	-	498,138	-	-	-	-	152,568	12,490	852	19	-	-	-	-	-	4	-	662,287	1,784	664,071	
Other	-	-	-	-	-	-	388,247	9,285,910	1,563,204	78,098	-	-	-	-	-	51,956	5,764	11,207,227	165,952	11,373,179	
<b>Total</b>	<b>3,237,896</b>	<b>498,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,425,740</b>	<b>40,867,133</b>	<b>22,812,619</b>	<b>3,506,240</b>	<b>1,260,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,585</b>	<b>94,290</b>	<b>48,289,787</b>	<b>27,200,674</b>	<b>75,490,461</b>	

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.



# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### II. Explanations Related to the Consolidated Credit Risk (Continued)

#### Risk profile by Sectors or Counterparties: (Continued)

Exposure Categories (**)																					
Prior Period	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	-	-	-	-	-	-	701,699	1,135,443	85,272	80,422	-	-	-	-	-	5,748	-	1,835,535	173,049	2,008,584	
Farming	ar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stockbreeding	-	-	-	-	-	-	609,284	1,114,036	84,383	78,226	-	-	-	-	-	5,748	-	1,735,159	156,518	1,891,677	
Forestry	-	-	-	-	-	-	15,457	4,910	-	-	-	-	-	-	-	-	-	20,367	-	20,367	
Fishery	-	-	-	-	-	-	76,958	16,497	889	2,196	-	-	-	-	-	-	-	80,009	16,531	96,540	
Manufacturing	-	-	-	-	-	-	17,977,874	5,710,923	470,320	289,731	-	-	-	-	-	3	-	14,200,796	10,248,055	24,448,851	
Mining and Quarrying	-	-	-	-	-	-	1,141,308	283,652	31,329	4,611	-	-	-	-	-	-	-	913,903	546,997	1,460,900	
Production	-	-	-	-	-	-	16,132,913	5,404,971	430,595	283,167	-	-	-	-	-	3	-	13,011,694	9,239,955	22,251,649	
Electricity, Gas and Water	-	-	-	-	-	-	703,653	22,300	8,396	1,953	-	-	-	-	-	-	-	275,199	461,103	736,302	
Construction	-	-	-	-	-	-	3,321,552	1,517,921	279,655	108,549	-	-	-	-	-	-	-	3,634,596	1,593,081	5,227,677	
Services	422,706	293,238	-	-	-	2,596,912	14,074,480	6,772,589	870,126	405,810	-	-	-	-	-	542,835	57,131	16,382,983	9,652,844	26,035,827	
Wholesale and Retail Trade	-	-	-	-	-	-	5,553,019	3,398,240	308,213	187,933	-	-	-	-	-	820	-	6,968,356	2,479,869	9,448,225	
Accommodation	ar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dining	-	-	-	-	-	-	1,145,195	442,243	205,419	22,944	-	-	-	-	-	-	-	907,758	908,043	1,815,801	
Transportation	ar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Telecom.	-	-	-	-	-	-	2,042,906	1,324,092	112,216	96,410	-	-	-	-	-	230	-	2,729,235	846,619	3,575,854	
Financial Institutions	422,706	-	-	-	-	2,596,912	2,004,792	50,875	2,949	7,015	-	-	-	-	-	541,723	57,131	2,501,190	3,182,913	5,684,103	
Real Estate and Rent Services	-	-	-	-	-	-	2,733,017	1,117,702	210,534	81,208	-	-	-	-	-	56	-	2,046,211	2,096,306	4,142,517	
Self-Employment Services	-	-	-	-	-	-	406,892	377,165	26,540	9,456	-	-	-	-	-	-	-	683,817	136,236	820,053	
Educational Services	-	-	-	-	-	-	15,958	50,876	3,558	669	-	-	-	-	-	2	-	70,995	68	71,063	
Health and Social Services	-	293,238	-	-	-	-	172,701	11,396	697	175	-	-	-	-	-	4	-	475,421	2,790	478,211	
Other	-	-	-	-	-	-	742,266	8,393,982	1,877,587	112,649	-	-	-	-	-	21,444	163	10,837,309	310,782	11,148,091	
<b>Total</b>	<b>422,706</b>	<b>293,238</b>	-	-	-	<b>2,596,912</b>	<b>36,817,871</b>	<b>23,530,858</b>	<b>3,582,960</b>	<b>997,161</b>	-	-	-	-	-	<b>570,030</b>	<b>57,294</b>	<b>46,891,219</b>	<b>21,977,811</b>	<b>68,869,030</b>	

(\*) Foreign Currency oriented credits are shown in TL column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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**II. Explanations Related to the Consolidated Credit Risk (Continued)**

**Analysis of maturity-bearing exposures according to remaining maturities:**

Current Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Exposure Categories					
Conditional and unconditional exposures to central governments or central banks	2,822,016	1,055	-	-	405,667
Conditional and unconditional exposures to regional governments or local authorities	248	1,956	3,723	9,493	480,822
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	806,114	34,576	520,202	190,462	67,727
Conditional and unconditional exposures to corporates	7,525,765	4,161,521	2,991,275	3,885,452	9,284,935
Conditional and unconditional retail exposures	5,734,001	729,749	1,880,877	1,780,528	10,505,072
Conditional and unconditional exposures secured by real estate property	591,351	103,932	155,687	173,841	2,377,331
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	43,326	723	1,667	-	86
Investments in equities	-	-	-	-	-
<b>Total</b>	<b>17,522,821</b>	<b>5,033,512</b>	<b>5,553,431</b>	<b>6,039,776</b>	<b>23,121,640</b>

Prior Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Exposure Categories					
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>

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**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												Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Exposures before Credit												
Risk Mitigation	19,055,574	-	5,123,068	6,199,592	6,429,363	30,409,959	45,586,402	458,291	-	-	-	585,508
Exposures after Credit												
Risk Mitigation	24,274,853	-	5,306,640	6,199,592	6,678,969	25,567,080	42,759,736	414,712	-	-	-	585,508
Prior Period												Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**II. Explanations Related to the Consolidated Credit Risk (Continued)**

**Information in terms of major sectors and type of counterparties:**

Current Period Major Sectors/ Counterparties	Credits		Provisions
	Impaired Receivables (TFRS 9)		Expected Credit Loss Provision)
	Significant Increase in Credit Risk (Stage II)	Impaired (Stage III)	
Agriculture	558,955	198,194	163,711
Farming and Stockbreeding	556,382	190,553	160,731
Forestry	-	6,809	2,136
Fishery	2,573	832	844
Manufacturing	2,184,931	572,046	497,944
Mining and Quarrying	139,471	62,029	45,419
Production	1,941,803	498,935	435,019
Electricity, Gas and Water	103,657	11,082	17,506
Services	3,543,578	1,377,532	1,222,839
Wholesale and Retail Trade	1,150,077	1,004,454	703,660
Accommodation and Dining	915,492	76,812	166,201
Transportation and Telecom.	401,052	85,630	100,654
Financial Institutions	196,071	28,611	55,288
Real Estate and Rental Services	748,552	98,131	131,569
Professional Services	98,203	61,609	47,638
Educational Services	31,410	19,655	15,711
Health and Social Services	2,721	2,630	2,118
Other	3,979,924	691,666	669,919
<b>Total</b>	<b>10,267,388</b>	<b>2,839,438</b>	<b>2,554,413</b>

Prior Period Major Sectors/ Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
	Agriculture	129,231		
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>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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

	31.12.2017 Balance	IFRS 9 Transition Impact	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments(*)	31.12.2018 Balance
Default (Stage 3/Specific Provision)	1,284,521	23,958	938,247	(56,006)	(476,477)	3,193	1,717,436
Expected Credit Loss (Stage 1/Stage 2)	578,401	444,674	505,301	(166,236)	-	(4,120)	1,358,020

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	31.12.2016 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments(*)	31.12.2017 Balance
Specific Provisions	1,248,400	852,910	(261,033)	(555,756)	-	1,284,521
General Provisions	684,898	16,062	(122,559)	-	-	578,401

(\*) 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

Country where risk is ultimately taken	Private Sector Loan in Banking Loans	Risk weighted amount calculated in trading accounts	Total
Turkey	61,743,011	690	61,743,701
England	395,720	-	395,720
TRNC	328,614	-	328,614
The Ivory Coast	316,496	-	316,496
Egypt	232,712	-	232,712
Russia	89,875	-	89,875
Germany	43,903	-	43,903
Japan	24,538	-	24,538
France	16,765	-	16,765
Other	14,353	-	14,353
	<b>63,205,987</b>	<b>690</b>	<b>63,206,677</b>

Country where risk is ultimately taken	Private Sector Loan in Banking Loans	Risk weighted amount calculated in trading accounts	Total
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
	<b>60,092,450</b>	<b>405,695</b>	<b>60,498,145</b>

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**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 2018, the Group’s balance sheet short position is TL9,629,296 (31 December 2017: TL10,323,568 short position) off-balance sheet long position is TL10,030,362 (31 December 2017: 10,443,721 long position) and as a result net foreign currency long position is TL401,066 (31 December 2017: net TL120,153 long position).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2018 and the previous five working days in full TL are as follows:

	24.12.2018	25.12.2018	26.12.2018	27.12.2018	28.12.2018	31.12.2018
<b>USD</b>	5.2778	5.2875	5.2681	5.2731	5.2562	5.2740
<b>JPY</b>	0.0477	0.0479	0.0477	0.0476	0.0476	0.0479
<b>EUR</b>	6.0246	6.0077	5.9977	6.0092	6.0215	6.0361

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2018 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	5.2906
<b>JPY</b>	0.0471
<b>EUR</b>	6.0203

**Currency risk sensitivity:**

The Bank is exposed to foreign exchange risk in EURO and USD.

The following table details the Bank’s sensitivity to a 10% change in USD and EUR exchange rates. The 10% rate used is the rate that the currency risk is reported to the senior management in the Bank. This ratio represents the possible change expected by the management in exchange rates. 10% depreciation of USD and EURO against TL affects profit and equity amounts positively if there is a short position, affects negatively if there is long position.

Change in exchange rate (%)	Effect on	
	Profit/Loss	Effect on Equity (*)
	31 December 2018	31 December 2018
USD 10 increase	7,949	(833)
USD 10 decrease	(7,949)	833
EURO 10 increase	(293)	(514)
EURO 10 decrease	293	514

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IV. Explanations Related to the Consolidated Currency Risk (Continued)

Currency risk sensitivity: (continued)

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2017	31 December 2017
USD	10 increase	(7,369)	972
USD	10 decrease	7,369	(972)
EURO	10 increase	(960)	45
EURO	10 decrease	960	(45)

(\*) The effect on the equity does not include the effect of the change in exchange rates on the income statement.

The Parent bank's sensitivity to change in foreign exchange rates did not change significantly in the current period. Opening or closing positions in line with market expectations may increase the sensitivity to change in exchange rates during the period.

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 2018, the Parent Bank has net USD long position TL60,839 and net EUR short position TL11,443.

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	7,131,200	5,790,929	780,374	13,702,503
Banks	1,204,185	874,192	975,158	3,053,535
Financial Assets at Fair Value Through Profit or Loss	68,670	120,617	-	189,287
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	321	408,467	16,750	425,538
Loans (**)	10,653,393	3,379,506	1,826,188	15,859,087
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*****)	307,706	25,543	5,384	338,633
<b>Total Assets</b>	<b>19,365,475</b>	<b>10,599,254</b>	<b>3,603,854</b>	<b>33,568,583</b>
<b>Liabilities</b>				
Bank Deposits	32,210	-	5	32,215
Foreign Currency Deposits (*)	7,826,149	16,886,183	2,322,822	27,035,154
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	7,458,435	6,562,684	1,219,823	15,240,942
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	4,857	-	-	4,857
Other Liabilities (***)	479,043	362,641	43,027	884,711
<b>Total Liabilities</b>	<b>15,800,694</b>	<b>23,811,508</b>	<b>3,585,677</b>	<b>43,197,879</b>
<b>Net Balance Sheet Position</b>	<b>3,564,781</b>	<b>(13,212,254)</b>	<b>18,177</b>	<b>(9,629,296)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3,972,285)</b>	<b>14,029,951</b>	<b>(27,304)</b>	<b>10,030,362</b>
Financial Derivative Assets (****)	9,532,528	27,103,160	892,119	37,527,807
Financial Derivative Liabilities (****)	13,504,813	13,073,209	919,423	27,497,445
Non-Cash Loans (*****)	6,531,063	5,941,120	896,004	13,368,187
<b>Prior Period</b>				
Total Assets	14,078,810	9,342,010	4,424,115	27,844,935
Total Liabilities	14,448,907	19,294,658	4,424,938	38,168,503
Net Balance Sheet Position	(370,097)	(9,952,648)	(823)	(10,323,568)
Net Off-Balance Sheet Position	44,990	10,424,488	(25,757)	10,443,721
Financial Derivative Assets	8,924,989	26,256,628	863,476	36,045,093
Financial Derivative Liabilities	8,879,999	15,832,140	889,233	25,601,372
Non-Cash Loans (*****)	6,052,584	5,487,498	252,325	11,792,407

(\*) Precious metal accounts amounting to TL1,182,236 (31 December 2017: TL692,499) are included in the foreign currency deposits

(\*\*) Foreign currency indexed loans amounting to TL1,337,691 (31 December 2017: TL2,746,506) are included in the loan portfolio. As of 31 December 2018, TL946 (31 December 2017: TL134,902) foreign currency indexed factoring receivables are added in loans.

(\*\*\*) TL8 (31 December 2017: TL440) expense accruals from derivative financial instruments are added to other liabilities. TL70,397 (31 December 2017: TL78,260) foreign currency indexed factoring payables is deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL1,076,004 (31 December 2017: TL2,363,470) are added to derivative financial assets and TL970,306 (31 December 2017: TL2,554,736) has been added to derivative financial liabilities.

(\*\*\*\*\*) Foreign currency indexed factoring receivables BITT amounting to TL27 (31 December 2017:None) are added to other assets while income accruals from derivative financial instruments amounting to TL200,454 (31 December 2017:62,873) is deducted.

(\*\*\*\*\*) There is no effect on the net off-balance sheet position.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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### 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	12,069,370	-	-	-	-	3,591,682	15,661,052
Banks	2,946,298	-	-	-	-	998,134	3,944,432
Financial Assets at Fair Value Through Profit or Loss	56,889	18,679	18,937	117,376	316,013	88,680	616,574
Money Market Placements	281,788	-	-	-	-	-	281,788
Financial Assets at Fair Value through Other Comprehensive Income	496,598	156,047	1,642,804	608,818	382,970	5,610	3,292,847
Loans (*)	17,059,990	5,987,128	12,121,178	24,534,157	4,844,969	1,131,247	65,678,669
Financial Assets measured at amortized cost	51,006	777,955	1,963,119	-	-	-	2,792,080
Other Assets	276,830	83,555	378,505	1,313,595	31,531	4,307,918	6,391,934
<b>Total Assets</b>	<b>33,238,769</b>	<b>7,023,364</b>	<b>16,124,543</b>	<b>26,573,946</b>	<b>5,575,483</b>	<b>10,123,271</b>	<b>98,659,376</b>
<b>Liabilities</b>							
Bank Deposits	227,383	-	-	-	-	47,697	275,080
Other Deposits	41,235,803	8,292,678	2,790,922	8,753	-	11,556,898	63,885,054
Money Market Borrowings	104,977	-	-	-	-	-	104,977
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	368,498	158,094	-	-	-	-	526,592
Funds Provided From Other Financial Institutions	3,120,562	3,850,314	7,068,131	121,305	1,880,474	-	16,040,786
Other Liabilities	84,404	178,702	187,209	932,224	11,292	16,433,056	17,826,887
<b>Total Liabilities</b>	<b>45,141,627</b>	<b>12,479,788</b>	<b>10,046,262</b>	<b>1,062,282</b>	<b>1,891,766</b>	<b>28,037,651</b>	<b>98,659,376</b>
Balance Sheet Long Position	-	-	6,078,281	25,511,664	3,683,717	-	35,273,662
Balance Sheet Short Position	(11,902,858)	(5,456,424)	-	-	-	(17,914,380)	(35,273,662)
Off-Balance Sheet Long Position	13,241,873	-	-	-	-	-	13,241,873
Off-Balance Sheet Short Position	-	(1,554,023)	(5,253,328)	(5,630,348)	(123,999)	-	(12,561,698)
<b>Total Position</b>	<b>1,339,015</b>	<b>(7,010,447)</b>	<b>824,953</b>	<b>19,881,316</b>	<b>3,559,718</b>	<b>(17,914,380)</b>	<b>680,175</b>

(\*) Revolving loans amounting to TL7,205,162 are included in “Up to 1 Month”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL295,181, intangible assets amounting to TL532,595, assets held for resale amounting to TL109,104, entities under common control (joint vent.) amounting to TL5 and the other liabilities line includes the shareholders’ equity of TL9,872,627.



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**V. Explanations Related to Consolidated Interest Rate Risk (Continued)**

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,936,275	-	-	-	-	2,039,497	10,975,772
Banks	1,617,926	-	-	-	-	926,876	2,544,802
Financial Assets at Fair Value Through Profit or Loss	116,906	75,855	99,297	350,591	70,741	692,814	1,406,204
Money Market Placements	64	-	-	-	-	-	64
Financial Assets at Fair Value Through Other Comprehensive Income	401,236	873,755	2,226,778	1,081,282	56,788	57,294	4,697,133
Loans (*)	15,346,771	3,699,678	11,301,111	25,740,100	6,530,415	707,056	63,325,131
Financial Assets at Amortised Cost	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>
Balance Sheet Long Position	-	-	3,981,996	26,725,789	6,655,550	-	37,363,335
Balance Sheet Short Position	(15,812,658)	(5,604,629)	-	-	-	(15,946,048)	(37,363,335)
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>(6,662,821)</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 sale 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.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	2.00	-	13.00
Banks	(0.55)	2.29	-	24.04
Financial Assets at Fair Value Through Profit or Loss	4.89	6.53	-	18.54
Money Market Placements	-	-	-	25.47
Financial Assets at Fair Value Through Other Comprehensive Income	2.77	6.67	-	23.07
Loans	3.66	6.24	5.15	22.67
Financial Assets Measured at Amortized Cost	-	-	-	22.21
Liabilities				
Bank Deposits	-	-	-	14.08
Other Deposits	1.34	3.77	1.57	22.01
Money Market Borrowings	-	-	-	25.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	24.40
Funds Provided From Other Financial Institutions	1.76	5.23	-	11.84
<hr/>				
	EUR %	USD %	YEN %	TL %
<b>Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	4.00
Banks	(0.44)	1.25	-	12.84
Financial Assets at Fair Value Through Profit or Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	11.57
Financial Assets at Fair Value Through Other Comprehensive Income	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.31
Financial Assets Measured at Amortized Cost	-	-	-	15.49
Liabilities				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.21
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.18	3.06	-	11.08

#### 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**V. Explanations Related to Consolidated Interest Rate Risk (Continued)**

**Interest rate risk on banking accounts: (Continued)**

- b) The Parent Bank only economic value differences resulted from interest rate instabilities calculated according to “Regulation on measurement and evaluation of interest rate risk resulted from the banking accounts as per standard shock method”:

<b>Type of Currency</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity– (Losses)/Equity</b>
TL	(400)	802,302	6.17%
TL	500	(892,217)	(6.87)%
EURO	(200)	31,754	0.24%
EURO	200	(24,292)	(0.19)%
USD	(200)	29,989	0.23%
USD	200	(19,668)	(0.15)%
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>864,045</b>	<b>6.65%</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(936,177)</b>	<b>(7.20)%</b>

**VI. Explanations Related to Share Certificate Position Risk from Consolidated Banking Book**

Equity securities which are not publicly traded in the Parent Bank’s financial statements are booked at their fair values, or otherwise booked at their cost values if calculation of fair value is not determined properly.

The Parent Bank has no stocks traded in Istanbul Stock Exchange.

**VII. 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 Parent 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**VII. 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.

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

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

- e) Information on liquidity risk mitigation techniques:

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

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

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

- f) Explanation on the usage of the stress test:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio  
(Continued)**

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.

**Liquidity Coverage Ratio:**

	Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 December 2018</b>				
<b>High Quality Liquid Assets</b>				
1	High Quality Liquid Assets		19,882,981	12,787,421
<b>Cash Outflows</b>				
2	Real Person and Retail Deposits	46,047,668	19,001,748	4,231,081
3	Stable Deposits	7,473,714	-	373,686
4	Less Stable Deposits	38,573,954	19,001,748	3,857,395
5	Unsecured Debts Other than Real Person and Retail Deposits	20,729,431	11,294,904	10,594,618
6	Operational Deposits	303,482	124,262	75,870
7	Non-operational Deposits	17,140,743	9,048,469	7,264,073
8	Other Unsecured Funding	3,285,206	2,122,173	3,254,675
9	Secured Funding	-	-	82,510
10	Other Cash Outflows	2,340,237	4,885,588	2,340,237
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	2,340,237	4,885,588	2,340,237
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	30,830,977	11,731,104	2,605,338
<b>16</b>	<b>Total Cash Outflows</b>			<b>19,853,784</b>
	<b>Cash Inflows</b>			<b>13,831,613</b>
17	Secured Liabilities	-	-	-
18	Unsecured Liabilities	15,650,516	10,056,817	12,479,035
19	Other Cash Inflows	613,991	7,541,582	613,991
<b>20</b>	<b>Total Cash Inflows</b>	<b>16,264,507</b>	<b>17,598,399</b>	<b>13,093,026</b>
				<b>16,821,468</b>
<b>Values to which the Upper Limit is Applied</b>				
<b>21</b>	<b>Total High Quality Liquid Assets</b>			<b>19,882,981</b>
<b>22</b>	<b>Total Net Cash Outflows</b>			<b>6,760,758</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>294.09</b>
				<b>369.80</b>

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

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**VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio  
(Continued)**

**Liquidity Coverage Ratio: (Continued)**

Prior Period – 31 December 2017	Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			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 Markets	-	-	-	-
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 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 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 Total High Quality Liquid Assets</b>			<b>16,057,102</b>	<b>9,399,501</b>
<b>22 Total Net Cash Outflows</b>			<b>9,403,297</b>	<b>3,453,016</b>
<b>23 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.

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.

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.

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**VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio  
(Continued)**

**Liquidity Coverage Ratio: (Continued)**

Consolidated Liquidity Coverage Ratio for the last three months are presented below:

	Current Period	
	TL+FC	FC
October 2018	288.45%	334.59%
November 2018	259.52%	460.68%
December 2018	249.60%	496.03%
	Prior Period	
	TL+FC	FC
October 2017	156.55%	220.77%
November 2017	199.64%	296.51%
December 2017	160.49%	315.66%

**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	3,591,682	12,069,370	-	-	-	-	-	15,661,052
Banks	998,134	2,946,298	-	-	-	-	-	3,944,432
Financial Assets at Fair Value Through Profit and Loss	-	223	1,361	17,490	192,702	316,118	88,680	616,574
Money Market Placements	-	281,788	-	-	-	-	-	281,788
Financial Assets at Fair Value Through Other Comprehensive Income	5,610	19,968	156,047	1,220,312	1,166,854	724,056	-	3,292,847
Loans (**)	-	17,052,075	5,982,189	12,121,178	24,556,256	4,844,969	1,122,002	65,678,669
Financial Assets Measured at Amortized Cost	-	-	-	-	2,198,759	593,321	-	2,792,080
Other Assets	-	467,639	392,662	796,887	1,464,881	31,531	3,238,334	6,391,934
<b>Total Assets</b>	<b>4,595,426</b>	<b>32,837,361</b>	<b>6,532,259</b>	<b>14,155,867</b>	<b>29,579,452</b>	<b>6,509,995</b>	<b>4,449,016</b>	<b>98,659,376</b>
<b>Liabilities</b>								
Bank Deposits	47,697	227,383	-	-	-	-	-	275,080
Other Deposits	11,556,898	41,226,948	8,289,682	2,802,773	8,753	-	-	63,885,054
Funds Provided From Other Financial Institutions	-	2,486,474	3,170,247	7,198,885	342,031	2,843,149	-	16,040,786
Money Market Borrowings	-	104,977	-	-	-	-	-	104,977
Securities Issued	-	368,498	158,094	-	-	-	-	526,592
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	64,776	4,654,347	633,319	848,165	1,070,052	11,292	10,544,936	17,826,887
<b>Total Liabilities</b>	<b>11,669,371</b>	<b>49,068,627</b>	<b>12,251,342</b>	<b>10,849,823</b>	<b>1,420,836</b>	<b>2,854,441</b>	<b>10,544,936</b>	<b>98,659,376</b>
<b>Liquidity Gap</b>	<b>(7,073,945)</b>	<b>(16,231,266)</b>	<b>(5,719,083)</b>	<b>3,306,044</b>	<b>28,158,616</b>	<b>3,655,554</b>	<b>(6,095,920)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>147,426</b>	<b>(56,654)</b>	<b>(3,761)</b>	<b>375,087</b>	<b>1,838</b>	<b>-</b>	<b>463,936</b>
Financial Derivative Assets	-	13,443,961	10,708,847	16,665,546	14,044,584	646,865	-	55,509,803
Financial Derivative Liabilities	-	13,296,535	10,765,501	16,669,307	13,669,497	645,027	-	55,045,867
Non-Cash Loans	6,069,867	1,470,618	2,589,098	5,765,025	6,774,921	-	-	22,669,529
<b>Prior Period</b>								
Total Assets	3,023,667	27,183,598	4,608,097	12,589,448	30,086,020	7,252,431	3,026,573	87,769,834
Total Liabilities	9,522,425	45,342,687	10,372,924	8,946,101	1,140,587	2,317,229	10,127,881	87,769,834
<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

(\*) 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 TL7,205,162 (31 December 2017: TL7,128,307) are included in “Up to 1 Month”.

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**VII. 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 2018</b>								
Money Market Borrowings	-	105,020	-	-	-	-	(43)	104,977
Deposit	11,556,898	41,389,362	8,487,709	3,033,077	10,606	-	(592,598)	63,885,054
Bank Deposit	47,697	227,557	-	-	-	-	(174)	275,080
Funds provided from other financial institutions	-	2,697,402	3,191,464	7,571,484	543,770	4,446,642	(2,409,976)	16,040,786
<b>Total</b>	<b>11,604,595</b>	<b>44,419,341</b>	<b>11,679,173</b>	<b>10,604,561</b>	<b>554,376</b>	<b>4,446,642</b>	<b>(3,002,791)</b>	<b>80,305,897</b>
<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>

**Analysis of contractual expiry by maturity of the Group’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 2018</b>						
<b>Derivative Financial Instruments for Hedging Purposes</b>						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	1,478,649	1,269,268	992,614	1,429,446	133,980	5,303,957
<b>Held for Trading Transactions</b>						
Foreign Exchange Forward Contracts-Sell	1,420,228	1,571,984	2,149,526	735,469	-	5,877,207
Currency Swaps-Sell	7,774,826	7,149,085	7,779,132	8,143,920	179,003	31,025,966
Interest Rate Swaps-Sell	1,807	783	15,680	106,620	5,816	130,706
Foreign Currency Futures-Sell	-	-	-	-	-	-
Foreign Currency Options-Sell	1,523,162	2,271,203	2,508,514	11,330	-	6,314,209
<b>Total</b>	<b>12,198,672</b>	<b>12,262,323</b>	<b>13,445,466</b>	<b>10,426,785</b>	<b>318,799</b>	<b>48,652,045</b>
<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>

Cash disposal of derivative instruments is shown in the table above.



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**VIII. Explanations Related to Consolidated Leverage Ratio**

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

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

- 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(*)	101,829,657	86,992,149
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	54,485	641,096
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	728,753	698,335
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	41,093,276	40,300,931
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	(560,547)	(553,322)
<b>7 Total risk amount</b>	<b>143,145,624</b>	<b>128,079,189</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>		
Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	99,084,876	86,241,388
(Assets Deducted from Core Capital)	(560,547)	(553,322)
<b>3 Total Risk Amount for Assets on the Balance Sheet</b>	<b>98,524,329</b>	<b>85,688,066</b>
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	2,799,266	1,391,857
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	728,753	698,335
<b>6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives</b>	<b>3,528,019</b>	<b>2,090,192</b>
<b>Financing Transactions With Securities Or Goods Warranties</b>		
Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	-	-
8 Risk Amount Arising from Intermediated Transactions	-	-
<b>9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties</b>	<b>-</b>	<b>-</b>
<b>Off-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	41,093,276	40,300,931
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
<b>12 Total Risk Amount for Off-balance Sheet Transactions</b>	<b>41,093,276</b>	<b>40,300,931</b>
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	9,413,198	8,320,349
<b>14 Total Risk Amount</b>	<b>143,145,624</b>	<b>128,079,189</b>
<b>Leverage Ratio</b>		
<b>15 Leverage Ratio</b>	<b>6.58%</b>	<b>6.50%</b>

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

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**IX. 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>Current Period</b>
<b>Financial Assets</b>	<b>75,989,816</b>	<b>73,831,284</b>
Money Market Placements	281,788	281,788
Banks	3,944,432	3,944,432
Financial Assets at Fair Value Through Other Comprehensive Income	3,292,847	3,292,847
Financial Assets measured at amortized cost	2,792,080	2,771,118
Loans (**)	65,678,669	63,541,099
<b>Financial Liabilities</b>	<b>83,152,604</b>	<b>83,739,015</b>
Bank Deposit	275,080	275,080
Other Deposit	63,885,054	64,414,653
Funds Borrowed From Other Financial Institutions(*)	16,145,763	16,202,575
Marketable Securities Issued	526,592	526,592
Sundry Creditors	2,320,115	2,320,115
	<b>Book Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>72,973,831</b>	<b>72,503,258</b>
Money Market Placements	64	64
Banks	2,544,802	2,544,802
Financial Assets Available for Sale	4,697,133	4,697,133
Held-To-Maturity Investments	401,854	403,707
Loans(**)	65,329,978	64,857,552
<b>Financial Liabilities</b>	<b>75,390,114</b>	<b>75,726,972</b>
Bank Deposit	279,370	279,370
Other Deposit	55,254,483	55,560,619
Funds Borrowed From Other Financial Institutions(*)	17,072,594	17,103,316
Marketable Securities Issued	1,289,688	1,289,688
Sundry Creditors	1,493,979	1,493,979

(\*) 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.

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**IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value  
(Continued)**

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 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>3,795,095</b>	<b>3,227,564</b>	-	<b>7,022,659</b>
Financial assets at fair value through profit and loss	527,894	2,699,439	-	3,227,333
<i>Public sector debt securities</i>	527,894	-	-	527,894
<i>Financial assets at fair value through profit or loss</i>	-	2,610,759	-	2,610,759
<i>Other Financial assets at fair value through profit or loss</i>	-	88,680	-	88,680
Derivative financial assets for hedging purposes	-	502,479	-	502,479
Financial Assets at Fair Value Through Other Comprehensive Income	3,267,201	25,646	-	3,292,847
<i>Public sector debt securities</i>	3,267,201	20,036	-	3,287,237
<i>Other Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	5,610	-	5,610
<b>Financial Liabilities</b>				
Derivative financial liabilities at fair value through profit or loss	-	<b>2,764,984</b>	-	<b>2,764,984</b>
Derivative financial liabilities for hedging purposes	-	2,375,802	-	2,375,802
	-	389,182	-	389,182
<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>5,087,529</b>	<b>1,097,869</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	4,626,569	65,350	-	4,691,919
<i>Public sector debt securities</i>	4,626,569	13,270	-	4,639,839
<i>Other financial assets available for sale (*)</i>	-	52,080	-	52,080
<b>Financial Liabilities</b>	-	<b>1,401,408</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

(\*) As of 31 December 2017 all unquoted share certificates of TL5,214 which are recorded at cost since its fair value cannot be reliably estimated are not included.

There is no transition between the levels in the current year.

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**X. 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.

**XI. 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.

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**XI. 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)	68,171,711	60,616,638	5,453,737
2	Of which Standardized Approach (SA)	68,171,711	60,616,638	5,453,737
3	Of which Internal Rating-based (IRB) Approach	-	-	-
4	Counterparty Credit Risk	1,306,710	1,558,203	104,538
5	Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,306,710	1,558,203	104,538
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	724,900	674,263	57,992
17	Standardized Approach (SA)	724,900	674,263	57,992
18	Internal Model Approaches (IMM)	-	-	-
19	Operational Risk	7,630,255	7,022,512	610,420
20	Of which Basic Indicator Approach	7,630,255	7,022,512	610,420
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	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>77,833,576</b>	<b>69,871,616</b>	<b>6,226,687</b>

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**XI. 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 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	15,661,052	15,661,052	-	-	-
Banks	3,944,432	3,945,499	-	-	-
Receivables from money markets	281,788	-	281,788	-	-
Financial Assets at Fair Value Through Profit or Loss	616,574	88,680	-	527,894	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,292,847	3,293,587	-	-	-
Financial Assets measured at amortized cost	2,792,080	2,792,080	-	-	-
Derivative Financial Assets at Fair Value Through Profit and Loss	2,610,759	-	2,610,797	2,610,797	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	502,479	-	502,479	502,479	-
Non performing financial assets	-	-	-	-	-
Expected Credit Loss (-)	(8,958)	-	-	-	-
Loans and receivables	64,031,764	65,228,807	-	-	-
Factoring receivables	1,646,905	1,644,983	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	109,104	109,104	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	295,181	246,227	-	-	48,954
Intangible assets (net)	532,595	-	-	-	532,595
Investment properties (net)	-	-	-	-	-
Tax assets	1,358	1,358	-	-	-
Deferred tax assets	208,699	208,699	-	-	-
Other assets	2,140,712	1,843,849	297,053	495	-
<b>Total Assets</b>	<b>98,659,376</b>	<b>95,063,930</b>	<b>3,692,117</b>	<b>3,641,665</b>	<b>581,549</b>
<b>Liabilities</b>					
Deposits	64,160,134	-	-	-	-
Loans	13,197,638	-	-	-	-
Debt to money markets Loans	104,977	-	104,977	-	-
Debt securities in issue	526,592	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative Financial Liabilities	2,764,984	-	1,807,845	-	-
Factoring debts	7,961	-	-	-	-
Provisions	682,228	-	-	-	-
Tax liability	301,912	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated Debts	2,843,148	-	-	-	-
Other liability	4,197,175	-	466,742	-	-
Equity	9,872,627	-	-	-	-
<b>Total Liabilities</b>	<b>98,659,376</b>	<b>-</b>	<b>2,379,564</b>	<b>-</b>	<b>-</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

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**XI. 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 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	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>

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**XI. 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**

<b>Current Period</b>	<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>98,659,376</b>	<b>95,063,930</b>	<b>3,692,117</b>	<b>3,641,665</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	2,379,564	-	2,379,564	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>96,279,812</b>	<b>95,063,930</b>	<b>1,312,553</b>	<b>3,641,665</b>
4 Off-balance sheet amounts	90,531,754	16,948,427	480,953	-
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>112,012,357</b>	<b>1,793,506</b>	<b>3,641,665</b>

<b>Prior Period</b>	<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</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>

**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.



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**XI. 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	2,839,438	65,749,908	2,910,677	65,678,669
2 Debt Securities	-	6,079,317	629	6,078,688
3 Off-balance sheet exposures	-	38,746,911	202,659	38,544,252
<b>Total</b>	<b>2,839,438</b>	<b>110,576,136</b>	<b>3,113,965</b>	<b>110,301,609</b>

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>Total</b>	<b>1,990,299</b>	<b>110,231,268</b>	<b>1,333,262</b>	<b>110,888,305</b>

(\*) Refers to the amount of specific provision.

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**XI. Explanations Related to Consolidated Risk Management (Continued)**

**3. Consolidated Credit Risk Disclosure (Continued)**

**3.1. General information about credit risk (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 2017</b>	<b>1,990,299</b>
2	Loans and debt securities that have defaulted since the last reporting period	2,216,569
3	Returned to non-defaulted status	(2,018)
4	Amounts written off	(503,724)
5	Other changes (*)	(861,688)
<b>6</b>	<b>Defaulted loans and debt securities at end of 31 December 2018 (1+2-3-4-5)</b>	<b>2,839,438</b>

(\*) Includes collections during the period

<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

**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.

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**XI. 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 (continued)**

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	1,787,994	3.51	178,966	1.21
Farming and Stockbreeding	1,738,141	3.41	171,414	1.16
Forestry	-	-	-	-
Fishery	49,853	0.10	7,552	0.05
Manufacturing	16,142,441	31.68	7,768,819	52.47
Mining and Quarrying	1,692,945	3.32	279,915	1.89
Production	14,041,079	27.56	7,018,356	47.40
Electricity, Gas and Water	408,417	0.80	470,548	3.18
Construction	2,384,192	4.68	590,798	3.99
Services	14,477,597	28.43	6,200,132	41.87
Wholesale and Retail Trade	6,499,992	12.77	1,258,729	8.50
Accommodation and Dining	974,993	1.91	1,051,394	7.10
Transportation and Telecom.	2,310,061	4.53	420,794	2.84
Financial Institutions	1,512,073	2.97	1,399,131	9.45
Real Estate and Rental Services	1,232,072	2.42	1,985,634	13.41
Self-Employment Services	716,220	1.41	80,243	0.54
Educational Services	88,151	0.17	4,207	0.03
Health and Social Services	1,144,035	2.25	-	-
Other	16,152,565	31.70	66,404	0.46
<b>Total</b>	<b>50,944,789</b>	<b>100.00</b>	<b>14,805,119</b>	<b>100.00</b>

	Prior 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>

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”.

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**XI. 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 (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 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”

- g) Ageing analysis of accounting past-due exposures

<b>31 December 2018</b>	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	633,604	778,263	1,218,309	2,630,176
Consumer Loans	602,920	355,875	430,668	1,389,463
Credit Cards	106,973	136,331	99,341	342,645
<b>Total</b>	<b>1,343,497</b>	<b>1,270,469</b>	<b>1,748,318</b>	<b>4,362,284</b>
<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>

- h) Breakdown of restructured exposures between impaired and not impaired exposures:

Not impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Significant Increase in Credit Risk (Stage II)</b>	<b>Net Amount</b>
Commercial Loans	1,866,363	290,760	1,575,603
Consumer Loans	97,445	8,455	88,990
Credit Cards	49,128	4,263	44,865
<b>Toplam</b>	<b>2,012,936</b>	<b>303,478</b>	<b>1,709,458</b>

<b>Prior 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>Toplam</b>	<b>1,794,543</b>	<b>-</b>	<b>1,794,543</b>

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**XI. 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 (continued)**

h) Breakdown of restructured exposures between impaired and not impaired exposures: (continued)

Impaired loans:

<b>Current Period</b>	<b>Gross Amount</b>	<b>Default (Stage 3/Specific Provision)</b>	<b>Net Amount</b>
Commercial Loans	14,325	11,363	2,962
Consumer Loans	26,861	15,352	11,509
Credit Cards	8,072	5,464	2,608
<b>Total</b>	<b>49,258</b>	<b>32,179</b>	<b>17,079</b>

<b>Prior 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>

**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.

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**XI. Explanations Related to Consolidated Risk Management (Continued)**

**3. Consolidated Credit Risk Disclosure (Continued)**

**3.2 Credit Risk Mitigation (continued)**

**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	48,045,927	9,664,220	8,690,629	9,163,643	6,601,291	-	-
2 Debt Securities	6,080,057	-	-	-	-	-	-
<b>3 Total</b>	<b>54,125,984</b>	<b>9,664,220</b>	<b>8,690,629</b>	<b>9,163,643</b>	<b>6,601,291</b>	-	-
4 Of which defaulted	2,739,854	89,333	66,566	10,251	948	-	-

	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>Prior 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	-	-

**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.

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**XI. Explanations Related to Consolidated Risk Management (Continued)**

**3. Consolidated Credit Risk Disclosure (Continued)**

**3.3. Credit risk under standardised approach (continued)**

**3.3.1. Disclosures on banks’ use of credit ratings under the standard approach for credit risk (continued)**

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%

**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	
	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	20,221,030	-	25,399,521	40,788	3,232,295	13%
2 Exposures to regional governments or local authorities	992,484	6,578	984,538	3,144	494,165	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-
6 Exposures to institutions	5,934,637	1,366,431	5,589,701	1,551,717	2,335,668	33%
7 Exposures to corporates	27,699,669	20,226,548	25,770,859	12,033,390	37,336,369	99%
8 Retail exposures	27,496,201	12,620,886	22,857,077	2,709,599	19,168,904	75%
9 Exposures secured by residential property	6,067,061	327,662	6,067,062	132,530	2,169,857	35%
10 Exposures secured by commercial real estate	2,558,285	211,302	2,558,285	114,482	1,336,383	50%
11 Past-due loans	1,119,001	205,582	1,118,053	65,022	1,222,582	103%
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	2,888,926	3,737,224	2,882,536	2,243	781,198	27%
17 Investments in equities	94,290	-	94,290	-	94,290	100%
<b>18 Total</b>	<b>95,071,584</b>	<b>38,702,213</b>	<b>93,321,922</b>	<b>16,652,915</b>	<b>68,171,711</b>	<b>62%</b>

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**XI. 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
<b>Asset classes</b>						
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 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>



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**XI. 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 – exposures by asset classes and risk weights**

Current Period	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
Asset Classes / Risk Weights											
1 Exposures to regional governments or local authorities	22,208,014	-	-	-	-	-	3,232,295	-	-	-	25,440,309
2 Exposures to regional governments or local authorities	-	-	-	-	987,037	-	645	-	-	-	987,682
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to banks and financial intermediaries	-	-	5,081,786	-	1,484,779	-	570,717	4,136	-	-	7,141,418
7 Exposures to corporates	-	-	160,786	-	678,504	-	36,964,959	-	-	-	37,804,249
8 Retail exposures	-	-	7,903	-	7,021	25,551,752	-	-	-	-	25,566,676
9 Exposures secured by residential property	-	-	-	6,199,592	-	-	-	-	-	-	6,199,592
10 Exposures secured by commercial real estate	-	-	-	-	2,672,767	-	-	-	-	-	2,672,767
11 Past-due loans	-	-	-	-	331,085	-	441,891	410,099	-	-	1,183,075
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	-	-	-	-	-	-	94,290	-	-	-	94,290
17 Other assets	2,066,839	-	45,928	-	-	-	772,012	-	-	-	2,884,779
<b>18 Total</b>	<b>24,274,853</b>	<b>-</b>	<b>5,296,403</b>	<b>6,199,592</b>	<b>6,161,193</b>	<b>25,551,752</b>	<b>42,076,809</b>	<b>414,235</b>	<b>-</b>	<b>-</b>	<b>109,974,837</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.

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**XI. 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 – exposures by asset classes and risk weights (Continued)**

	Prior Period Asset Classes / Risk Weights	0%	10%	20%	35%	50% secured by real estate (*)	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	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</b>	<b>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.

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**XI. 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.

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**XI. 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)	749,662	480,953		1.4	1,215,124	953,104
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					11,621	2,970
						<b>956,074</b>

<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)	1,032,519	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

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**XI. 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	1,215,124	350,636
<b>Total subject to the CVA capital charge</b>	<b>1,215,124</b>	<b>350,636</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	1,681,750	548,443
<b>Total subject to the CVA capital charge</b>	<b>1,681,750</b>	<b>548,443</b>

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**XI. 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 Risk Weight/ Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure (*)</b>
Claims from central governments and central banks	-	-	-	-	-	-	5,601	-	-	5,601
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	-	-	9,468	-	515,103	-	-	477	-	525,048
Corporates	-	-	769	-	2,673	-	677,319	-	-	680,761
Retail portfolios	-	-	-	-	-	15,328	7	-	-	15,335
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>10,237</b>	-	<b>517,776</b>	<b>15,328</b>	<b>682,927</b>	<b>477</b>	-	<b>1,226,745</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.

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**XI. 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)**

<b>Prior Period</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>Total credit 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>155,157</b>	-	<b>1,100,189</b>	<b>15,447</b>	<b>415,249</b>	<b>1,200</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.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**XI. 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	-	1,642	-	-	-	-
Cash – other currencies	-	13,849	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>15,491</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	-	-	-	-	-	-
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>	-	-	-	-

**4.6. Credit derivatives exposures**

	Current Period	
	Protection bought	Protection sold
<b>Nominal</b>		
Single-name credit default swaps	105,480	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>105,480</b>	<b>-</b>
<b>Fair Values</b>	<b>(5,875)</b>	<b>-</b>
Positive fair value (asset)	390	-
Negative fair value (liability)	(6,265)	-
	Prior Period	
	Protection bought	Protection sold
<b>Nominal</b>		
Single-name credit default swaps	105,480	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>105,480</b>	<b>-</b>
<b>Fair Values</b>	<b>(5,875)</b>	<b>-</b>
Positive fair value (asset)	390	-
Negative fair value (liability)	(6,265)	-

**4.7. Exposures to central counterparties**

None.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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**XI. 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 Group.

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**XI. Explanations Related to Consolidated Risk Management (Continued)**

**6. Market Risk Disclosures (Continued)**

**6.1. Qualitative disclosure requirements related to market risk**

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)	634,338
2	Equity risk (general and specific)	-
3	Foreign exchange risk	55,124
4	Commodity risk	12,000
Options		
5	Simplified approach	-
6	Delta-plus method	23,438
7	Scenario approach	-
8	Securitisation	-
<b>9</b>	<b>Total</b>	<b>724,900</b>
<b>Prior 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>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**XI. 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:

	31.12.2015	31.12.2016	31.12.2017	Total/ Positive Year	Rate (%)	Total
Gross Income	3,709,942	4,222,997	4,275,468	4,069,469	15	610,420
Operational Risk Capital Requirement (Total*12,5)						7,630,255
	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

- 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(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 the Republic of Turkey:**

	Current Period	
	TL	FC
Cash in TL/Foreign Currency	442,449	1,564,017
Balances with the Central Bank of Turkey	1,516,100	12,032,184
Other	-	106,302
<b>Total</b>	<b>1,958,549</b>	<b>13,702,503</b>

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

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

	Current Period	
	TL	FC
Unrestricted Demand Deposit	1,478,914	-
Unrestricted Time Deposit	-	5,243,049
Restricted Time Deposit	37,186	6,789,135
<b>Total</b>	<b>1,516,100</b>	<b>12,032,184</b>

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

Foreign currency unrestricted deposit amounting to TL5,243,049 (31 December 2017: TL1,384,996), foreign currency restricted deposit amounting to TL6,789,135 (31 December 2017: TL7,540,264), unrestricted deposit balance amounting to TL1,478,914 (31 December 2017: TL1,042,047) and restricted deposit amounting to TL37,186 (31 December 2017: TL11,015) comprises of reserve deposits. As of 31 December 2018, the Turkish lira required reserve ratios are determined to be within the range of 1.5%-8% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2017: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-20% (31 December 2017: 4%-24%).

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

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

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

Net book value of unrestricted financial assets at fair value through profit or loss is TL527,894 (31 December 2017: TL460,960).

**TÜRK EKONOMİ BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**I. Explanations and Disclosures Related to the Consolidated Assets (Continued)****3. Positive differences related to derivative financial assets held-for-trading:**

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	458,840	10,370
Swap Transactions	1,812,153	186,750
Futures Transactions	-	-
Options	129,526	12,730
Other	-	390
<b>Total</b>	<b>2,400,519</b>	<b>210,240</b>

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

**4. Information on banks:**

## a) Information on banks:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
Domestic Banks	801,550	21,467
Foreign Banks	82,122	3,039,293
Foreign Head Offices and Branches	-	-
<b>Total</b>	<b>883,672</b>	<b>3,060,760</b>

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
Domestic Banks	568,825	511,622
Foreign Banks	108,050	1,356,305
Foreign Head Offices and Branches	-	-
<b>Total</b>	<b>676,875</b>	<b>1,867,927</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 (Continued):

##### b) Information on foreign banks:

	Unrestricted Amount	Restricted Amount
	Current Period	Current Period
EU Countries	2,590,068	-
USA and Canada	43,364	-
OECD Countries(*)	59,582	-
Off-Shore Banking Regions	383,071	-
Other	45,330	-
<b>Toplam</b>	<b>3,121,415</b>	<b>-</b>

	Unrestricted Amount	Restricted Amount
	Prior Period	Prior Period
EU Countries	956,656	-
USA and Canada	25,001	-
OECD Countries(*)	181,220	-
Off-Shore Banking Regions	284,954	-
Other	16,524	-
<b>Toplam</b>	<b>1,464,355</b>	<b>-</b>

(\*) OECD members excluding EU countries, USA and Canada.

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

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

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar Investment Securities	266,235	-
Other	-	-
<b>Total</b>	<b>266,235</b>	<b>-</b>

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

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 at fair value through other comprehensive income (continued):

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

	Current Period	
	TL	FC
Government Bonds	64,511	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
<b>Total</b>	<b>64,511</b>	<b>-</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL2,962,101.

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

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

Net book value of debt securities and equity securities in unrestricted financial assets available for sale is TL3,128,616.

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

	Current Period
Debt Securities	3,287,237
Quoted on a Stock Exchange	3,267,201
Not Quoted	20,036
Equity Securities	5,610
Quoted on a Stock Exchange	-
Not Quoted	5,610
Impairment Provision (-)	-
<b>Total</b>	<b>3,292,847</b>

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

	Prior Period
Debt Securities	4,639,839
Quoted on a Stock Exchange	4,626,569
Not Quoted	13,270
Equity Securities	57,294
Quoted on a Stock Exchange	-
Not Quoted	57,294
Impairment Provision (-)	-
<b>Total</b>	<b>4,697,133</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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:**

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

	<b>Current Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	19,520	260,569
Corporate Shareholders	19,520	260,569
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	108,259	-
<b>Total</b>	<b>127,779</b>	<b>260,569</b>
	<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
Direct Loans Granted to Shareholders	100,051	301,623
Corporate Shareholders	100,051	301,623
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	101,302	-
<b>Total</b>	<b>201,353</b>	<b>301,623</b>

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

<b>Cash Loans</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables under Close Monitoring</b>		
		<b>Loans and Other Receivables Not Subject to Restructuring</b>	<b>Loans Under Restructuring</b>	
			<b>Modifications on Agreement Conditions</b>	<b>Refinancing</b>
Non-specialized loans	55,482,520	8,254,452	313,312	1,699,624
Working Capital Loans	5,637,888	1,185,879	20,973	526,354
Export Loans	7,214,944	507,160	9,075	66,254
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,005,340	3	-	-
Consumer Loans	10,568,447	2,661,974	526	96,919
Credit Cards	3,492,684	715,765	49,128	-
Other	27,563,217	3,183,671	233,610	1,010,097
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>55,482,520</b>	<b>8,254,452</b>	<b>313,312</b>	<b>1,699,624</b>



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**I. Explanations and Disclosures Related to the Consolidated Assets (Continued)**

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

	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables under Close Monitoring</b>
12 Month Expected Loss Provision	356,264	-
Significant increase in Credit Risk	-	836,977
<b>Total</b>	<b>356,264</b>	<b>836,977</b>

<b>Number of Extensions</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables under Close Monitoring (*)</b>
Extended by 1 or 2 Times	-	177,848
Extended by 3,4 or 5 Times	-	52,263
Extended by Over 5 Times	-	83,204
<b>Total</b>	<b>-</b>	<b>313,315</b>

(\*) Refers to the loan amounts made for the extension of the payment plan within the restructured loans.

<b>Extension Periods</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables under Close Monitoring (*)</b>
0-6 Months	-	77,674
6-12 Months	-	71,312
1-2 Years	-	71,512
2-5 Years	-	80,741
5 Years and Over	-	12,076
<b>Total</b>	<b>-</b>	<b>313,315</b>

(\*) Refers to the loan amounts made for the extension of the payment plan within the restructured loans.

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>Restructured or Rescheduled</b>
Short-term Loans	26,201,023	2,128,768	374,320
Medium and long-term Loans	29,281,497	6,125,684	1,638,616
<b>Total</b>	<b>55,482,520</b>	<b>8,254,452</b>	<b>2,012,936</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

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FROM 1 JANUARY TO 31 DECEMBER 2018**

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

**6. Information on loans: Continued)**

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>368,621</b>	<b>12,344,890</b>	<b>12,713,511</b>
Housing Loans	1,514	5,971,254	5,972,768
Vehicle Loans	8,649	403,124	411,773
General Purpose Loans	358,458	5,970,512	6,328,970
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>21,184</b>	<b>21,184</b>
Housing Loans	-	21,172	21,172
Vehicle Loans	-	-	-
General Purpose Loans	-	12	12
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>12</b>	<b>36,064</b>	<b>36,076</b>
Housing Loans	-	6,992	6,992
Vehicle Loans	-	6,639	6,639
General Purpose Loans	12	22,433	22,445
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2,681,027</b>	<b>43,729</b>	<b>2,724,756</b>
With Installments	807,930	43,729	851,659
Without Installments	1,873,097	-	1,873,097
<b>Individual Credit Cards-FC</b>	<b>9,541</b>	<b>-</b>	<b>9,541</b>
With Installments	-	-	-
Without Installments	9,541	-	9,541
<b>Personnel Loans-TL</b>	<b>7,220</b>	<b>62,445</b>	<b>69,665</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	7,220	62,445	69,665
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>32,513</b>	<b>82</b>	<b>32,595</b>
With Installments	10,064	82	10,146
Without Installments	22,449	-	22,449
<b>Personnel Credit Cards-FC</b>	<b>168</b>	<b>-</b>	<b>168</b>
With Installments	-	-	-
Without Installments	168	-	168
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>483,742</b>	<b>-</b>	<b>483,742</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>3,688</b>	<b>-</b>	<b>3,688</b>
<b>Total</b>	<b>3,586,532</b>	<b>12,508,394</b>	<b>16,094,926</b>

(\*) Overdraft accounts include personnel loans amounting to TL5,831.

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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: (continued)

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

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

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Installment -TL</b>	<b>762,278</b>	<b>10,663,963</b>	<b>11,426,241</b>
Business Loans	97	254,815	254,912
Vehicle Loans	34,312	614,286	648,598
General Purpose Loans	727,869	9,794,862	10,522,731
Other	-	-	-
<b>Commercial Loans with Installment - Indexed to FC</b>	<b>4,407</b>	<b>740,855</b>	<b>745,262</b>
Business Loans	2,031	10,297	12,328
Vehicle Loans	48	236,460	236,508
General Purpose Loans	2,328	494,098	496,426
Other	-	-	-
<b>Commercial Loans with Installment - FC</b>	<b>236</b>	<b>-</b>	<b>236</b>
Business Loans	-	-	-
Vehicle Loans	3	-	3
General Purpose Loans	233	-	233
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,488,228</b>	<b>-</b>	<b>1,488,228</b>
With Installments	389,791	-	389,791
Without Installments	1,098,437	-	1,098,437
<b>Corporate Credit Cards-FC</b>	<b>2,289</b>	<b>-</b>	<b>2,289</b>
With Installments	-	-	-
Without Installments	2,289	-	2,289
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>1,277,559</b>	<b>-</b>	<b>1,277,559</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,534,997</b>	<b>11,404,818</b>	<b>14,939,815</b>

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

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

f) Allocation of loans by customers:

	<b>Current Period</b>
Public sector	1,047,745
Private sector	64,702,163
<b>Total</b>	<b>65,749,908</b>

	<b>Prior Period</b>
Public sector	957,153
Private sector	61,664,164
<b>Total</b>	<b>62,621,317</b>

g) Domestic and foreign loans:

	<b>Current Period</b>
Domestic Loans	63,998,145
Foreign Loans	1,751,763
<b>Total</b>	<b>65,749,908</b>

	<b>Prior Period</b>
Domestic Loans	61,802,899
Foreign Loans	818,418
<b>Total</b>	<b>62,621,317</b>

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) i.1) Specific or non-performing loan (stage 3) provisions for loans:

	<b>Current Period</b>
Loans and Receivables with Limited Collectability	340,221
Loans and Receivables with Doubtful Collectability	347,107
Uncollectible Loans and Receivables	1,030,108
<b>Total</b>	<b>1,717,436</b>

i.2) Specific provisions provided against loans:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018

(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:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectable Loans and Receivables
<b>Current Period</b>			
Gross Amounts before Provisions	26,606	15,968	6,684
Restructured Loans	26,606	15,968	6,684
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables			
Rescheduled Loans and Other Receivables	14,741	10,373	9,944

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

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectable Loans and Receivables
<b>Current Period</b>			
<b>Prior Period End Balance</b>	<b>121,179</b>	<b>165,294</b>	<b>1,703,827</b>
Additions (+)	1,945,447	119,273	159,052
Transfers from Other Categories of Loans under Follow-up (+)	-	1,064,167	475,278
Transfers to Other Categories of Loans under Follow-up (-) (**)	1,071,516	469,948	-
Collections (-)	278,350	203,598	386,943
Write-offs (-) (*)	790	149	2,247
Sold Portfolio (-) (*)	-	-	500,538
Corporate and Commercial Loans	-	-	369,680
Retail Loans	-	-	64,476
Credit Cards	-	-	66,382
Other	-	-	-
<b>Current Period End Balance</b>	<b>715,970</b>	<b>675,039</b>	<b>1,448,429</b>
Provision (-)	340,221	347,107	1,030,108
<b>Net Balances on Balance Sheet</b>	<b>375,749</b>	<b>327,932</b>	<b>418,321</b>

(\*) TL500,538 of the Parent Bank's non-performing loan portfolio for which TL483,618 of provision held were sold for TL24,061 in 2018. After completing all necessary procedures, sales fees has been collected and the related non-performing loans excluded from the records.

Explanation on 2018 sales:

Date of the Sale	Sold Company	Non-Performing	Provision	Amount
29.03.2018	Hayat Varlık Yönetim A.Ş.	131,972	126,665	9,100
07.06.2018	Hayat Varlık Yönetim A.Ş.	90,869	87,574	4,660
27.09.2018	Hayat Varlık Yönetim A.Ş.	158,566	154,405	5,151
27.12.2018	Hayat Varlık Yönetim A.Ş.	119,130	114,974	5,150
<b>Total (Current Period)</b>		<b>500,538</b>	<b>483,618</b>	<b>24,061</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectable Loans and Receivables</b>
<b>31 December 2018</b>			
Current Period End Balance	22,034	30,099	231,995
Provision (-)	15,143	12,713	202,601
<b>Net Balance on Balance Sheet</b>	<b>6,891</b>	<b>17,386</b>	<b>29,394</b>
<b>31 December 2017</b>			
Prior Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
<b>Net Balance on Balance Sheet</b>	<b>984</b>	<b>685</b>	<b>42,210</b>

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>Uncollectable Loans and Receivables</b>
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	715,970	675,039	1,448,429
Provision (-)	340,221	347,107	1,030,108
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>375,749</b>	<b>327,932</b>	<b>418,321</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net) (*)</b>			
Loans to Real Persons and Legal Entities (Gross)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>98,751</b>	<b>97,247</b>	<b>507,816</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) TL43,674 factoring receivables with TL41,710 specific provision are not included.

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period(Net)</b>	<b>13,322</b>	<b>18,468</b>	<b>5,838</b>
Interest Accruals, Rediscounts and Valuation Differences	70,640	102,720	97,595
Provision Amount (-)	57,318	84,252	91,757
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

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	41,290,496	10,568,447	3,492,684	130,893	55,482,520
Close Monitoring Loans	6,743,076	2,759,419	764,893	-	10,267,388
Loans Under Follow-Up	1,271,868	1,395,223	172,347	-	2,839,438
<b>Total</b>	<b>49,305,440</b>	<b>14,723,089</b>	<b>4,429,924</b>	<b>130,893</b>	<b>68,589,346</b>
12 month expected credit loss (Stage 1)(-)	219,287	85,416	51,561	-	356,264
Significant increase in credit risk (Stage 2)(-)	634,983	149,047	52,947	-	836,977
Default (Stage 3/Specific provision)(-)	819,784	769,345	128,307	-	1,717,436
<b>Total</b>	<b>1,674,054</b>	<b>1,003,808</b>	<b>232,815</b>	<b>-</b>	<b>2,910,677</b>
<b>Net credit balance on balance sheet</b>	<b>47,631,386</b>	<b>13,719,281</b>	<b>4,197,109</b>	<b>130,893</b>	<b>65,678,669</b>
<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	43,391,982	12,902,402	3,303,619	167,348	59,765,351
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>46,292,386</b>	<b>14,529,571</b>	<b>3,578,637</b>	<b>167,348</b>	<b>64,567,942</b>
Specific Provisions (-)	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>



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 following is a reclassification of provision for impairment on loans by stage;

<b>Commercial</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	232,947	43,711	673,868	950,526
IFRS 9 transition effect	(36,638)	452,057	(20,020)	395,399
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(24,754)	151,233	-	126,479
- Stage 1 to Stage 3	(11,368)	-	500,947	489,579
- Stage 2 to Stage 3	-	(96,204)	385,953	289,749
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	17,605	(46,301)	-	(28,696)
Transferred within the period	125,165	230,748	(317,897)	38,016
Collections	(83,670)	(100,261)	(44,985)	(228,916)
Write-offs (*)	-	-	(361,275)	(361,275)
Currency differences	-	-	3,193	3,193
<b>Total expected credit losses</b>	<b>219,287</b>	<b>634,983</b>	<b>819,784</b>	<b>1,674,054</b>

<b>Consumer</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	182,562	19,386	527,953	729,901
IFRS 9 transition effect	(144,411)	100,100	38,155	(6,156)
Transfers;	-	ko -	-	-
- Stage 1 to Stage 2	(6,035)	46,437	-	40,402
- Stage 1 to Stage 3	(1,875)	-	82,465	80,590
- Stage 2 to Stage 3	-	(7,047)	71,777	64,730
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	8,175	(39,428)	-	(31,253)
Transferred within the period	55,028	51,262	119,984	226,274
Collections	(8,028)	(21,663)	(14,171)	(43,862)
Write-offs (*)	-	-	(56,818)	(56,818)
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>85,416</b>	<b>149,047</b>	<b>769,345</b>	<b>1,003,808</b>

<b>Credit Cards</b>	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 3)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	47,714	3,258	82,700	133,672
IFRS 9 transition effect	(6,092)	26,142	5,823	25,873
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(6,304)	31,837	-	25,533
- Stage 1 to Stage 3	(732)	-	39,448	38,716
- Stage 2 to Stage 3	-	(1,302)	17,590	16,288
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	5,922	(11,082)	-	(5,160)
Transferred within the period	15,536	11,413	45,121	72,070
Collections	(4,483)	(7,319)	(3,992)	(15,794)
Write-offs (*)	-	-	(58,383)	(58,383)
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>51,561</b>	<b>52,947</b>	<b>128,307</b>	<b>232,815</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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>

(\*) Past due receivables portfolio amounting to TL500,538 for which TL483,618 provision had been allocated is sold amount of TL24,061 in 2018 and after all the sales procedures were completed, such past due receivables have been written off from the accounts.

Explonation on sales made in 2018

Date	Sold to	Non-Performing Loan Amount	Provision	Proceed
29.03.2018	Hayat Varlık Yönetim A.Ş.	131,972	126,665	9,100
07.06.2018	Hayat Varlık Yönetim A.Ş.	90,869	87,574	4,660
27.09.2018	Hayat Varlık Yönetim A.Ş.	158,566	154,405	5,151
27.12.2018	Hayat Varlık Yönetim A.Ş.	119,130	114,974	5,150
<b>Cari Dönem Toplam</b>		<b>500,538</b>	<b>483,618</b>	<b>24,061</b>

(\*\*) Past due receivables portfolio amounting to TL556,552 for which TL555,756 of provision had been allocated is sold for TL32,791 in 2017. After all 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 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>Cari Dönem Toplam</b>		<b>556,552</b>	<b>555,756</b>	<b>32,791</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 2018 is TL1,365,215 (31 December 2017: TL806,842 ).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:**

	Current Period
Mortgage	952,032
Vehicle	173,263
Cash	500
Other(*)	239,420
<b>Total</b>	<b>1,365,215</b>

(\*) Includes guarantees from Treasury and Credit Guarentee Fund amounting to TL239,407.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

	<b>Prior Period</b>
Mortgage	622,898
Vehicle	111,528
Cash	136
Other(*)	72,280
<b>Total</b>	<b>806,842</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 2018 is TL3,107,199 (31 December 2016: TL2,227,231).

#### Fair value of collaterals, capped with the respective outstanding loan balance under close monitoring:

	<b>Current Period</b>
Mortgage	2,064,027
Vehicle	7,056
Cash, Government Bonds	98,298
Other	937,818
<b>Total</b>	<b>3,107,199</b>

	<b>Prior Period</b>
Mortgage	2,057,968
Vehicle	122,538
Cash, Government Bonds	29,096
Other	17,629
<b>Total</b>	<b>2,227,231</b>

As of 31 December 2018 and 31 December 2017, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

<b>31 December 2018</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	103,828	5,197	109,025
Other	79	-	79
<b>Total</b>	<b>103,907</b>	<b>5,197</b>	<b>109,104</b>

<b>31 December 2017</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
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>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 financial assets measured at amortized cost:

- a) a.1) Information on financial assets subject to repurchase agreements and those given as collateral/blocked: None (31 December 2017: None).

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

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	480,116	-
Other	-	-
<b>Total</b>	<b>480,116</b>	<b>-</b>

Unrestricted financial assets at amortized cost amounting to TL2,311,964.

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

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

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

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

	Current Period	
	TL	FC
Government Bonds	2,792,080	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>2,792,080</b>	<b>-</b>

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

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

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

	Current Period	
	TL	FC
Debt Securities	2,792,080	-
Quoted on a Stock Exchange	2,792,080	-
Unquoted	-	-
Impairment Provision(-)	-	-
<b>Total</b>	<b>2,792,080</b>	<b>-</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 financial assets measured at amortized cost: (Continued)**

a.7) Information on held to maturity investments:

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

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

	<b>Current Period</b>
Beginning Balance	401,854
Foreign Currency Differences on Monetary Assets	-
Purchases during the Year (*)	2,682,111
Disposals Through Sales and Redemptions	(291,885)
Impairment Provision (-)	-
<b>Closing Balance</b>	<b>2,792,080</b>

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

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

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

(\*) Includes rediscount amounts

**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 2017: None).
- a.2) Information on the unconsolidated associates: None (31 December 2017: None).
- a.3) Information on the consolidated associates: None (31 December 2017: None).
- a.4) Valuation of consolidated associates: None (31 December 2017: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2017: None).

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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)**

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	45,674	44,047	6,567
Net income for the period and prior period income	47,030	43,589	5,871
Income/ Loss recognized under equity in accordance with TAS	-	-	(321)
Leasehold Improvements on Operational Leases (-)	365	159	-
Goodwill and intangible asset and the related deferred tax liability (-)	2,383	1,242	530
<b>Total Common Equity Tier 1 Capital</b>	<b>119,956</b>	<b>115,029</b>	<b>18,447</b>
General Provision	1,637	-	-
<b>Total Equity</b>	<b>121,593</b>	<b>115,029</b>	<b>18,447</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 2017: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2017: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

	<b>Address (City/Country)</b>	<b>Group’s share percentage-If different voting percentage (%)</b>	<b>Other shareholders’ share percentage (%)</b>
1	TEB Faktoring A.Ş. İstanbul/Turkey	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş. İstanbul/Turkey	100.00	-
3	TEB Portföy Yönetimi A.Ş. İstanbul/Turkey	54.74	45.26

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

	<b>Total Assets</b>	<b>Shareholders’ Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Marketable Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss (*)</b>	<b>Fair Value</b>
1	1,677,408	122,704	788	233,697	-	35,992	16,544	-
2	242,307	116,430	1,873	48,454	-	31,424	19,669	-
3	22,740	18,977	230	3,247	156	3,698	3,631	-

(\*) These figures are shown per BRSA financial statements as of 31 December 2017.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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.2) Information on consolidated subsidiaries:

	<b>Current Period</b>
Balance at the Beginning of the Period	122,918
Movements during the Period	1,506
Purchases	-
Bonus Shares Obtained	-
Share in Current Year Income	-
Sales	-
Revaluation Increase	1,506
Provision for Impairment	-
<b>Balance at the End of the Period</b>	<b>124,424</b>
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

	<b>Prior Period</b>
Balance at the Beginning of the Period	122,918
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>122,918</b>
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

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

	<b>Current Period</b>
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Menkul Değerler A.Ş.	74,447
TEB Portföy Yönetimi A.Ş.	6,560
<b>Total</b>	<b>124,424</b>

	<b>Prior Period</b>
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Menkul Değerler A.Ş.	72,941
TEB Portföy Yönetimi A.Ş.	6,560
<b>Total</b>	<b>122,918</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 2017: None).

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

#### 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	45,767	37,735	7,617	154,946	(139,881)

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 2017: None).

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

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	502,479	-
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>502,479</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 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences as of amounted TL24,658 is recorded under equity as of 31 December 2018 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

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

As of 31 December 2017, 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 as of 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.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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 2017	Additions	Disposals	Other	31 December 2018
Cost:					
Land and buildings	105,132	1,669	-	7,111	113,912
Leased tangible assets	1,400	-	-	-	1,400
Other	736,770	99,352	(23,879)	(10,131)	802,112
<b>Total Cost</b>	<b>843,302</b>	<b>101,021</b>	<b>(23,879)</b>	<b>(3,020)</b>	<b>917,424</b>
Accumulated Depreciation:					
Land and buildings	46,709	4,110	-	-	50,819
Leased tangible assets	1,400	-	-	-	1,400
Other	520,559	75,154	(22,460)	(3,229)	570,024
<b>Total Accumulated Depreciation</b>	<b>568,668</b>	<b>79,264</b>	<b>(22,460)</b>	<b>(3,229)</b>	<b>622,243</b>
<b>Net Book Value</b>	<b>274,634</b>				<b>295,181</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 2017	Additions	Disposals	Other	31 December 2018
Cost:					
Other intangible assets	316,020	70,426	(693)	(396)	385,357
<b>Total Cost</b>	<b>316,020</b>	<b>70,426</b>	<b>(693)</b>	<b>(396)</b>	<b>385,357</b>
Accumulated Depreciation:					
Other intangible assets	213,912	60,412	(42)	(396)	273,886
<b>Total Accumulated Depreciation</b>	<b>213,912</b>	<b>60,412</b>	<b>(42)</b>	<b>(396)</b>	<b>273,886</b>
<b>Net Book Value</b>	<b>102,108</b>				<b>111,471</b>

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: None.
- 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:

	Current Period	Prior Period
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 2017: None).

##### 16. Information on held deferred tax asset:

- a) As of 31 December 2018, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL208,699 (31 December 2017: TL86,456 ). 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:

	Current Period	Prior Period
At January 1	86,456	52,955
IFRS 9 transition	220,143	-
Deferred Tax Benefit / (Charge)	(95,906)	71,557
Deferred Tax Accounted for Under Equity	(1,994)	(38,056)
<b>Deferred Tax Asset</b>	<b>208,699</b>	<b>86,456</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**16. Information on held deferred tax asset:**

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. The deferred tax charge of TL95,906 is stated under the tax provision in the income statement (31 December 2017: TL71,557 income). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	<b>Current Period</b>
Financial Assets at Fair Value through Other Comprehensive Income	29,712
Cash Flow Hedge	(38,364)
Actuarial Profit or Loss	6,658
<b>Total</b>	<b>(1,994)</b>
	<b>Prior Period</b>
Financial Assets Available for Sale	(987)
Cash Flow Hedge	(30,899)
Actuarial Profit or Loss	(6,170)
<b>Total</b>	<b>(38,056)</b>

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

	<b>Current Period</b>
Beginning of Period Cost	90,677
Beginning of Period Accumulated Depreciation (-)	-
<b>Net Book Value</b>	<b>90,677</b>
Opening Balance	90,677
Acquired	109,037
Disposed (-)	88,923
Impairment (-)	1,687
Depreciation Value (-)	-
End of Period Cost	109,104
End of Period Accumulated Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>109,104</b>
	<b>Prior Period</b>
Beginning of Period Cost	93,224
Beginning of Period Accumulated Depreciation (-)	1,970
<b>Net Book Value</b>	<b>91,254</b>
Opening Balance	91,254
Acquired	92,643
Disposed (-)	90,366
Impairment (-)	2,854
Depreciation Value (-)	-
End of Period Cost	90,677
End of Period Accumulated Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>90,677</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

#### 18. Information on factoring receivables of Group:

In the current period, factoring receivables are shown under the credits. 31 December 2017 Footnotes on factoring receivables are presented below.

##### a) Maturity Analysis:

	Prior Period	
	TL	FC
Short-term (*)	1,255,927	780,813
Medium and Long Term	9,817	-
Specific Provisions (-)	37,744	3,966
<b>Total</b>	<b>1,228,000</b>	<b>776,847</b>

(\*) Amounting to TL43,674 impaired factoring receivable included.

##### b) Other explanations and disclosures:

Prior Period	Commercial	Consumer	Total
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>

##### c) Ageing analysis of accounting past-due exposures:

31 Aralık 2017	1-30 Days	31-60 Days	61-90 Days	Total
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>

#### 19. Information on other asset

Other Assets item of the balance sheet amounting to TL2,140,712 (31 December 2017: TL1,351,099) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 and Over	Accumulated Deposits	Total
Saving Deposits	1,843,615	-	7,064,993	12,635,918	2,592,790	347,412	135,942	-	24,620,670
Foreign Currency Deposits	6,086,368	-	5,702,852	13,314,064	362,293	219,166	168,175	-	25,852,918
Residents in Turkey	5,512,805	-	5,412,121	12,857,489	342,378	184,563	156,348	-	24,465,704
Residents Abroad	573,563	-	290,731	456,575	19,915	34,603	11,827	-	1,387,214
Public Sector Deposits	336,258	-	60,453	70,442	29,249	-	-	-	496,402
Commercial Deposits	2,671,519	-	1,752,908	3,147,808	820,947	255,150	388,716	-	9,037,048
Other Institutions Deposits	111,946	-	55,337	1,230,038	235,821	951,051	111,587	-	2,695,780
Precious Metals Deposits	507,192	-	34,816	512,511	32,089	95,628	-	-	1,182,236
Bank Deposits	47,697	-	227,383	-	-	-	-	-	275,080
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	17,495	-	227,383	-	-	-	-	-	244,878
Special Financial Institutions	30,181	-	-	-	-	-	-	-	30,181
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,604,595</b>	<b>-</b>	<b>14,898,742</b>	<b>30,910,781</b>	<b>4,073,189</b>	<b>1,868,407</b>	<b>804,420</b>	<b>-</b>	<b>64,160,134</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	1,579,123	-	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>-</b>	<b>55,533,853</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		Current Period	
Saving Deposits	11,576,580		12,344,862	
Foreign Currency Saving Deposits	3,449,885		11,524,532	
Other Deposits in the Form of Saving Deposits	271,856		764,746	
Foreign Branches' Deposits under Foreign Authorities' Insurance	-		-	
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-		-	
<b>Total</b>	<b>15,298,321</b>		<b>24,634,140</b>	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

(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)

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

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

iii) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period
Foreign Branches' Deposits and Other Accounts	590,915
Deposits of Controlling Shareholders and Their Close Families	1,393,010
Deposits of Chairman and Members of the Board of Directors and Their Close Families	58,066
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	-
	<b>Prior Period</b>
Foreign Branches' Deposits and Other Accounts	481,344
Deposits of Controlling Shareholders and Their Close Families	1,824,044
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004.	-
Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities	-

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

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

	Current Period	
	TL	FC
Forward Transactions	149,769	37,072
Swap Transactions	2,014,755	28,648
Futures Transactions	-	-
Options	134,174	5,119
Other	-	6,265
<b>Total</b>	<b>2,298,698</b>	<b>77,104</b>
	Prior Period	
	TL	FC
Forward Transactions	126,546	8,454
Swap Transactions	693,606	63,911
Futures Transactions	-	96
Options	54,655	10,017
Other	-	792
<b>Total</b>	<b>874,807</b>	<b>83,270</b>

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

a) Information on banks and other financial institutions:

	Current Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	289,767	608,951
From Foreign Banks, Institutions and Funds	510,077	11,788,843
<b>Total</b>	<b>799,844</b>	<b>12,397,794</b>

As of 31 December 2018 the Group has borrowings from its related parties amounting to TL5,894,36.

	Prior Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	239,131	506,592
From Foreign Banks, Institutions and Funds	939,707	12,878,538
<b>Total</b>	<b>1,178,838</b>	<b>13,385,130</b>

As of 31 December 2017 the Group has borrowings from its related parties amounting to TL6,230,766.

b) Maturity analysis of borrowings:

	Current Period	
	TL	FC
Short-term	799,844	8,115,225
Medium and Long-term	-	4,282,569
<b>Total</b>	<b>799,844</b>	<b>12,397,794</b>
	Prior Period	
	TL	FC
Short-term	1,178,838	9,550,773
Medium and Long-term	-	3,834,357
<b>Total</b>	<b>1,178,838</b>	<b>13,385,130</b>

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FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

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

c) Additional explanation related to the concentrations of the Parent Bank’s major liabilities:

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.

d) Explanations on debt securities issued:

	Current Period	
	TL	FC
Bank Bonds	526,592	-
Treasury Bills	-	-
<b>Total</b>	<b>526,592</b>	<b>-</b>
	Prior Period	
	TL	FC
Bank Bonds	1,289,688	-
Treasury Bills	-	-
<b>Total</b>	<b>1,289,688</b>	<b>-</b>

**4. Funds provided through repurchase transactions:**

Information on funds provided through repurchase transactions:

	Current Period	
	TP	YP
<b>Domestic Transactions</b>	<b>104,977</b>	<b>-</b>
Financial Institutions and Organizations	104,977	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Total</b>	<b>104,977</b>	<b>-</b>
	Prior Period	
	TP	YP
<b>Domestic Transactions</b>	<b>105,206</b>	<b>-</b>
Financial Institutions and Organizations	105,206	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>
Financial Institutions and Organizations	-	-
Other Institutions and Organizations	-	-
Individuals	-	-
<b>Total</b>	<b>105,206</b>	<b>-</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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

**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 TL1,806,383 (31 December 2017: TL599,037) 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 2017: None).

- d) Explanations regarding operational leases:

For the period ended 31 December 2018, operational lease expenses amounting to TL253,047 (31 December 2017: TL223,226) 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.

**7. Negative differences table of derivative financial liabilities for hedging purposes:**

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	384,325	4,857
Foreign Net Investment Hedge	-	-
<b>Total</b>	<b>384,325</b>	<b>4,857</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 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences amounted TL24,658 is recorded under equity as of 31 December 2018 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(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 (Continued):**

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 as of 31 December 2017 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.

**8. Information on provisions:**

a) Information on general provisions:

	<b>Current Period</b>
Provisions for I. Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for II. Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Non-Cash Loans	-
Other	-
<b>Total</b>	<b>-</b>
	<b>Prior Period</b>
Provisions for I. Group Loans and Receivables	471,369
Additional Provision for Loans and Receivables with Extended Maturities	20,152
Provisions for II. Group Loans and Receivables	66,355
Additional Provision for Loans and Receivables with Extended Maturities	18,414
Provisions for Non-Cash Loans	30,767
Other	9,910
<b>Total</b>	<b>578,401</b>

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

c) The specific provisions provided for unindemnified non-cash loans amount to TL47,696 (31 December 2017: TL48,741).

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

As of 31 December 2018, TL14,506 (31 December 2017: TL14,888) unused vacation provision, TL179,934 (31 December 2017: TL124,107) employee termination benefit provision, TL155,034 (31 December 2017: TL129,343) 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)**

**8. Information on provisions:(Continued)**

i) Termination Benefits: (continued)

	<b>31 December 2018</b>	<b>31 December 2017</b>
Discount Rate (%)	16.70	11.80
Expected Inflation Rate (%)	11.20	5.00
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

Movement of employee termination benefits:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	124,107	129,181
Service cost	13,380	14,705
Interest cost	13,957	12,576
Settlement cost	(15,042)	6,272
Actuarial loss	39,965	(22,773)
Benefits paid	3,567	(15,854)
<b>Total</b>	<b>179,934</b>	<b>124,107</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 2018 and 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.

Based on the determined assumptions,

	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Transferrable Retirement and Health Liabilities:</b>		
Net Present Value of Transferrable Retirement Liabilities	(762,544)	(1,543,240)
Net Present Value of Transferrable Retirement and Health Contributions	336,330	539,015
General Administration Expenses	(7,625)	(15,432)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(433,839)	(1,019,657)
Fair Value of Plan Assets (2)	2,221,325	1,918,007
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	1,787,486	898,350
Non-Transferable Benefits (4)	(414,945)	(208,881)
Asset Surplus over Total Benefits ((3)-(4))	1,372,541	689,469

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(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)

Distribution of fair value total assets of the Retirement Fund as of 31 December 2018 and 31 December 2017 is presented below:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Bank placements	2,084,814	1,775,504
Tangible assets	106,383	99,036
Other	30,128	43,467
<b>Total</b>	<b>2,221,325</b>	<b>1,918,007</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on TAS 19 are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Discount Rate	16.70%	11.80%
Expected Inflation Rate	11.20%	5.00%

As of 31 December 2018, medical inflation is expected more than 20% (31 December 2017: 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 2017: CSO 2001) Female/Male mortality table is used.

e) Information on other provisions:

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

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

	<b>Current Period</b>
Provision for Legal Cases	66,777
Provision for Non-cash Loans	202,659
Provision for Promotions of Credit Cards and Banking Services	12,622
Other	50,696
<b>Total</b>	<b>332,754</b>
	<b>Prior Period</b>
Provision for Legal Cases	58,308
Provision for Unindemnified Non-cash Loans	48,741
Provision for Promotions of Credit Cards and Banking Services	12,265
Other	67,114
<b>Total</b>	<b>186,428</b>

The following table is represented reconciliation on the provision for impairment of non-cash loans.

	<b>Standard Loans (Stage 1)</b>	<b>Loans under close monitoring (Stage 2)</b>	<b>Non performing loans (Stage 3)</b>	<b>Total</b>
31 December 2017	30,407	359	48,741	79,507
IFRS 9 transition effect	9,466	51,650	(26,949)	34,167
Transfers;				
- Stage 1 to Stage 2	(2,680)	22,071	-	19,391
- Stage 1 to Stage 3	(857)	-	17,513	16,656
- Stage 2 to Stage 3	-	(4,465)	42,305	37,840
- Stage 3 to Stage 2	-	-	-	-
- Stage 2 to Stage 1	7,063	(16,753)	-	(9,690)
Transferred within the period	24,096	70,315	(13,757)	80,654
Collections	(16,754)	(18,955)	(20,157)	(55,866)
Write-offs (*)	-	-	-	-
Currency differences	-	-	-	-
<b>Total expected credit losses</b>	<b>50,741</b>	<b>104,222</b>	<b>47,696</b>	<b>202,659</b>

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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:

###### a) Information on tax provision:

As of 31 December 2018, the Group’s corporate tax provision is TL100,978 (31 December 2017: TL80,308). As of 31 December 2018, the Group’s total tax and premium liability is TL301,912 (31 December 2017: TL240,812)

###### b) Information on current tax liability:

	<b>Current Period</b>
Corporate Tax Payable	100,978
Taxation on Securities	76,902
Property Tax	2,379
Banking Insurance Transaction Tax (BITT)	74,628
Foreign Exchange Transaction Tax	39
Value Added Tax Payable	4,901
Other (*)	23,373
<b>Total</b>	<b>283,200</b>

(\*) Others include income taxes deducted from wages amounting to TL17,756 and stamp taxes payable amounting to TL1,693.

	<b>Prior Period</b>
Corporate Tax Payable	80,308
Taxation on Securities	49,230
Property Tax	2,275
Banking Insurance Transaction Tax (BITT)	47,512
Foreign Exchange Transaction Tax	34
Value Added Tax Payable	6,514
Other (*)	20,400
<b>Total</b>	<b>206,273</b>

(\*) Others include income taxes deducted from wages amounting to TL15,795 and stamp taxes payable amounting to TL1,249.

###### c) Information on premiums:

	<b>Current Period</b>
Social Security Premiums-Employee	8,029
Social Security Premiums-Employer	8,862
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Pension Fund Membership Fees and Provisions-Employee	2
Pension Fund Membership Fees and Provisions-Employer	2
Unemployment Insurance-Employee	684
Unemployment Insurance-Employer	1,133
Other	-
<b>Total</b>	<b>18,712</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(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: (continued)

	<b>Prior Period</b>
Social Security Premiums-Employee	24,816
Social Security Premiums-Employer	8,091
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
Unemployment Insurance-Employer	1,015
Other	-
<b>Total</b>	<b>34,539</b>

d) Explanations on deferred tax liabilities, if any: The Group has no deferred tax liability as of 31 December 2018 (31 December 2017: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations:** None (31 December 2017: 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 Bank has issued Subordinated debt instrument which has two early redemption rights, the earliest five-year end of which is not before 5 years, and the first interest-to-pay interest period in the amount of USD210 million with the maturity of 10 years on 5 November 2018. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of 6 months Libor + 7.32% after the first early redemption date.

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 issued subordinated debt instrument which has early redemption right in 27 June 2023, with the maturity of 10 years in the amount of EUR125 million in 27 June 2018. The interest rate of the issuance is 6 month Euribor + 5.10% per annum.

The above mentioned four 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**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)**

a) Information on subordinated loans:

	Current Period	
	TL	FC
Debt Instruments to be Included in the Additional Capital Calculation	-	-
Subordinated loans	-	-
Subordinated Debt Instruments	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	2,843,148
Subordinated Loans	-	-
Subordinated Debt Instruments	-	2,843,148
<b>Total</b>	-	<b>2,843,148</b>

	Prior Period	
	TL	FC
Debt Instruments to be Included in the Additional Capital Calculation	-	-
Subordinated loans	-	-
Subordinated Debt Instruments	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	2,314,083
Subordinated Loans	-	-
Subordinated Debt Instruments	-	2,314,083
<b>Total</b>	-	<b>2,314,083</b>

	Current Period	
	TL	FC
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	2,496,465
From Other Foreign Institutions	-	346,683
<b>Total</b>	-	<b>2,843,148</b>

	Prior Period	
	TL	FC
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	1,819,913
From Other Foreign Institutions	-	494,170
<b>Total</b>	-	<b>2,314,083</b>

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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:

- a) Presentation of Paid-in capital:

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

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

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

- c) Information on share capital increases 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.
- 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:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(131,408)	(8,323)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(131,408)</b>	<b>(8,323)</b>



## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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):

	Prior Period	
	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(48,127)	9,733
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(48,127)</b>	<b>9,733</b>

13. **Information on minority interest:** As of 31 December 2018, part of the group equity that belongs to minority shares is TL8,589 (31 December 2017: TL8,394).

14. **Information on factoring liabilities:** As of 31 December 2018 group has factoring debt of TL7,961 (31 December 2017: TL3,436).

#### 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:

	Current Period
Commitments for Credit Card Expenditure Limits	6,093,650
Loan Granting Commitments	4,402,209
Asset Purchase and Sale Commitments	3,128,940
Payment Commitment for Cheques	1,681,617
Time Deposit Purchase and Sale Commitments	603,610
Tax and Fund Liabilities from Export Commitments	54,955
Commitments for Promotions Related with Credit Cards and Banking Activities	4,357
Other Irrevocable Commitments	110,938
<b>Total</b>	<b>16,080,276</b>

	Prior Period
Asset Purchase and Sale Commitments	7,314,209
Commitments for Credit Card Expenditure Limits	5,411,646
Loan Granting Commitments	4,631,069
Payment Commitment for Cheques	2,387,642
Tax and Fund Liabilities from Export Commitments	31,047
Commitments for Promotions Related with Credit Cards and Banking Activities	3,723
Other Irrevocable Commitments	201,399
<b>Total</b>	<b>19,980,735</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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)

##### 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>
Letters of Credit	2,691,811
Bank Acceptances	34,672
Other Commitments	4,838,088
Other Contingencies	1,033,453
<b>Total</b>	<b>8,598,024</b>

	<b>Prior Period</b>
Letters of Credit	2,396,568
Bank Acceptances	42,316
Other Commitments	3,878,690
Other Contingencies	1,227,786
<b>Total</b>	<b>7,545,360</b>

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

	<b>Current Period</b>
Guarantee Letters	9,801,321
Advance Guarantee Letters	1,681,247
Guarantee Letters Given for Customs	519,302
Temporary Guarantee Letters	386,289
Other Guarantee Letters	1,683,346
<b>Total</b>	<b>14,071,505</b>

	<b>Prior Period</b>
Guarantee Letters	9,092,727
Advance Guarantee Letters	1,224,234
Temporary Guarantee Letters	779,900
Guarantee Letters Given for Customs	478,659
Other Guarantee Letters	1,463,760
<b>Total</b>	<b>13,039,280</b>

##### c) c.1) Total amount of non-cash loans:

	<b>Current Period</b>
Non-Cash Loans Given Against Achieving Cash Loans	1,684,317
With Maturity of One Year or Less Than One Year	268,524
With Maturity of More Than One Year	1,415,793
Other Non-Cash Loans	20,985,212
<b>Total</b>	<b>22,669,529</b>

	<b>Prior Period</b>
Non-Cash Loans Given Against Achieving Cash Loans	1,482,962
With Maturity of One Year or Less Than One Year	264,000
With Maturity of More Than One Year	1,218,962
Other Non-Cash Loans	19,101,678
<b>Total</b>	<b>20,584,640</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**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			
	TL	(%)	FC	(%)
Agricultural	47,823	0.51	44,716	0.33
Farming and raising livestock	31,599	0.34	44,716	0.33
Forestry	-	-	-	-
Fishery	16,224	0.17	-	-
Manufacturing	2,708,372	29.12	7,080,287	52.96
Mining and Quarry	218,525	2.35	233,095	1.74
Production	2,370,092	25.48	6,588,980	49.29
Electricity, Gas and Water	119,755	1.29	258,212	1.93
Construction	1,943,616	20.90	2,317,908	17.34
Services	4,376,238	47.05	3,562,957	26.65
Wholesale and Retail Trade	1,304,288	14.02	1,220,149	9.13
Hotel and Restaurant Services	109,997	1.18	62,813	0.47
Transportation and Communication	571,791	6.15	402,858	3.01
Financial Institutions	521,690	5.61	751,657	5.62
Real Estate and Renting	1,746,329	18.78	1,018,659	7.62
Self-employment Services	92,457	0.99	104,080	0.78
Education Services	9,825	0.11	96	-
Health and Social Services	19,861	0.21	2,645	0.02
Other	225,293	2.42	362,319	2.72
<b>Total</b>	<b>9,301,342</b>	<b>100.00</b>	<b>13,368,187</b>	<b>100.00</b>
	Prior Period			
	TL	(%)	FC	(%)
Agricultural	40,136	0.45	40,915	0.35
Farming and raising livestock	37,123	0.42	40,915	0.35
Forestry	-	-	-	-
Fishery	3,013	0.03	-	-
Manufacturing	1,881,639	21.40	5,159,239	43.75
Mining and Quarry	233,647	2.66	299,601	2.54
Production	1,467,532	16.69	4,659,371	39.51
Electricity, Gas and Water	180,460	2.05	200,267	1.70
Construction	2,073,224	23.58	1,607,285	13.63
Services	4,743,244	53.96	4,939,068	41.88
Wholesale and Retail Trade	2,524,939	28.72	3,062,445	25.97
Hotel and Restaurant Services	104,846	1.19	93,963	0.80
Transportation and Communication	682,040	7.76	598,914	5.08
Financial Institutions	308,205	3.51	342,281	2.90
Real Estate and Renting	1,008,056	11.47	723,774	6.14
Self-employment Services	86,541	0.98	114,774	0.97
Education Services	3,451	0.04	31	-
Health and Social Services	25,166	0.29	2,886	0.02
Other	53,990	0.61	45,900	0.39
<b>Total</b>	<b>8,792,233</b>	<b>100.00</b>	<b>11,792,407</b>	<b>100.00</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items  
(Continued)**

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	6,321,989	6,584,098	562,196	604,193
Bank acceptances	-	34,439	-	233
Letters of credit	2,738	2,631,520	-	57,553
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	2,383,906	3,247,711	30,513	208,440
<b>Total</b>	<b>8,708,633</b>	<b>12,497,768</b>	<b>592,709</b>	<b>870,419</b>

The Group provided a reserve for TL259,393 (31 December 2017: TL86,629 ) of non-cash loans not indemnified which equals to amounting to TL47,696 (31 December 2017: TL48,741).

**2. Information related to derivative financial instruments:**

	Derivative transactions according to purposes			
	Current Period	Trading	Trading	Hedging
		Prior Period	Current Period	Current Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):			82,655,891	-
Forward transactions			11,993,806	-
Swap transactions			57,986,543	-
Futures transactions			-	-
Option transactions			12,675,542	-
Interest related derivative transactions (II):			3,099,012	-
Forward rate transactions			-	-
Interest rate swap transactions			3,099,012	-
Interest option transactions			-	-
Futures interest transactions			-	-
Marketable securities call-put options (III)			-	-
Other trading derivative transactions (IV)			141,773	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>			<b>85,896,676</b>	-
<b>Types of hedging transactions</b>				
Fair value hedges			-	-
Cash flow hedges			-	-
Net investment hedges			-	24,658,994
<b>B. Total hedging related derivatives</b>			-	-
<b>Total Derivative Transactions (A+B)</b>			<b>85,896,676</b>	<b>24,658,994</b>

	Derivative transactions according to purposes			
	Current Period	Trading	Trading	Hedging
		Prior Period	Prior Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):			89,419,346	-
Forward transactions			17,347,430	-
Swap transactions			56,183,278	-
Futures transactions			523,178	-
Option transactions			15,365,460	-
Interest related derivative transactions (II):			3,572,423	-
Forward rate transactions			-	-
Interest rate swap transactions			3,108,138	-
Interest option transactions			-	-
Futures interest transactions			464,285	-
Marketable securities call-put options (III)			-	-
Other trading derivative transactions (IV)			85,042	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>			<b>93,076,811</b>	-
<b>Types of hedging transactions</b>				
Fair value hedges			-	-
Cash flow hedges			-	214,454
Net investment hedges			-	23,124,985
<b>B. Total hedging related derivatives</b>			-	-
<b>Total Derivative Transactions (A+B)</b>			<b>93,076,811</b>	<b>23,339,439</b>

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

**2. Information related to derivative financial instruments: (Continued)**

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 2018, the Group 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 2018, there are no fair value hedging derivative instruments. 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 negative TL5,063. The fair value gain of the hedged loans was TL99. The Bank accounted TL58 gain for derivative instruments used for hedging purposes and TL99 gain from hedged item loans in the financial statements.

	<b>Current Period</b>		
	<b>Nominal</b>	<b>Fair Value</b>	
		<b>Asset</b>	<b>Liability</b>
Cross Currency Swaps	-	-	-
Interest Rate Swaps	-	-	-
<b>Total</b>	-	-	-
	<b>Prior Period</b>		
	<b>Nominal</b>	<b>Fair Value</b>	
		<b>Asset</b>	<b>Liability</b>
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>

ii) Derivative instruments for cash flow hedge purposes:

The Parent Bank has applied cash flow accounting by matching its swap portfolio, total notional amounts of TL24,658,994 (31 December 2017: TL23,124,985), with 1-90 days of maturity deposit portfolio and selected borrowing portfolio. Effective portion of TL350,622 (31 December 2017: TL175,119) credit accounted for under equity is presented after deducting its deferred tax effect of TL76,890 (31 December 2017: TL38,526) debit in the financial statements. In 2018, there is TL24,658 (31 December 2017: none) ineffective portion expense is accounted for under income statement.

	<b>Current Period</b>		
	<b>Nominal</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Cross Currency Swaps	2,936,400	295,600	198,026
Interest Rate Swaps	21,722,594	206,879	191,156
<b>Total</b>	<b>24,658,994</b>	<b>502,479</b>	<b>389,182</b>
	<b>Prior Period</b>		
	<b>Nominal</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Cross Currency Swaps	1,441,880	77,090	77,219
Interest Rate Swaps	21,683,105	5,731	356,595
<b>Total</b>	<b>23,124,985</b>	<b>82,821</b>	<b>433,814</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items  
(Continued)**

**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 2018, there are no contingent assets that need to be explained (31 December 2017: 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. The Bank has provided provision amounting to TL 66,777 for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under inde Other Provisions nakit in the financial statements.

**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 2018 the total nominal value and number of certificates are TL5,114,637 and TL5,114,637 thousand (31 December 2017: TL8,117,665 and TL8,117,665) and the total fair value is TL33,536,938 (31 December 2017: TL2,234,379).

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 (\*):

TEB maintained its position as one of the most highly rated banks in Turkey. As of the third quarter of 2018, TEB’s ratings were as follows:

##### Moody’s Investor Services:

Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	ba3
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	Ba3
Short Term TL Deposits	NP
Outlook	Negative

##### Fitch Ratings:

##### *Foreign Currency*

<b>Long-term</b>	<b>BB-</b>
Short-term	B
Outlook	Negative

##### *Turkish Lira*

<b>Long-term</b>	<b>BB+</b>
Short-term	B
Outlook	Negative
National	AAA (tur)
Outlook	Stable
Financial Strength	b+

(\*) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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### 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	
	TL	FC
<b>Interest income on loans (*)</b>		
Short Term Loans	4,530,773	332,144
Medium and Long Term Loans	4,620,474	336,819
Interest on Loans under Follow-Up	148,179	1,295
Premiums Received from Resource Utilization		
Support Fund	-	-
<b>Total</b>	<b>9,299,426</b>	<b>670,258</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL147,096 and TL232,733 respectively.

	Prior Period	
	TL	FC
<b>Interest income on loans (*)</b>		
Short Term Loans	2,721,542	189,431
Medium and Long Term Loans	4,049,733	263,515
Interest on Loans under Follow-Up	51,239	-
Premiums Received from Resource Utilization		
Support Fund	-	-
<b>Total</b>	<b>6,822,514</b>	<b>452,946</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL131,638 and TL131,533 respectively.

b) Information on interest income on banks:

	Current Period	
	TL	FC
The Central Bank of Turkey	-	19,422
Domestic banks	135,536	2,329
Foreign Banks	14,102	58,460
Branches and Head Office Abroad	-	-
<b>Total</b>	<b>149,638</b>	<b>80,211</b>

	Prior Period	
	TL	FC
The Central Bank of Turkey	-	9,152
Domestic banks	47,934	855
Foreign Banks	5,226	5,718
Branches and Head Office Abroad	-	-
<b>Total</b>	<b>53,160</b>	<b>15,725</b>

c) Information on interest income on marketable securities portfolio:

	Current Period	
	TL	FC
Financial Assets Valued at Fair Value Through Profit or Loss	153,166	13,768
Financial Assets at Fair Value Through Other		
Comprehensive Income	493,963	15,350
Financial Assets at Amortized Cost	435,730	-
<b>Total</b>	<b>1,082,859</b>	<b>29,118</b>



**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**IV Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)**

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

c) Information on interest income on marketable securities portfolio: (continued)

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Financial Assets Held for Trading	40,445	6,517
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	461,347	903
Held-to-Maturity Investments	48,413	-
<b>Total</b>	<b>550,205</b>	<b>7,420</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 (\*):

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
The Central Bank of the Republic of Turkey	-	-
Domestic Banks	28,072	15,752
Foreign Banks	113,945	443,432
Branches and Head Office Abroad	-	-
Other Financial Institutions	-	-
<b>Total</b>	<b>142,017</b>	<b>459,184</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL18,654.

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Banks		
The Central Bank of the Republic of Turkey	-	-
Domestic Banks	13,456	4,986
Foreign Banks	64,516	304,760
Branches and Head Office Abroad	-	-
Other Financial Institutions	-	10,292
<b>Total</b>	<b>77,972</b>	<b>320,038</b>

(\*) Includes fees and commission expenses of cash loans amounting to TL11,885.

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:

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Interest Expense on securities issued	251,229	116
<b>Total</b>	<b>251,229</b>	<b>116</b>

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Interest Expense on securities issued	83,592	-
<b>Total</b>	<b>83,592</b>	<b>-</b>

**TÜRK EKONOMİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**IV Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)**

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

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Current Period:</b>								
<b>TL</b>								
Bank Deposits	-	40,583	-	-	-	-	-	40,583
Saving Deposits	9	936,448	2,430,755	170,360	25,026	6,834	-	3,569,432
Public Sector Deposits	-	1,986	28,297	3,647	-	-	-	33,930
Commercial Deposits	7	320,761	779,885	133,348	47,432	29,421	-	1,310,854
Other Deposits	-	16,746	169,924	99,501	332,203	17,494	-	635,868
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>1,316,524</b>	<b>3,408,861</b>	<b>406,856</b>	<b>404,661</b>	<b>53,749</b>	<b>-</b>	<b>5,590,667</b>
<b>FC</b>								
Foreign Currency Deposits	5	90,798	549,710	9,041	3,751	4,089	-	657,394
Bank Deposits	-	10,820	-	-	-	-	-	10,820
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	487	8,898	552	2,246	-	-	12,183
<b>Total</b>	<b>5</b>	<b>102,105</b>	<b>558,608</b>	<b>9,593</b>	<b>5,997</b>	<b>4,089</b>	<b>-</b>	<b>680,397</b>
<b>Grand Total</b>	<b>21</b>	<b>1,418,629</b>	<b>3,967,469</b>	<b>416,449</b>	<b>410,658</b>	<b>57,838</b>	<b>-</b>	<b>6,271,064</b>

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Prior Period:</b>								
<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	120,75	3	-	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>147,92</b>	<b>3</b>	<b>12,048</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>151,56</b>	<b>5</b>	<b>13,224</b>	<b>3,505,027</b>

**3. Information on dividend income:**

	Current Period
Trading Securities	-
Financial assets at fair value through profit and loss	435
Financial assets at fair value through other comprehensive income	-
Other	435
<b>Total</b>	<b>435</b>
	Prior Period
Trading Securities	-
Financial assets at fair value through profit and loss	-
Financial assets available for sale	1,224
Other	-
<b>Total</b>	<b>1,224</b>

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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#### IV Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

##### 4. Information on trading gain/loss (Net):

	<b>Current Period</b>
<b>Gains</b>	<b>62,545,079</b>
Gains on capital market operations	165,894
Gains on derivative financial instruments (*)	23,017,115
Foreign exchange gains (**)	39,362,070
<b>Losses (-)</b>	<b>62,967,847</b>
Losses on capital market operations	344,561
Losses on derivative financial instruments (*)	20,147,391
Foreign exchange losses (**)	42,475,895

(\*) Foreign exchange gain on hedging transactions is TL235,442.

(\*\*) Foreign exchange gains on derivative financial transactions are TL499,306.

	<b>Prior Period</b>
<b>Gains</b>	<b>22,871,532</b>
Gains on capital market operations	49,540
Gains on derivative financial instruments (*)	7,420,343
Foreign exchange gains (**)	15,401,649
<b>Losses (-)</b>	<b>23,810,172</b>
Losses on capital market operations	78,958
Losses on derivative financial instruments (*)	8,126,305
Foreign exchange losses (**)	15,604,909

(\*) Foreign exchange gain on hedging transactions is TL113,807.

(\*\*) Foreign exchange gains on derivative financial transactions are TL50,701.

##### 5. Information on other operating income:

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

##### 6. Provision expenses of banks for loans and other receivables:

###### a.1) Allowance for Expected Credit Losses:

	<b>Current Period</b>
Expected Credit Losses	1,246,173
12-Month Expected Credit Losses (Stage 1)	91,841
Significant Increase in Credit Risk (Stage 2)	247,223
Credit-Impaired (Stage 3)	907,109
Impairment Provisions for Financial Assets	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	19,355
<b>Total</b>	<b>1,265,528</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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

### IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

#### 6. Provision expenses of banks for loans and other receivables: (Continued)

a.2) Provision expenses of banks for loans and other receivables:

	<b>Prior Period</b>
Specific provisions for loans and other receivables	551,432
III. Group Loans and Receivables	107,287
IV. Group Loans and Receivables	161,524
V. Group Loans and Receivables	282,621
General provision expenses	(106,440)
Provision expenses for possible losses	-
Marketable securities impairment losses	-
Financial assets at fair value through profit or loss	-
Financial assets available for sale	-
Impairment provision expense	-
Associates	-
Subsidiaries	-
Entities under common control (Joint Vent.)	-
Held to maturity investments	-
Other	11,647
<b>Total</b>	<b>456,639</b>

#### 7. Information on other operating expenses:

	<b>Current Period</b>
Personnel expenses	1,296,160
Reserve for employee termination benefits	15,862
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	79,264
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Depreciation expenses of intangible assets	60,412
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	1,687
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	1,020,304
Rent expenses	253,047
Maintenance expenses	30,761
Advertisement expenses	87,756
Other expenses	648,740
Loss on sales of assets	4,762
Other(*)	266,569
<b>Total</b>	<b>2,745,020</b>

(\*) Includes TL101,862 in other premiums paid to the Saving Deposit Insurance Fund, TL104,624 is other taxes and duties paid.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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(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: (Continued)**

	<b>Prior Period</b>
Personnel expenses	1,168,652
Reserve for employee termination benefits	17,699
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	85,923
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Depreciation expenses of intangible assets	47,416
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	2,854
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	901,030
Rent expenses	223,226
Maintenance expenses	25,630
Advertisement expenses	97,337
Other expenses	554,837
Loss on sales of assets	3,395
Other(*)	261,859
<b>Total</b>	<b>2,488,828</b>

(\*) Includes TL70,013 in other premiums paid to the Saving Deposit Insurance Fund, TL109,815 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 TL4,338,968 (31 December 2017: TL3,987,986) and net fee and commission income amounting to TL1,340,991 (31 December 2017: TL1,123,292) while operational expenses are TL2,745,020 (31 December 2017: TL2,488,828).

b) Information of the profit/(loss) on discontinued operations:

None

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

a) As of 31 December 2018, continuing operations' current tax charge is TL202,705 (31 December 2017: TL324,520) and deferred tax charge is TL95,906 (31 December 2017: TL71,557 deferred tax benefit). As of 31 December 2018, there is no current tax charge/benefit from discontinued operations (31 December 2017: None).

b) As of 31 December 2018, deferred tax charge on temporary differences resulted from continuing operations is TL95,906 (31 December 2017: TL71,557 deferred tax benefit).

c) Tax reconciliation:

	<b>Current Period</b>
<b>Profit before tax</b>	<b>1,353,002</b>
<b>Additions</b>	<b>31,480</b>
Nonallowable expenses	28,899
Effect of different tax rates	2,030
Other	551
<b>Deductions</b>	<b>(18,081)</b>
Dividend income	(310)
Other	(17,771)
<b>Taxable Profit/ (Loss)</b>	<b>1,366,401</b>
Corporate tax rate	22%
<b>Tax calculated</b>	<b>300,608</b>
Previous year tax adjustment effect	(1,997)
<b>Tax charge</b>	<b>298,611</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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: (continued)

	<b>Prior Period</b>
<b>Profit before Taxes</b>	<b>1,342,774</b>
<b>Additions</b>	<b>46,440</b>
Nonallowable	46,440
General Loan Loss Provision	<b>(124,235)</b>
Other	(106,751)
<b>Deductions</b>	<b>(696)</b>
Dividend Income	(16,788)
Other	<b>1,264,979</b>
<b>Taxable Profit / (Loss)</b>	<b>%20</b>
Corporate Tax Rate	<b>252,996</b>
<b>Tax Calculated</b>	<b>(33)</b>
<b>Tax charge from continued and discontinued operations</b>	<b>252,963</b>

#### 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 2018 is TL1,054,391 (31 December 2017: TL1,089,811). As of 31 December 2017, there is no net profit amount which the Group has made from discontinued operations (31 December 2017: 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 Parent Bank's performance for the period: None (31 December 2017: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2017: None).
- c) Profit/loss attributable to minority interest:

	<b>Current Period</b>
Profit or loss attributable to minority interest(*)	1,674

(\*) The loss belongs to minority interest accounted for under the equity is TL67.

	<b>Prior Period</b>
Profit or loss attributable to minority interest(*)	1,643

(\*) The loss belongs to minority interest accounted for under the equity is TL5.

**TÜRK EKONOMİ BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**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><u>Other fees and commissions received</u></b>	
Credit cards fees and commissions	1,011,356
Periodic service commission	140,599
Insurance commission	130,011
Brokerage and consulting commissions	64,863
Intelligence fee and commissions	51,883
Settlement expense provision, eft, swift, agency commissions	43,518
Funds management fees	37,883
Transfer commissions	30,651
Consultancy commission	5,559
Commissions and fees earned from correspondent banks	4,254
Other	257,651
<b>Total</b>	<b>1,778,228</b>
<b><u>Other fees and commissions given</u></b>	
Credit cards fees and commissions	498,961
Commissions and fees paid to correspondent banks	64,516
Settlement expense provision, eft, swift, agency commissions	21,409
Other	75,062
<b>Total</b>	<b>659,948</b>
	<b>Prior Period</b>
<b><u>Other fees and commissions received</u></b>	
Credit cards fees and commissions	676,969
Periodic service commission	120,721
Insurance commission	120,418
Intelligence fee and commissions	63,520
Brokerage commissions	60,114
Settlement expense provision, eft, swift, agency commissions	40,787
Funds management fees	36,525
Transfer commissions	14,761
Commissions and fees earned from correspondent banks	3,054
Other	242,382
<b>Total</b>	<b>1,379,251</b>
<b><u>Other fees and commissions given</u></b>	
Credit cards fees and commissions	290,090
Commissions and fees paid to correspondent banks	38,986
Settlement expense provision, eft, swift, agency commissions	18,725
Other	69,105
<b>Total</b>	<b>416,906</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity**

a) Shareholders' equity decreased TL135,678 after resulting from revaluation of financial assets at fair value through other comprehensive income (31 December 2017: TL20,276 increased) and deferred tax effect of this change is TL29,712 (31 December 2017: TL987).

b) Increase in cash flow risk hedging items:

The Parent 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 2018 increased by TL175,504 (31 December 2017: TL136,983 increased) and the effect of this change to deferred tax is TL38,364 (31 December 2017: TL30,899).

c) Explanations on profit distribution:

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

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.

**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 TL6,001,647 (31 December 2017: TL3,820,881) 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 TL2,092,069 (31 December 2017: TL460,410) 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 TL71,975 (31 December 2017: TL5,340) consists of changes in sundry debtors and other assets.

“Other items” amounting to TL70,426 (31 December 2017: TL64,860) 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 TL1,516,339 for the year 2018. (31 December 2017: TL413,878 ).



**TÜRK EKONOMİ BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
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**VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows  
(Continued)****2. Cash and cash equivalents at beginning and end of periods:**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

<b>Beginning of the period</b>	<b>Current Period</b>
<b>Cash</b>	<b>3,424,493</b>
Cash in TL/Foreign Currency	919,549
Central Bank – Unrestricted amount	2,427,043
Other	77,901
<b>Cash equivalents</b>	<b>2,535,743</b>
Banks	2,535,679
Money market placements	64
<b>Total cash and cash equivalents</b>	<b>5,960,236</b>

<b>End of the period</b>	<b>Current Period</b>
<b>Cash</b>	<b>8,834,731</b>
Cash in TL/Foreign Currency	2,006,466
Central Bank – Unrestricted amount	6,721,963
Other	106,302
<b>Cash equivalents</b>	<b>4,225,423</b>
Banks	3,943,831
Money market placements	281,592
<b>Total cash and cash equivalents</b>	<b>13,060,154</b>

<b>Beginning of the period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,831,532</b>
Cash in TL/Foreign Currency	814,304
Central Bank – Unrestricted amount	2,934,387
Other	82,841
<b>Cash equivalents</b>	<b>3,589,068</b>
Banks	1,588,931
Money market placements	2,000,137
<b>Total cash and cash equivalents</b>	<b>7,420,600</b>

<b>End of the period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>3,424,493</b>
Cash in TL/Foreign Currency	919,549
Central Bank – Unrestricted amount	2,427,043
Other	77,901
<b>Cash equivalents</b>	<b>2,535,743</b>
Banks	2,535,679
Money market placements	64
<b>Total cash and cash equivalents</b>	<b>5,960,236</b>

# TÜRK EKONOMİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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### 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:

Balance sheet items 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 Parent 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	-	-	171,573	301,623	375,636	134,644
Balance at End of Period	-	-	75,725	260,569	423,513	20,136
Interest and Commission Income	-	-	17,331	1,310	7,792	450

Direct and indirect shareholders of the Group balance above includes TL56,205 and other entities included in the risk group balance above includes TL281,315 placement in “Banks”.

##### b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent 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 Group balance above includes TL71,522 and other entities included in the risk group balance above includes TL264,429 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 Parent 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	-	-	1,524,306	1,355,438	756,839	1,095,132
Balance at End of Period	-	-	1,497,789	1,524,306	1,055,942	756,839
Interest on Deposits	-	-	95,774	62,614	103,901	62,344

##### 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 Parent 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 or Loss					
Beginning of Period	-	-	35,229,756	25,275,220	655,880	247,304
End of Period	-	-	28,512,967	35,229,756	1,210,586	655,880
Total Profit/Loss	-	-	(349,116)	(263,137)	(26,780)	3,795
Hedging Transactions Purposes						
Beginning of Period	-	-	12,113,184	3,032,500	-	-
End of Period	-	-	17,581,390	12,113,184	-	-
Total Profit/Loss	-	-	637,693	49,591	-	-

d) As of 31 December 2018, the total amount of remuneration and fees provided for the senior management of the Group is TL53,133 (31 December 2017: TL42,688).

## TÜRK EKONOMİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

(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 branches, agencies and branches abroad and off-shore branches:

	Numbers	Employees			
Domestic branches	499	9,719			
Rep-offices abroad	-	-			
Branches abroad	4	71	Cyprus	Total Assets	Capital
Off-shore branches	-	-	-	1,024,104	20,000

##### 2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:

In the year 2018, the Bank closed 1 branches, there are no branches opened during the year.

#### IX. Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date

- i) After Alain Georges Auguste FONTENEAU, the member of the Board of Directors, has resigned from his duty, Nicolas de BAUDINET de COURCELLES has been assigned as a member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code as of 7 January 2019, that will be presented to the approval of the first general assembly.
- ii) The Parent Bank issued a bond on 11 January 2019, with a nominal value of TL143,937 maturity of 70 days with the ISIN code TRFTEBK31919.
- iii) The Parent Bank issued a bond on 18 January 2019, with a nominal value of TL7,400 maturity of 98 days with the ISIN code TR0TEBK00ZA6.
- iv) The Parent Bank issued a bond on 24 January 2019, with a nominal value of TL87,358 maturity of 71 days with the ISIN code TRFTEBK41918.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2018**

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

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other Explanations on Activities of the Parent Bank**

None.

**SECTION SEVEN**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

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

The consolidated financial statements of the Group were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s review report dated 6 February 2019 is presented preceding the consolidated financial statements.

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

None.

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