

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT, ORIGINALLY ISSUED IN TURKISH, SEE NOTE
I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH AUDIT REPORT
AT 31 DECEMBER 2016**

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

Independent auditor report

To the Board of Directors of Pasha Yatırım Bankası Anonim Şirketi;

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Pasha Yatırım Bankası A.Ş. ("the Bank") as at December 31, 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the Unconsolidated Financial statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation; "BRSA Accounting and Reporting Legislation" and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communiqué "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the unconsolidated financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying unconsolidated financial statements presents fairly, in all material respects, the financial position of Pasha Yatırım Bankası A.Ş. as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

Reports on arising from other regulatory requirements:

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2016 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Other matter

The unconsolidated financial statements of the Bank as of December 31, 2015 were audited by another independent audit firm, who expressed an unqualified opinion in their audit reports dated February 22, 2016.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effect of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Damla Harman, SMMM
Partner

Istanbul, Turkey

16 February 2017

**THE YEAR-END UNCONSOLIDATED FINANCIAL REPORT OF
PASHA YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2016**

Address of the Bank's Headquarters : A.O.S. 55. Sokak No:2 42 Maslak Ofis 3 Kat:7
34398 Maslak İstanbul, Türkiye
Telephone of the Bank : (0 212) 345 07 11
Fax of the Bank : (0 212) 345 07 12
Web site of the Bank : www.pashabank.com.tr
E-mail for correspondence : info@pashabank.com.tr

The unconsolidated year-end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- **SECTION ONE** - GENERAL INFORMATION ABOUT THE BANK
- **SECTION TWO** - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **SECTION THREE** - EXPLANATIONS ON ACCOUNTING POLICIES
- **SECTION FOUR** - INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
- **SECTION FIVE** - EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **SECTION SIX** - OTHER EXPLANATIONS AND NOTES
- **SECTION SEVEN** - EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

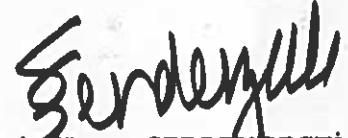
The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, have been audited and presented hereafter.



Agha-Ali KAMALOV
Chairman of the Board of Directors



Mesut ÖZDİNCİ
Chairman of the Audit Committee



Necip Süreyya SERDENGEÇTİ
Member of the Audit Committee



Hikmet Cenk EYNEHAN
General Manager



Ali İhsan TOKKUZUN
Deputy General Manager



Özgür İÇİN
Financial Planning and
Controlling Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Özgür İÇİN / Manager
Telephone Number : (0212) 705 89 40
Fax Number : (0212) 345 07 12

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FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANK A.Ş.
NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute:

Bank's commercial title	Pasha Yatırım Bankası A.Ş.
Reporting Period	1 January - 31 December 2016
Address of the Bank's Headquarters	A.O.S. 55. Sokak No:2 42 Maslak Ofis 3 Kat:7 34398 Maslak İstanbul, Türkiye
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	www.pashabank.com.tr
E-mail	info@pashabank.com.tr

PASHA Yatırım Bankası A.Ş. ("Bank", "PASHA Bank") has been permitted by the decree no. 87/11898 dated 17.06.1987 by the Council of Ministers pursuant to the Banking Law No. 3182 (repealed) and the Bank has been established under the title of Yatırım Bank A.Ş. headquartered in Istanbul under the Foreign Investment Promotion Law. The establishment of the Bank was permitted by the Ministry of Industry and Trade on the date of 21.12.1987, the Articles of Association of the Bank was approved by the decision no. 1987/5087 dated 12.25.1987 of the 1st Commercial Court of Istanbul, and it was registered with the Istanbul Trade Registry Office under the no. 240320 on the date of 25.12.1987 and published in the Turkish Trade Registry Gazette no. 1924 and dated 30 December 1987. Commencing its investment banking activities on the date of 1 March 1988, the Bank has been operating as of 31 December 2016 through its head office in Istanbul only and has no branches.

II. Explanation about 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:

With the decision taken by TAİB Bank B.S.C. (c) - previous parent of the Bank- regarding the sale of its shares in the Bank, a share purchase agreement was signed between the Aksoy Holding A.Ş. and previous parent of the Bank on 13 May 2013. Upon the Banking Regulation and Supervision Agency ("BRSA")'s approval dated 26 June 2013, Aksoy Holding A.Ş. acquired the 99.4689% of the shares of the Bank. With the decision taken in the extraordinary general assembly meeting of the Bank dated 31 July 2013 and numbered 32, share transfer transaction has been approved. The share transfer from previous parent of the Bank to Aksoy Holding A.Ş. has been completed as at 2 August 2013.

In the extraordinary general assembly meeting of the Bank dated 31 October 2013, it was decided to increase the paid-in capital of the Bank to from TL 37,000 to TL 39,000. The paid-in capital of the Bank was increased to 39,000 TL in accordance with the BRSA's approval as at 13 November 2013. In the extraordinary general assembly meeting of the Bank dated 21 November 2013, it was decided to increase the paid-in capital of the Bank to from TL 39,000 to TL 80,000. The paid-in capital of the Bank was increased to 80,000 TL in accordance with the BRSA's approval as at 29 November 2013.

PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank to PASHA Bank OJSC. Acquisition of TL 28,795,121 of the Bank's capital by PASHA Bank OJSC and increase in the paid-in capital from TL 80,000 to TL 255,000 upon the acquisition, resulting as 79.9196% of the shares to be owned by PASHA Bank OJSC, were approved by the BRSA's decision dated 26 December 2014 and numbered 6137.

Paid-in capital increase from TL 80,000 to TL 255,000 by TL 175,000 cash, approval of the share transfer and changing the Bank's title as "Pasha Yatırım Bankası A.Ş." have been approved in the Extraordinary General Assembly of the Bank dated 27 January 2015.

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**PASHA YATIRIM BANK A.Ş.
NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION (Continued)

The change of Bank's title as "Pasha Yatırım Bankası A.Ş." and trade name as "PASHABank" has been registered on 2 March 2015 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

Acquisition of remaining 51,000 shares of Aksoy Holding A.Ş. by PASHA Bank OJSC and increasing Pasha Bank OJSC shares from %79.9196 to %99.9196 has been approved by the BRSA's resolution dated 18 December 2015 and numbered 6583. The related BRSA resolution has been announced to the Bank by statement dated 23 December 2015 and numbered 18038.

The share transfer was accounted in the statutory accounting records with the Board of Directors decision dated 24 December 2015 and numbered 2015/110.

Partnership structure of the Bank as of 31 December 2016, is stated below:

Name Surname/Commercial Title	Capital	Share Rate
PASHA Bank OJSC	254,795	%99.9196
Other	205	%0.0804
Total	255,000	%100

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess:

Title	Name	Education	Share Percentage
Chairman of the Board of Directors ⁽¹⁾	Agha-Ali Kamalov	PhD	-
Vice President of the Board of Directors ⁽¹⁾	Jalal Gasimov	Postgraduate	-
Member of the Board of Directors	Taleh Kazimov	Postgraduate	-
Member of the Board of Directors	Shahin Mammadov	Postgraduate	-
Member of the Board of Directors ⁽³⁾	Kamala Nuriyeva	Postgraduate	-
Independent Member of the Board of Directors/ Member of the Audit Committee	Necip Süreyya Serdengeçti	Postgraduate	-
Independent Member of the Board of Directors/ Chairman of the Audit Committee	Mesut Özdiñ	Postgraduate	-
Independent Member of the Board of Directors	Adnan Aykol	Graduate	-
Member of the Board of Directors/ General Manager	Hikmet Cenk Eynehan	Postgraduate	-
Assistant General Manager	Ali İhsan Tokkuzun	Postgraduate	-
Assistant General Manager ⁽²⁾	Ayşe Hale Yıldırım	Graduate	-

(1) Agha Ali Kamalov is assigned as Chairman of the Board of Directors, Jalal Gasimov is assigned as Vice President of the Board of Directors with the Board decision dated 30 March 2016, numbered 2016/22.

(2) Ayşe Hale Yıldırım is assigned as Assistant General Manager responsible from Corporate Marketing, Corporate Communication, Human Resources and Administrative Affairs with the Board decision dated 29 July 2016 numbered 62.

(3) Kamala Nuriyeva is assigned as Member of Board of Directors with the decision taken at Extraordinary General Meeting dated 25 November 2016.

The shares of the above individuals in the Bank are insignificant.

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

**PASHA YATIRIM BANK A.Ş.
NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION (Continued)

IV. Explanation on shareholders having control shares:

Explanation on shareholders having control shares of the Bank as of 31 December 2016, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
PASHA Holding Ltd.	152,877	%59.95	152,877	-
Ador Ltd.	76,439	%29.98	76,439	-
Arif Pashayev	25,480	%9.99	25,480	-

V. Information on the Bank's service type and field of operations:

The Bank operates as an investment bank and as of 31 December 2016 the Bank has 39 employees (31 December 2015: 31).

VI. Existing or Potential, Actual or Legal obstacles on Immediate Equity Transfer Between the Bank and its subsidiaries or Repayment of the Debt:

None.

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note (Section Five-1)	Current Period 31 December 2016			Prior Period 31 December 2015		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(1)	14,804	19,632	34,436	788	11,875	12,663
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(2)	-	281	281	604	-	604
2.1	Trading Financial Assets		-	281	281	604	-	604
2.1.1	Government Debt Securities		-	-	-	-	-	-
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		-	281	281	604	-	604
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(3)	19,028	10,116	29,144	26,028	21,329	47,357
IV.	MONEY MARKETS		15,133	-	15,133	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		15,133	-	15,133	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(4)	13,864	6,674	20,538	9,619	-	9,619
5.1	Share Certificates		-	-	-	-	-	-
5.2	Government Debt Securities		6,196	-	6,196	9,619	-	9,619
5.3	Other Marketable Securities		7,668	6,674	14,342	-	-	-
VI.	LOANS	(5)	311,290	92,580	403,870	188,187	57,557	245,744
6.1	Loans		311,290	92,580	403,870	188,187	57,557	245,744
6.1.1	Loans to Bank's Risk Group		-	-	-	7,620	462	8,082
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		311,290	92,580	403,870	180,567	57,095	237,662
6.2	Loans under Follow-up		-	-	-	-	-	-
6.3	Specific Provisions (-)		-	-	-	-	-	-
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	(6)	-	-	-	-	-	-
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	(11)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	(12)	681	-	681	504	-	504
XV.	INTANGIBLE ASSETS (Net)	(13)	981	-	981	468	-	468
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		981	-	981	468	-	468
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET		689	-	689	708	-	708
17.1	Current Tax Asset		-	-	-	81	-	81
17.2	Deferred Tax Asset	(15)	689	-	689	627	-	627
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for Resale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	4,559	45	4,604	4,701	37	4,738
	TOTAL ASSETS		381,029	129,328	510,357	231,607	90,798	322,405

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. STATEMENT OF FINANCIAL POSITION (Continued)

	LIABILITIES	Note (Section Five-II)	Current Period 31 December 2016			Prior Period 31 December 2015		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
1.1	Deposits of Bank's Risk Group		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	1,603	-	1,603	20	28	48
III.	FUNDS BORROWED	(3)	46,374	145,523	191,897	-	71,311	71,311
IV.	INTERBANK MONEY MARKETS		15,963	-	15,963	-	-	-
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		11,306	-	11,306	-	-	-
4.3	Funds Provided Under Repurchase Agreements	(4)	4,657	-	4,657	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)	(5)	37,239	-	37,239	-	-	-
5.1	Bills		37,239	-	37,239	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		3,901	16	3,917	49	10,223	10,272
6.1	Borrower Funds	(6)	3,901	16	3,917	49	10,223	10,272
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		29	1,425	1,454	100	-	100
VIII.	OTHER LIABILITIES	(7)	5,092	20	5,112	5,292	46	5,338
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(8)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	HEADING DERIVATIVE FINANCIAL LIABILITIES	(9)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(10)	6,435	-	6,435	4,302	-	4,302
12.1	General Loan Loss Provision		4,471	-	4,471	2,670	-	2,670
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		352	-	352	299	-	299
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		1,612	-	1,612	1,333	-	1,333
XIII.	TAX LIABILITY	(11)	2,079	-	2,079	482	-	482
13.1	Current Tax Liability		2,079	-	2,079	482	-	482
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS	(12)	-	-	-	-	-	-
14.1	Held for Resale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(13)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(14)	244,658	-	244,658	230,552	-	230,552
16.1	Paid-in Capital		255,000	-	255,000	255,000	-	255,000
16.2	Capital Reserves		11	-	11	(90)	-	(90)
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		11	-	11	(90)	-	(90)
16.2.4	Tangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Reserves (Effective portion)		-	-	-	-	-	-
16.2.9	Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		-	-	-	-	-	-
16.3	Profit Reserves		324	-	324	324	-	324
16.3.1	Legal Reserves		29	-	29	29	-	29
16.3.2	Status Reserves		295	-	295	295	-	295
16.3.3	Extraordinary Reserves		-	-	-	-	-	-
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		(10,677)	-	(10,677)	(24,682)	-	(24,682)
16.4.1	Prior Years' Income/ (Loss)		(24,682)	-	(24,682)	(33,469)	-	(33,469)
16.4.2	Current Year Income/ (Loss)		14,005	-	14,005	8,787	-	8,787
	TOTAL LIABILITIES		363,373	146,984	510,357	240,797	81,608	322,405

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. OFF-BALANCE SHEET

	OFF-BALANCE SHEET COMMITMENTS	Note (Section Five-III)	Current Period			Prior Period		
			31 December 2016			31 December 2015		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		154,327	92,856	247,183	106,131	111,026	217,157
I.	GUARANTEES AND WARRANTIES	(1)	130,451	67,459	197,910	59,665	67,130	126,995
1.1	Letters of Guarantee		130,451	41,119	171,570	59,665	44,829	104,494
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	8,754	8,754
1.1.3	Other Letters of Guarantee		130,451	41,119	171,570	59,665	36,075	95,740
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	6,984	6,984	-	22,501	22,501
1.3.1	Documentary Letters of Credit		-	6,984	6,984	-	22,501	22,501
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	19,356	19,356	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS		11	-	11	10,509	8,437	18,946
2.1	Irrevocable Commitments		11	-	11	10,509	8,437	18,946
2.1.1	Asset Purchase and Sales Commitments		-	-	-	8,475	8,437	16,912
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	2,009	-	2,009
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		11	-	11	25	-	25
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		-	-	-	-	-	-
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	23,865	25,397	49,262	35,957	35,259	71,216
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		23,865	25,397	49,262	35,957	35,259	71,216
3.2.1	Forward Foreign Currency Buy/Sell Transactions		13,446	14,267	27,713	3,835	3,794	7,629
3.2.1.1	Forward Foreign Currency Transactions-Buy		10,170	3,519	13,689	3,835	-	3,835
3.2.1.2	Forward Foreign Currency Transactions-Sell		3,276	10,748	14,024	-	3,794	3,794
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		10,419	11,130	21,549	32,122	31,465	63,587
3.2.2.1	Foreign Currency Swap-Buy		10,419	-	10,419	32,122	-	32,122
3.2.2.2	Foreign Currency Swap-Sell		-	11,130	11,130	-	31,465	31,465
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
IV.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		200,145	105,818	305,963	97,868	91,509	189,677
IV.	ITEMS HELD IN CUSTODY		2,357	-	2,357	955	-	955
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		-	-	-	-	-	-
4.3	Cheques Received for Collection		2,357	-	2,357	955	-	955
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		197,758	60,300	258,058	96,913	49,418	146,331
5.1	Marketable Securities		-	52,788	52,788	-	43,772	43,772
5.2	Guarantee Notes		167,311	6,413	173,724	94,234	5,646	99,880
5.3	Commodity		5,497	1,099	6,596	2,679	-	2,679
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		24,950	-	24,950	-	-	-
5.6	Other Pledged Items		-	-	-	-	-	-
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		30	45,518	45,548	-	42,391	42,391
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		354,472	198,674	553,146	203,999	202,835	406,834

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. STATEMENT OF INCOME (PROFIT AND LOSS)

	INCOME AND EXPENSE ITEMS	Note (Section Five-IV)	Current Period 1 January - 31 December 2016	Prior Period 1 January - 31 December 2015
I.	INTEREST INCOME	(1)	37,226	26,183
I.1	Interest on Loans		33,683	17,647
I.2	Interest Received from Reserve Requirements		148	6
I.3	Interest Received from Banks		1,579	6,691
I.4	Interest Received from Money Market Transactions		186	587
I.5	Interest Received from Marketable Securities Portfolio		1,630	1,252
I.5.1	Trading Financial Assets		-	-
I.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
I.5.3	Available-for-sale Financial Assets		1,630	1,252
I.5.4	Held-to-maturity Investments		-	-
I.6	Financial Lease Income		-	-
I.7	Other Interest Income		-	-
II.	INTEREST EXPENSE (-)	(2)	(6,714)	(1,162)
2.1	Interest on Deposits (-)		-	-
2.2	Interest on Funds Borrowed (-)		(5,000)	(768)
2.3	Interest Expense on Money Market Transactions (-)		(678)	(269)
2.4	Interest on Securities Issued (-)		(751)	-
2.5	Other Interest Expenses (-)	(12)	(285)	(125)
III.	NET INTEREST INCOME (I + II)		30,512	25,021
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,130	345
4.1	Fees and Commissions Received		1,317	579
4.1.1	Non-cash Loans		1,171	270
4.1.2	Other	(12)	146	309
4.2	Fees and Commissions Paid (-)		(187)	(234)
4.2.1	Non-cash Loans (-)		(27)	-
4.2.2	Other (-)	(12)	(160)	(234)
V.	DIVIDEND INCOME	(3)	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(4)	4,784	1,102
6.1	Trading Gains/(Losses) on Securities		(23)	(460)
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(779)	(1,132)
6.3	Foreign Exchange Gains/(Losses)		5,586	2,694
VII.	OTHER OPERATING INCOME	(5)	99	97
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		36,525	26,565
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(1,901)	(2,178)
X.	OTHER OPERATING EXPENSES (-)	(7)	(16,612)	(12,903)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		18,112	11,484
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	18,112	11,484
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	(9)	(4,107)	(2,697)
16.1	Current Tax Provision		(4,191)	-
16.2	Deferred Tax Provision		84	(2,697)
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	(10)	14,005	8,787
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(8)	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)	(9)	-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)	(10)	-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	(11)	14,005	8,787
	Earnings/(Loss) per share		0.0549	0.0345

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

		Current Period 1 January – 31 December 2016	Prior Period 1 January – 31 December 2015
	INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	126	(105)
II.	REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III.	REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV.	FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED AND CURRENT TAX ON VALUATION DIFFERENCES	(25)	21
X.	NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	101	(84)
XI.	CURRENT PERIOD INCOME/LOSS	14,005	8,787
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-	-
11.2	Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	14,005	8,787
XII.	TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	14,106	8,703

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

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

**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Prior Period 31 December 2015	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	(1,817)	(6)	-	-	-	-	46,449
II.	Adjustment in accordance with TMS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance		80,000	-	-	-	29	295	-	-	(1,817)	(6)	-	-	-	-	46,449
	Changes in the Period																
VI.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(1)	-	-	-	-	-	-	-	-	-	(84)	-	-	-	-	(84)
VI.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Capital Increase		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
14.1	Cash		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
14.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	8,787	-	-	-	-	-	8,787
XX.	Profit Distribution	(2)	-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other	(3)	-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-
	Period End Balance (III + ... + XX)		255,000	-	-	-	29	295	-	-	8,787	(90)	-	-	-	-	210,552

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

	Current Period 31 December 2016	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	Balance at the beginning of the period		255,000	-	-	-	29	295	-	-	8,787	(33,469)	(90)	-	-	-	-	230,552
	Changes in the Period																	
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(1)	-	-	-	-	-	-	-	-	-	-	101	-	-	-	-	101
IV.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or Loss		-	-	-	-	-	-	-	-	14,005	-	-	-	-	-	-	-
XVIII.	Profit Distribution	(3)	-	-	-	-	-	-	-	-	(8,787)	8,787	-	-	-	-	-	14,005
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(8,787)	8,787	-	-	-	-	-	-
	Period End Balance (I+...+XVIII)		255,000	-	-	-	29	295	-	-	14,005	(14,682)	11	-	-	-	-	244,658

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOW

		Note (Section Five-VI)	Current Period 1 January - 31 December 2016	Prior Period 1 January - 31 December 2015
A.	CASH FLOWS FROM BANKING OPERATIONS			
I.1	Operating Profit Before Changes in Operating Assets and Liabilities		20,288	8,554
1.1.1	Interest Received		34,140	20,108
1.1.2	Interest Paid		(2,346)	(718)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		1,260	1,228
1.1.5	Other Income		5,887	(884)
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(7,969)	(6,000)
1.1.8	Taxes Paid		(2,691)	-
1.1.9	Other	(2)	(7,993)	(5,180)
I.2	Changes in Operating Assets and Liabilities		(35,190)	(129,947)
1.2.1	Net (Increase)/Decrease in Trading Securities		-	(556)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/Decrease in Due from Banks		(7,630)	(11,752)
1.2.4	Net (Increase)/Decrease in Loans		(155,696)	(188,748)
1.2.5	Net (Increase)/Decrease in Other Assets	(2)	4,235	2,657
1.2.6	Net Increase/(Decrease) in Bank Deposits		-	-
1.2.7	Net Increase/(Decrease) in Other Deposits		-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed		116,978	64,273
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	(2)	6,923	4,179
I.	Net Cash Provided from Banking Operations		(14,902)	(121,393)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from / (Paid For) Investing Activities		(11,542)	(8,596)
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(364)	(334)
2.4	Disposals of Property and Equipment		-	-
2.5	Cash Paid for Purchase of Investments Available-for-Sale		(28,689)	(11,663)
2.6	Cash Obtained from Sale of Investments Available-for-Sale		18,352	3,834
2.7	Cash Paid for Purchase of Investment Securities		-	-
2.8	Cash Obtained from Sale of Investment Securities		-	-
2.9	Other		(841)	(433)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		36,488	174,853
3.1	Cash Obtained from Funds Borrowed and Securities Issued		36,488	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Capital Instruments		-	175,000
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		-	(147)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(2)	842	2,153
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		10,886	47,017
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	48,248	1,231
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	(1)	59,134	48,248

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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PASHA YATIRIM BANKASI A.Ş.

**NOTES TO UNCONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. PROFIT DISTRIBUTION STATEMENT

		Current Period 31 December 2016 (*)	Prior Period 31 December 2015
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	18,112	11,484
1.2	TAXES AND DUTIES PAYABLE (-)	(4,107)	(2,697)
1.2.1	Corporate Tax (Income tax)	(4,191)	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties (**)	84	(2,697)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	14,005	8,787
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	14,005	8,787
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
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 Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
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	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of financial statements preparation date, Bank's General Shareholders Meeting have not yet been made, hence no decision has been taken on profit distribution.

(**) Deferred tax income/expense shown in other taxes and duties not subject to profit appropriation

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

- a. The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications 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 accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, effectiveness date is 1 January 2016, have no material impact on the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments (2011 Version) will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 Financial Instruments standard.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2015. Aforementioned accounting policies and valuation principles are explained in below.

c. Explanation for convenience translation into English:

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

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is shareholders' equity – internal funding, in addition external funding including funding from repo transactions and borrowing from domestic and foreign financial institutions is utilised. Funds obtained from internal and external sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank does not have any embedded derivative instruments.

Derivative instruments are classified either as "Hedging Derivative Financial Instruments" or "Trading Derivative Financial Instruments" in accordance with the "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")". Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in TAS 39 and are therefore treated as "Financial assets at fair value through profit or loss".

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised in the income statement on an accrual basis. The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made. Only cash collections regarding non-performing loans are recorded as interest income.

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

All fees and commissions income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection.

Fees and commissions expenses paid to the other institutions regarding financial liabilities are considered a component of interest expense of the related funding and are recognised as transaction costs and recorded as expense in the statement of profit and loss.

Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised as income at the time of collection.

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(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FINANCIAL ASSETS

The Bank classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

a. Financial assets at fair value through profit or loss:

Financial assets are classified either as "Financial assets at fair value through profit or loss" or "Trading financial assets".

Trading financial assets are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Sales and purchases of trading financial assets are recognised at the "settlement dates". Trading financial assets are initially recognised at fair value plus transactions costs and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in related section.

b. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial asset at fair value through profit or loss".

Government bonds included in the available-for-sale financial assets are subsequently re-measured at fair value. "Unrealised gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders' equity as "Marketable Securities Valuation Reserve", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated 1 November 2006. Apart from specific provisions, the Bank has general loan loss provision within the scope of the stated regulations.

d. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost. Held-to-maturity securities are carried at "amortised cost" net of impairment using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

The Bank does not have any held-to-maturity financial assets. There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the violation of classification principles.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

**IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES
LENDING TRANSACTIONS**

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method".

**X. EXPLANATIONS ON ASSETS HELD FOR RESALE AND FIXED ASSETS FROM
DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS**

According to TFRS 5, non-current asset classified as held for sale (or group of assets to be disposed) is measured by the lowest of book value or sales costs discounted fair value. An asset to be held for sale asset (or group of assets to be disposed) it is necessary that, the related asset has to be commonly seen on the sales of these kind of sales assets, it could be easily immediately sold in the frame of usual conditions and it has to have high sales probability. For the high sales probability, there has to be a plan regarding the sales of asset made by the appropriate management level and by the determination of buyers there has to be an active program started regarding to completion of the plan.

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovable and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, No. 26333.

A discontinued operation is a part classified as discarded or held for sales by the bank. Results regarding to discontinue operations are presented individually in income statement.

The Bank has no discontinued operations.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Intangibles are amortised over their estimated useful lives of three to five years using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the assets.

The Bank expects no change with respect to accounting estimates, amortization period, amortization method, or residual value that will have significant impact on the current or the following periods.

Computer software development expenses that add to the economic benefit and extend the useful life of the software are capitalised. These expenses are amortised over the remaining useful life of the related intangible asset using "the straight-line method".

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any. Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Office machine, furniture, leasehold improvements and vehicles	3-10 years
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The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down immediately to its "recoverable amount" and the provision for the diminution in value is charged to the income statement.

Property and equipment are not subject to valuation such that fair value is presented in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the regular repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

There is no pledge, mortgage or commitment on the Bank's property and equipments.

The Bank expects no change with respect to accounting estimates that have significant impact on the current period or may have significant impact on the following periods.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

Operating Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operational lease. Payments that are made under operational leases, are accounted in income statements on a straight line basis during the lease period.

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS

Provisions and contingent liabilities except for the financial instruments within the scope of the TAS 39 or the provisions recognised in accordance with the TAS 12 and TAS 19 are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XV. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

According to TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Income and Expense Items Accounted in Equity" and represented in the Prior Periods' Income/ (Loss) item in the Shareholders Equity section.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON TAXATION

a. Current Tax:

Many clauses of Corporate Tax Law No. 5520 ("Tax Law") which are valid starting from 1 January 2006, were taken into effect after being published in the Official Gazette dated 21 September 2006 No. 26205. According to the Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% since 1 January 2006. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (such as capital gains derived from the sale of equity investments) and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

b. Deferred Tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Deferred tax effects of the transactions accounted under equity are included in equity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

c. Transfer Pricing:

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" explains the application related issues on this matter.

According to this Communiqué, The Bank is required to fill out Transfer Pricing form, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties as well as the methodology of the transfer pricing.

XVII. EXPLANATIONS ON BORROWINGS

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities.

XVIII. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects. Dividend payments are determined by the General Assembly of Bank.

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

XIX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments". The Bank has no avalized drafts and acceptances shown as liabilities against assets.

XX. EXPLANATIONS ON GOVERNMENT GRANTS

As of 31 December 2016 and 31 December 2015, the Bank has no government grants.

XXI. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. EXPLANATIONS ON EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

XXIII. EXPLANATIONS ON RELATED PARTIES

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Section Five.

XXIV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. EXPLANATIONS ON SEGMENT REPORTING

Information on operational fields which are determined in accordance with the Bank's organisational and internal reporting structure and the requirements of "Turkish Financial Reporting Standards on Segment Reporting" ("TFRS 8") is disclosed in Section Four.

XXVI. RECLASSIFICATIONS

In order to be consistent with the presentation of current period financial statements, certain reclassifications are made. The Bank has reclassified TL 433 purchases of intangibles under 'other' line of "Net Cash Provided From / (Paid For) Investing Activities" section which was previously reported under 'purchases of property and equipment' line in the cash flow statement dated 31 December 2015.

XXVII. EXPLANATIONS ON OTHER MATTERS

None.

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SECTION FOUR

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT**

I. INFORMATION ABOUT SHAREHOLDERS' EQUITY ITEMS

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

The current period equity amount of the Bank is TL 248,081 while its capital adequacy standard ratio is 53.85% as of 31 December 2016. Calculations of 31 December 2015 have been made in the framework of repealed regulations and equity amount is TL 232,480 while the capital adequacy standard ratio is 91.75%. The capital adequacy ratio of the Bank is far beyond the minimum rate determined by the related legislation.

a. Information about total capital items:

	Current Period 31 December 2016	Amounts Subject to Pre-Basel III treatment Before the 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	255,000	
Share issue premiums	-	
Retained earnings	324	
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	11	
Profit	-	
Net profit of the period	14,005	
Profit of the previous years	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 capital before regulatory adjustments	269,340	
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	-	
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	24,682	
Improvement costs for operating leasing	67	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	588	588
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Cash-flow hedge reserve	-	
Shortfall of provisions to expected losses	-	
Securitisation gain on sale	-	
Gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Investments in own shares	-	
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	

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Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
Mortgage servicing rights (amount above 10% threshold)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-	
of which: significant investments in the common stock of financials	-	
of which: mortgage servicing rights	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments which shall be determined by the Board	-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
Total regulatory adjustments to Common equity Tier 1	25,337	
Common Equity Tier 1 capital (CET1)	244,003	
ADDITIONAL TIER 1 CAPITAL		
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	
	-	
Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	
Reciprocal cross-holdings in Additional Tier 1 instruments	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
National specific regulatory adjustments which shall be determined by the Board	-	
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	393	
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 Banks' Own Funds (-)	393	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total regulatory adjustments to Additional Tier 1 capital	-	
Total Additional Tier 1 capital	-	
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	243,610	

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TIER 2 CAPITAL	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions (Amounts stated on the 8th article of Regulation on Equities of Banks)	4,471
Tier 2 capital before regulatory adjustments	4,471
Tier 2 capital: regulatory adjustments	
Investments in own Tier 2 instruments	-
Reciprocal cross-holdings in Tier 2 instruments	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
Total regulatory adjustments to Tier 2 capital	-
Total Tier 2 capital	4,471
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	248,081
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory Adjustments which will be deducted from Total Capital during the transition period	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
OWN FUNDS	
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	248,081
Total Risk Weighted Assets	460,716
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	52.96%
Tier 1 Capital Adequacy Ratio (%)	52.88%
Capital Adequacy Ratio (%)	53.85%

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BUFFERS		
Institution specific buffer requirement	0.625%	
of which: capital conservation buffer requirement (%)	0.625%	
of which: bank specific countercyclical buffer requirement (%)	-	
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 (%)	-	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	-	
Significant investments in the common stock of financials	-	
Mortgage servicing rights (net of related tax liability)	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable caps on the inclusion of provisions in Tier 2 capital		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
Cap on inclusion of provisions in Tier 2 under standardised approach	-	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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	31 December 2015(*)
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital to be Entitled for Compensation after All Creditors	255,000
Share premium	-
Share cancellation profit	-
Legal reserves	324
Income passed on to shareholders' equity in accordance with TAS	-
Profit	-
Net Income for current period	-
Prior period profit	-
Provisions for possible risks	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-
Common Equity Tier 1 Capital Before Deductions	255,324
Deductions From Common Equity Tier 1 Capital	
Loss excess of reserves and loss passed on to shareholders' equity in accordance with TAS (-)	24,772
Leasehold Improvements (-)	26
Goodwill and other intangible assets and related deferred tax liabilities. (-)	468
Net deferred tax income/expense (-)	99
Shares noncompliant with article 56/4 of the Law (-)	-
Direct or indirect investments on Bank's own Common Tier 1 Capital (-)	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and below	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and above	-
Rights of providing mortgage service exceeding 10% of Common Tier 1 capital (-)	-
Deferred tax assets based on temporary differences exceeding 10% of Common Tier 1 capital (-)	-
Balances in accordance with the temporary article 2/2 of Regulation on Shareholders' Equity of Banks exceeding 15% of Common Tier 1 capital (-)	-
Excess amount arising from total net long position belonging to investments on Common Tier 1 Capital of banks and financial institutions that are not consolidated, with a shareholding above 10%	-
Excess amount arising from rights of providing mortgage service (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items determined by board (-)	-
Deduction amount from Common Tier 1 Capital in case of shortage of additional Tier 1 capital or supplementary capital (-)	-
Total Deductions From Common Equity Tier 1 Capital	25,365
Total Common Equity Tier 1 Capital	229,959
ADDITIONAL TIER 1 CAPITAL	
Premiums of privilege share capital not included in Common Equity Tier 1 capital	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued after 1.1.2014)	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued before 1.1.2014)	-
Additional Tier 1 Capital Before Deductions	-
Deductions From Additional Tier 1 Capital	
Direct or indirect investments which bank provides for its' own additional Tier 1 capital (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-
Other items determined by board (-)	-
Deduction amount of additional core capital in case of there is not enough additional core capital or supplementary capital (-)	-
Total Deductions From Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions From Tier 1 Capital	
Non-deducted Common Tier 1 capital part in accordance with deferred tax expense and goodwill impairment and other intangible fixed assets which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	-
Non deducted Common Tier 1 capital part in accordance with net deferred tax income/expense which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	149
Total Tier 1 Capital	229,810

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**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
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	31 December 2015 (*)
SUPPLEMENTARY CAPITAL	
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported after 1.1.2014)	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-
Pledged sources to bank from shareholders which is used for share capital increasing of bank	-
General Provisions	2,670
Supplementary Capital Before Deductions	2,670
Deductions From Supplementary Capital	
Direct or indirect investments which bank provides for its' own supplementary capital (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-
Other items determined by board (-)	-
Total Deductions From Supplementary Capital	-
Total Supplementary Capital	2,670
CAPITAL	232,480
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	-
Investments to loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Deduction from equity in accordance with 2nd article of 20th item in Regularity of Measurement and Valuation of Capital Adequacy of Banks (-)	-
Other accounts determined by board (-)	-
Non deducted part of common equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
Non deducted part of common equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above (-)	-
Non deducted part of common equity tier1 generating from exceed amount generating from investments to Common Tier 1 capitals of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above, temporary differences of deferred tax income and the right of offering mortgage services explained in the 1st and 2nd paragraphs of temporary article 2 of Regulation of Shareholders' Equity of Banks (-)	-
SHAREHOLDERS' EQUITY	232,480
Amounts Below Overrun Amounts In Applied Reducing Procedures	382
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10%	-
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above.	-
Amount generating from right of offering mortgage service	-
Amount generating from temporary differences of deferred income tax income	382
(*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016. the information given in the prior period column has been calculated pursuant to former regulation.	

b. Information about instruments that will be included in total capital calculation:

None.

c. Information about debt securities issued that will be included in total capital calculation:

None.

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- d. The difference between Total Capital in the table above and Equity in the unconsolidated balance sheet mainly arises from the general provision. In the calculation of Total Capital, general provision is taken into consideration as Tier II Capital. Besides, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CREDIT RISK

- a. The Bank takes into account the Banking Law as far as the limits applied to a single obligor or a risk group is concerned. Limits are determined to avoid sectoral concentration, and the compliance to these limits are monitored on transaction basis.

Regarding daily credit and security transactions, compliance to limits and concentrations are monitored and reported by the risk management unit. Besides, the compliance of credits to their limits are followed by operations, marketing and internal control units.

Credits and other receivables are re-evaluated at least once a year by the credit allocation unit. Borrower and facility ratings are calculated by using models specifically developed for this purpose.

Including the necessary documents, credit allocation activities are also subject to controls by the internal control unit, which is independent from business units.

- b. The Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA. In these regulations, credits that do not qualify for the Third Group in terms of days per due, are classified as "late collection", all the receivables within the third, fourth and fifth groups are classified as "Impaired", regardless of whether the accrued interests and interest-like burdens on the borrower are added to the principal or whether the credit has been refinanced or not.
- c. Bank does not carry any forward or option positions or similar positions based on other agreements on the organized markets.
- d. The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk, which may necessitate mitigation through futures or options. As credit risk increases, usage of such derivative instruments may be relevant.
- e. The Bank does not have any non-cash loans that were transformed into cash. If such loans exist, they are going to be applied the same risk weight as the cash loans.
- f. The Bank does not have any credits that were renewed or agreed on a new payment plan. If such loans exist, they are planned to be monitored separately by the risk management unit in the monthly reports.
- The discrimination of credit risk is performed through borrower and facility rating systems. No risk discrimination is made via maturity.

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- g. The Bank does not have any credit transaction abroad.
- h. The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk.
- i. The share of the greatest 100 and 200 cash loan customers within the total cash loans portfolio is 100% and 100%, respectively (31 December 2015: 100% and 100%).

The share of the greatest 100 and 200 non-cash loan customers within the total non-cash loans portfolio is 100% and 100%, respectively (31 December 2015: 100% and 100%).

The share of the greatest 100 and 200 cash and non-cash loan customers within the total cash and non-cash loans portfolio in the on and off balance sheets is 100% and 100%, respectively (31 December 2015: 100% and 100%).

- j. General provision for the credit risk is TL 4,471 (31 December 2015: TL 2,670).
- k. The Bank does not have any specific provision (31 December 2015: None). Cash loans are commercial loans, classified as standard credits.
- l. The total amount of risk the Bank is exposed to, without taking into account the mitigation effects, and average of the risks grouped based on different risk classes and types are shown in the table below:

	31 December 2016		31 December 2015	
	Current Period Risk Amount ^(*)	Average Risk Amount ^(**)	Current Period Risk Amount ^(*)	Average Risk Amount ^(**)
Risk Classifications	645,789	500,693	388,363	280,916
Conditional and unconditional receivables from Central Governments or Central Banks	35,267	18,924	22,347	8,694
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	350,969	250,489	187,623	180,165
Conditional and unconditional corporate receivables	245,948	217,310	172,737	86,773
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	865	-	-
Non-performing receivables	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	7,668	4,478	-	-
Investments in nature of Collective Investment funds	-	-	-	-
Equity security investments	-	-	-	-
Other receivables	5,937	8,627	5,656	5,284

(*) The figures represent total risk amounts before Credit Risk Mitigation and after credit conversion factor.

(**) Average risk amounts are calculated as arithmetical average of monthly amounts of relevant year.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Profile of significant exposures in significant regions

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current Period																		
Domestic	35,267	-	-	-	-	324,269	182,710	-	-	-	-	-	-	7,668	-	-	5,937	555,851
European Union Countries	-	-	-	-	-	5,917	53,136	-	-	-	-	-	-	-	-	-	-	59,053
OECD Countries (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	678	-	-	-	-	-	-	-	-	-	-	-	678
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	20,105	10,102	-	-	-	-	-	-	-	-	-	-	30,207
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	35,267	-	-	-	-	350,969	245,948	-	-	-	-	-	-	7,668	-	-	5,937	645,789

(*) Sums for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Governments or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

	1	2	3	4	5	6	7	Risk Classifications (*)									16	Total
Prior Period																		
Domestic	22,347	-	-	-	-	153,048	172,737	-	-	-	-	-	-	-	-	-	5,656	353,788
European Union Countries	-	-	-	-	-	287	-	-	-	-	-	-	-	-	-	-	-	287
OECD Countries (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	10,808	-	-	-	-	-	-	-	-	-	-	-	10,808
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	23,480	-	-	-	-	-	-	-	-	-	-	-	23,480
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	22,347	-	-	-	-	187,623	172,737	-	-	-	-	-	-	-	-	-	5,656	388,363

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
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- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
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- 16) Other receivables

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

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Risk profile by sectors or counterparties

Current Period	Risk Classifications (*)																	Total		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		TL	FC
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	38,056	-	-	-	-	-	-	-	-	-	-	26,840	11,216	38,056
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	23,407	-	-	-	-	-	-	-	-	-	-	19,207	4,200	23,407
Electricity, Gas and Water	-	-	-	-	-	-	14,649	-	-	-	-	-	-	-	-	-	-	7,633	7,016	14,649
Construction	-	-	-	-	-	-	58,445	-	-	-	-	-	-	-	-	-	-	25,615	32,830	58,445
Services	35,267	-	-	-	-	350,969	65,169	-	-	-	-	-	-	7,668	-	-	-	397,104	61,969	459,073
Wholesale and Retail Trade	-	-	-	-	-	-	41,536	-	-	-	-	-	-	-	-	-	-	24,668	16,868	41,536
Accommodation and Dining	-	-	-	-	-	-	5,345	-	-	-	-	-	-	-	-	-	-	5,345	-	5,345
Transportation and Telecom	-	-	-	-	-	-	7,667	-	-	-	-	-	-	-	-	-	-	7,403	264	7,667
Financial Institutions	35,267	-	-	-	-	350,969	-	-	-	-	-	-	-	7,668	-	-	-	349,067	44,837	393,904
Real Estate and Rental Services	-	-	-	-	-	-	10,621	-	-	-	-	-	-	-	-	-	-	10,621	-	10,621
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	81,278	-	-	-	-	-	-	-	-	-	-	33,454	56,761	90,215
Total	35,267	-	-	-	-	350,969	245,948	-	-	-	-	-	-	7,668	-	-	-	5,937	162,776	645,789

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Governments or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
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- 16) Equity security investments
- 17) Other receivables

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Prior Period	Risk Classifications (*)																FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	
<i>Agriculture</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Farming and Stockbreeding</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Fishery</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Manufacturing</i>	-	-	-	-	-	-	39,013	-	-	-	-	-	-	-	-	-	30,531	39,013
<i>Mining and Quarrying</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Production</i>	-	-	-	-	-	-	30,429	-	-	-	-	-	-	-	-	-	23,086	30,429
<i>Electricity, Gas and Water</i>	-	-	-	-	-	-	8,584	-	-	-	-	-	-	-	-	-	7,445	8,584
<i>Construction</i>	-	-	-	-	-	-	44,889	-	-	-	-	-	-	-	-	-	28,381	44,889
<i>Services</i>	22,309	-	-	-	-	187,623	44,783	-	-	-	-	-	-	-	-	-	199,334	254,715
<i>Wholesale and Retail Trade</i>	-	-	-	-	-	-	37,844	-	-	-	-	-	-	-	-	-	27,056	37,844
<i>Accommodation and Dining</i>	-	-	-	-	-	-	2,556	-	-	-	-	-	-	-	-	-	2,556	2,556
<i>Transportation and Telecom</i>	-	-	-	-	-	-	2,383	-	-	-	-	-	-	-	-	-	2,164	2,383
<i>Financial Institutions</i>	22,309	-	-	-	-	187,623	-	-	-	-	-	-	-	-	-	-	165,558	209,932
<i>Real Estate and Rental Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Professional Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Educational Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Health and Social Services</i>	-	-	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	2,000
<i>Others</i>	38	-	-	-	-	-	44,052	-	-	-	-	-	-	-	-	-	5,652	44,094
Total	22,347	-	-	-	-	187,623	172,737	-	-	-	-	-	-	-	-	5,656	263,898	388,363

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Other receivables

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

Risk Classifications (Current Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ^(**)
Conditional and unconditional receivables from Central Governments or Central Banks	33,874	1,232	161	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	134,532	35,560	30,567	96,637	53,673
Conditional and unconditional corporate receivables	18,389	28,594	56,512	47,031	95,422
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-
Non-performing receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	3,725	3,943	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-
Equity security investments	-	-	-	-	-
Other receivables	-	-	-	-	5,937
Total (*)	190,520	69,329	87,240	143,668	155,032

(*) Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

(**) Includes also undistributed amounts.

Risk Classifications (Prior Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ^(**)
Conditional and unconditional receivables from Central Governments or Central Banks	12,728	256	-	9,363	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	21,342	103,478	25,360	14,290	23,153
Conditional and unconditional corporate receivables	51,009	22,657	5,220	14,779	79,072
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-
Non-performing receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-
Other receivables	5,188	-	-	-	468
Total (*)	90,267	126,391	30,580	38,432	102,693

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- o. The Bank has no particular agreement with a credit rating agency.
- p. There is no credit rating for issuer or issue for the items not included in trading accounts where there is no credit ratings.
- q. Risk amounts according to risk weights

Risk Weights (Current Period)	%0	%20	%50	%100	%150	%1250	Deductions from Equity
Amounts before Credit Risk Mitigation	21,230	88,622	252,539	283,020	5,004	-	1,048
Amounts after Credit Risk Mitigation	21,230	88,622	252,539	278,394	5,004	-	1,048

Risk Weights (Prior Period)	%0	%20	%50	%100	%200	%1250	Deductions from Equity
Amounts before Credit Risk Mitigation	22,777	118,815	66,824	181,356	2,000	-	742
Amounts after Credit Risk Mitigation	22,777	118,815	66,820	177,951	2,000	-	742

- r. Movements in value adjustments and provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific provisions	-	-	-	-	-
General provisions	2,670	1,801	-	-	4,471

- s. Miscellaneous Information by major sectors and type of counterparties

In accordance with TAS and TFRS;

Impaired loans; By the end of the reporting period, not more than 90 days overdue or impaired due to credibility. For such loans, "Specific Provisions" are calculated within the scope of Provision Regulation.

Overdue Loans; By the end of the reporting period up to 90 days due but not impaired loans. For such loans, "General Provisions" are calculated within the scope of Provision Regulation.

The Bank does not have any impaired loans or overdue loans as at 31 December 2016 and 2015.

- t. Risk involved in counter-cyclical capital buffer calculation

None.

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III. EXPLANATIONS ON CURRENCY RISK

The Bank's foreign currency position is managed within the limits set by legislation and the Bank. The basic principle in foreign currency risk management is not to be exposed to currency risk. Accordingly, the exchange-trading risk positions are not allocated to the limit, banking accounts as of the currency by creating a matched asset-liability structure is aimed to provide natural protection. The Bank uses derivative financial instruments such as forward foreign exchange contracts and currency swaps for hedging purposes in foreign currency denominated transactions.

Bank's methodology of digitising the foreign currency position includes the use of standard method when calculating the capital adequacy ratio and application of internal stress tests/ sensitivity analysis.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five business days prior to that date:

	USD		EURO	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Bid Rate	3.5192	2.9181	3.7099	3.1838
1. Day's bid rate	3.5318	2.9084	3.6939	3.1921
2. Day's bid rate	3.5329	2.9157	3.6901	3.2006
3. Day's bid rate	3.5135	2.9123	3.6711	3.1904
4. Day's bid rate	3.5041	2.9187	3.6639	3.1968
5. Day's bid rate	3.5077	2.9262	3.6647	3.1969

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date:

	USD		EURO	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Arithmetic average - 31 days	3.4935	2.9177	3.6840	3.1770

Information on currency risk of the Bank:

The following table shows the foreign currency net general position of the bank on the basis of foreign currencies. In accordance with GAAP, assets which are indexed to foreign currency are shown on financial statements as TL rather than foreign currencies.

Assets which are indexed to foreign currency are considered as foreign currency item in calculation of foreign currency net general position. In accordance with the "Regulation on Calculation and Implementation of Foreign currency net general position/equity standard rate by banks on consolidated and non-consolidated basis", derivative financial assets, hedge derivative financial assets, deferred tax asset and prepaid expenses in assets; general provisions, deferred tax liability, derivative financial liabilities, hedge derivative financial liabilities and Equity in liabilities are not taken into account in calculation of exchange risk. Therefore, there are differences between foreign currency assets and liabilities total included in table below and those included in balance sheet. Actual foreign currency position of the Bank is shown in the table below in financial and economic context.

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	EUR	USD	Other FC	Total
31 December 2016				
Assets				
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Turkey	4,455	15,177	-	19,632
Due from Banks	5,916	4,198	2	10,116
Financial Assets at Fair Value Through Profit or Loss (**)	-	-	-	-
Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	6,674	6,674
Loans (*)	53,117	84,453	-	137,570
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	45	-	45
Total Assets	63,488	103,873	6,676	174,037
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	48,444	90,419	6,660	145,523
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	1,425	-	1,425
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	5	31	-	36
Total Liabilities	48,449	91,875	6,660	146,984
Net On-balance Sheet Position	15,039	11,998	16	27,053
Net Off-balance Sheet Position	(14,840)	(3,519)	-	(18,359)
Derivative Financial Assets (**)	-	3,519	-	3,519
Derivative Financial Liabilities (**)	14,840	7,038	-	21,878
Non-Cash Loans	27,170	38,576	1,713	67,459
31 December 2015				
Total Assets	15,055	89,355	10,234	114,644
Total Liabilities	6,409	75,171	-	81,580
Net On-balance Sheet Position	8,646	14,184	10,234	33,064
Net Off-balance Sheet Position	(8,438)	(18,384)	-	(26,822)
Derivative Financial Assets (**)	8,437	-	-	8,437
Derivative Financial Liabilities (**)	16,875	18,384	-	35,259
Non-Cash Loans	24,101	41,563	1,666	67,330

(*) Foreign currency indexed loans amounting to TL 44,990 (31 December 2015 : TL 23,846) are included.

(**) Forward purchase/sell transactions and swaps recorded under commitments are included.

(***) Fair value of trading derivative transactions amounting to TL 281 presented under "financial assets at fair value through profit or loss" account is not included.

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Foreign Exchange Sensitivity Analysis

The effects (excluding tax effects) of 10% weakening of TL against the foreign currencies below at 31 December 2016 and 2015 on the equity and profit or loss are presented below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change in Currency Rate		Effect on Profit and Loss		Effect on Equity	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
USD	%10	848	(411)	848	(411)
EUR	%10	20	20	20	20

IV. EXPLANATIONS ON INTEREST RATE RISK

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities.

The interest rate sensitivity of Assets, Liabilities and Off-balance sheet items is carefully followed up by the treasury department of the Bank. Assets and liabilities which are sensitive to interest are managed in such a way that minimizes the interest risk.

The interest rate risk of the banking items is measured legally in accordance with the "Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts", and this legal limit is monitored and reported monthly, based on this measurement.

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Interest rate sensitivity of the Bank:

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates

31 December 2016	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing	Total
Assets							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Turkey	19,579	-	-	-	-	14,857	34,436
Due from Banks	22,530	-	-	-	-	6,614	29,144
Financial Assets at Fair Value Through Profit/Loss	-	281	-	-	-	-	281
Money Market Placements	-	15,133	-	-	-	-	15,133
Available-for-Sale Financial Assets	3,724	12,779	4,035	-	-	-	20,538
Loans	178,777	86,269	128,751	10,073	-	-	403,870
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	6,955	6,955
Total Assets	224,610	114,462	132,786	10,073	-	28,426	510,357
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	15,963	-	-	-	-	-	15,963
Miscellaneous Payables	-	-	-	-	-	1,454	1,454
Marketable Securities Issued	37,239	-	-	-	-	-	37,239
Funds Borrowed From Other Financial Institutions	44,281	9,171	138,445	-	-	-	191,897
Other Liabilities (**)	500	1,603	-	-	-	261,701	263,804
Total Liabilities	97,983	10,774	138,445	-	-	263,155	510,357
Balance Sheet Long Position	126,627	103,688	-	10,073	-	-	240,388
Balance Sheet Short Position	-	-	(5,659)	-	-	(234,729)	(240,388)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	126,627	103,688	(5,659)	10,073	-	(234,729)	-

(*) Property and equipment, intangible assets and non-interest bearing assets in other assets and tax assets are presented under "Non-Interest bearing" column of Other Assets" line

(**) Shareholders' equity, provisions, non-interest bearing liabilities in other liabilities and tax liability is presented under "Other Liabilities" in the "Non-Interest Bearing" column.

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31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT	11,772	-	-	-	-	891	12,663
Due From Banks	26,015	-	-	-	-	21,342	47,357
Financial Assets at Fair Value Through Profit/Loss	-	604	-	-	-	-	604
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	256	-	9,363	-	-	-	9,619
Loans	105,683	41,488	52,357	2,164	44,052	-	245,744
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	6,418	6,418
Total Assets	143,726	42,092	61,720	2,164	44,052	28,651	322,405
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	100	100
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,125	-	21,086	41,100	-	-	71,311
Other Liabilities (**)	-	-	-	-	-	250,994	250,994
Total Liabilities	9,125	-	21,086	41,100	-	251,094	322,405
Balance Sheet Long Position	134,601	42,092	40,634	-	44,052	-	261,379
Balance Sheet Short Position	-	-	-	(38,936)	-	(222,443)	(261,379)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	134,601	42,092	40,634	(38,936)	44,052	(222,443)	-

(*) Property and equipment, intangible assets and non-interest bearing assets in other assets and tax assets are presented under "Non-Interest bearing" column of Other Assets" line.
(**) Shareholders' equity, provisions, non-interest bearing liabilities in other liabilities and tax liability is presented under "Other Liabilities" in the "Non-Interest Bearing" column.

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b. Average interest rates for monetary financial instruments:

31 December 2016	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	0.75	-	5.31
Due From Banks	0.10	1.49	-	9.41
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	9.69
Available-for-Sale Financial Assets	-	-	-	10.20
Loans	3.84	4.92	-	13.65
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	8.77
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	11.73
Funds Borrowed From Other Financial Inst.	1.79	3.02	-	11.01

31 December 2015	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks	-	0.99	-	10.60
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	10.95
Available-for-Sale Financial Assets	-	-	-	8.80
Loans	4.80	4.82	-	12.28
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	9.79
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Inst.	2.00	3.25	-	10.75

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- c. Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method:

Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	(+) 500 bps	(3,093)	(1.25%)
TL	(-) 400 bps	2,676	1.08%
USD	(+) 200 bps	965	0.39%
USD	(-) 200 bps	(628)	(0.25%)
EUR	(+) 200 bps	(925)	(0.37%)
EUR	(-) 200 bps	(185)	(0.07%)
TOTAL (for negative shocks)		1,863	0.76%
TOTAL (for positive shocks)		(3,053)	(1.23%)

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	(+) 500 bps	(1,974)	(0.85%)
TL	(-) 400 bps	1,687	0.73%
USD	(+) 200 bps	1,313	0.56%
USD	(-) 200 bps	(946)	(0.41%)
EUR	(+) 200 bps	67	0.03%
EUR	(-) 200 bps	(1)	0.00%
TOTAL (for negative shocks)		740	0.32%
TOTAL (for positive shocks)		(594)	(0.26%)

- d. Total unrealized gains or losses, total revaluation increases with the amount of their primary and contribution included in capital:

As of 31 December 2016, The Bank's portfolio does not have private equity investments, publicly traded shares and other share equities (31 December 2015: None).

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V. EXPLANATIONS ON EQUITY POSITION RISK

The Bank does not hold equity position as of 31 December 2016 (31 December 2015: None).

VI. EXPLANATIONS ON LIQUIDITY RISK

a) Information on risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk at bank, liquidity risk management including how liquidity risk strategy, policy and implementations communicates with board of directors and business units:

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs assets and liabilities committee weekly about the liquidity level of the Bank. Treasury department is responsible for planning liquidity management, taking measures and informing the senior management of aforementioned issues.

The Bank forms its assets and liabilities in balance not to create a negative gap on cumulative basis in maturity segments.

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks" entered into force after published on Official Gazette dated November 1, 2006 and numbered 26333 by BRSA, weekly simple average of total liquidity adequacy rates related to primary maturity segment and total liquidity adequacy rate related to secondary maturity segment cannot be less than 100% while weekly simple average of foreign currency liquidity ratio related to primary maturity segment and foreign currency adequacy rate related to secondary maturity segment cannot be less than 80%.

Treasury department manages the liquidity of the Bank daily and informs assets and liabilities committee weekly about the liquidity level of the Bank. Treasury department is responsible for planning liquidity management, taking measures and informing the senior management of aforementioned issues.

Financial planning and control department is legally responsible for measuring and reporting of liquidity risk. Stress test applied to liquidity position and calculation of liquidity coverage rate is performed by Risk Management Department.

Risk Management Department monitors related unit's activities and reports to the Senior Management monthly.

b) Information on centralization grade of liquidity management and funding strategy and its functionality among Bank and its affiliates:

There is no structured liquidity management requiring centralization between bank and its affiliates.

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c) Information on funding strategy of the Bank including policies related to diversity of funding sources and periods:

The main funding sources of the Bank are provided by domestic and foreign banks, repo transactions, money market transactions and issued marketable securities and diversification of aforementioned sources are made in order to minimize liquidity risk. Financial Institutions Department carries out studies which are required to relate supplying of long term foreign source.

ç) Information on liquidity management based on currencies forming at least 5% of total liabilities of the Bank:

Almost all the liabilities of the Bank consists of TL, USD and EUR and equities mainly forming the TL sources.

TL liquidity of the Bank is managed through funds provided from domestic and foreign banks via repo transactions made in BIST using high quality (premium) securities.

TL and foreign currency cash flow of the Bank in scope of Balance sheet management is monitored separately. Risk Management Unit reports to ALCO weekly and Board of Directors on a monthly basis.

d) Information on liquidity risk reduction techniques

Liquidity limits are determined in order to keep the risk regarding liquidity risk in defined limits and to monitor liquidity position. The aforementioned limits have been determined in accordance with "Regulation on Measurement and Evaluation of Bank's Liquidity Adequacy" in Risk Limits document and approved by Board of Directors.

e) Disclosure regarding use of stress test

At least one of the following liquidity stress tests related to issues mentioned below is applied monthly and result of the related test is reported to Board of Directors by Risk Management Unit.

- Negative influence of economic crisis occurring in domestic finance markets on the liquidity of the bank.
- Negative influence of global crisis on the liquidity of the Bank.
- Negative influence of a problem occurred within the Bank (abuse, fraud, reputation risk etc.).

Threshold of weekly and monthly liquidity rate for stress tests which shall be applied for above mentioned scenarios is taken into consideration as 80% for foreign currency assets/liabilities and as 100% for total assets/liabilities.

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f) Information related to emergency and unexpected situation plan for Liquidity:

"Emergency and unexpected situation plan for Liquidity" is approved by the Board of Directors and established in order to manage possible liquidity crisis and required actions for losses which can occur in extraordinary conditions are determined with preventing mechanisms and liquidity squeeze scenarios. The scope of the aforementioned plan is to pre-determine applicable scenarios, measurement of liquidity risk and the actions which shall be taken towards those risks.

g) Liquidity ratios realized in the current period

The liquidity ratios regarding first and second maturity tranches are presented below:

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC +TL	FC	FC +TL
31 December 2016 (*)				
Average (%)	221	377	116	383
Maximum (%)	327	556	167	587
Minimum (%)	144	195	87	279

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC +TL	FC	FC +TL
31 December 2015 (*)				
Average (%)	4,008	3,178	2,157	2,748
Maximum (%)	22,221	24,685	54,473	41,234
Minimum (%)	120	390	82	382

(*) Monthly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the tables above

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h) Liquidity Coverage Ratio

Referring to the BRSA's announcement dated 29/12/2014, No: 30223; it is announced that development and investment banks' consolidated and unconsolidated liquidity coverage ratio will be applied as 0 % until 2017 according to paragraph 5 of article 4 of Regulations About Banks' Liquidity Coverage Ratio Measurement.

Current Period-31 December 2016 (**)	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	TL+FC	FC	TL+FC	FC
High-quality Liquidity Assets (HLA)				
1 High-quality Liquidity Assets			23,519	10,381
Cash Outflows				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	58,280	20,695	58,280	20,695
6 Operational assets	-	-	-	-
7 Non-operating assets	-	-	-	-
8 Other Junior debt	58,280	20,695	58,280	20,695
9 Secured Debts			-	-
10 Other Cash Outflows	42,322	27,499	17,104	11,803
11 Derivative liabilities and margin liabilities	293	1,339	293	1,339
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	42,029	26,160	16,811	10,464
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	136,167	26,344	13,617	2,634
16 TOTAL CASH OUTFLOWS			89,001	35,132
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	217,074	6,727	150,894	5,992
19 Other cash inflows	1	155	1	155
20 TOTAL CASH INFLOWS	217,075	6,882	150,895	6,147
			Upper limit applied amount	
21 TOTAL HLA STOCK			23,519	10,381
22 TOTAL NET CASH OUTFLOWS (*)			22,250	28,985
23 LIQUIDITY COVERAGE RATION (%)			105.70%	35.82%

(*) The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

(**) Monthly simple arithmetic average of weekly unconsolidated liquidity coverage ratios for the third quarter of 2016 are calculated.

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i) Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified (*)	Total
31 December 2016								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	14,857	19,579	-	-	-	-	-	34,436
Due From Banks	6,614	22,530	-	-	-	-	-	29,144
Financial Assets at Fair Value Through Profit/Loss	-	-	281	-	-	-	-	281
Interbank Money Market Placements	-	-	15,133	-	-	-	-	15,133
Available-for-Sale Financial Assets	-	3,724	6,105	4,035	6,674	-	-	20,538
Loans	-	118,886	47,486	172,287	65,211	-	-	403,870
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (*)	-	4,078	-	-	-	-	2,877	6,955
Total Assets	21,471	168,797	69,005	176,322	71,885	-	2,877	510,357
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	44,281	9,171	138,445	-	-	-	191,897
Miscellaneous Payables	-	15,963	-	-	-	-	-	15,963
Marketable Securities Issued	-	37,239	-	-	-	-	-	37,239
Funds Borrowed From Other Financial Institutions	-	-	-	1,453	-	-	-	1,454
Other Liabilities (**)	3,417	5,467	3,106	-	-	-	251,814	263,804
Total Liabilities	3,417	102,951	12,277	139,898	-	-	251,814	510,357
Liquidity Gap	18,054	65,846	56,728	36,424	71,885	-	(248,937)	-
Net Off-Balance Sheet Liquidity Gap	-	-	(1,046)	-	-	-	-	(1,046)
Financial Derivative Assets	-	-	24,108	-	-	-	-	24,108
Financial Derivative Liabilities	-	-	(25,154)	-	-	-	-	(25,154)
Non-cash Loans (***)	-	176	2,006	78,820	-	26,044	90,864	197,910
31 December 2015								
Total Assets	22,233	100,954	56,531	83,215	13,307	44,052	2,113	322,405
Total Liabilities	10,272	14,434	-	21,086	41,100	-	235,513	322,405
Liquidity Gap	11,961	86,520	56,531	62,129	(27,793)	44,052	(233,400)	-
Net Off-Balance Sheet Liquidity Gap	-	2,628	41	-	-	-	-	2,669
Financial Derivative Assets	-	42,568	3,835	-	-	-	-	46,403
Financial Derivative Liabilities	-	(39,940)	(3,794)	-	-	-	-	(43,734)
Non-cash Loans (***)	-	3,788	159	14,715	4,404	22,350	81,579	126,995

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment, intangible assets, associates and subsidiaries, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Shareholders' equity, provisions and commissions collected in advance is presented under "Other liabilities" item in the "Unclassified" column.

(***) Letter of guarantees without a defined maturity are presented under unclassified column.

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j) Breakdown of contractual cash outflows of financial liabilities according to their remaining maturities:

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	44,302	9,208	143,181	-	-
Funds from interbank money market	15,968	-	-	-	-
Financial leasing payables	-	-	-	-	-
Marketable securities issued	37,500	-	-	-	-
Current accounts of customers	3,917	-	-	-	-
Total	101,687	9,208	143,181	-	-

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	9,140	-	21,468	13,391	-
Funds from interbank money market	-	-	-	-	-
Borrower Funds	-	-	-	-	-
Current accounts of customers	10,272	-	-	-	-
Total	19,412	-	21,468	13,391	-

k) Breakdown of derivative instruments according to their remaining contractual maturities:

The Bank's derivative transactions according to their contractual maturities are in the table below as of 31 December 2016:

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	5 years and above
Forward	-	-	27,713	-	-
Swap	-	-	21,549	-	-
Futures	-	-	-	-	-
Options	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	49,262	-	-

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	5 years and above
Forward	2,009	7,629	-	-	-
Swap	62,434	-	18,065	-	-
Futures	-	-	-	-	-
Options	-	-	-	-	-
Other	-	-	-	-	-
Total	64,443	7,629	18,065	-	-

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VII. EXPLANATIONS ON LEVERAGE RATIO

Unconsolidated leverage ratio was realized as 35.1% (31 December 2015: 54.8%). The increase occurred in the on-balance sheet assets and off-balance sheet transactions led to a change in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period*	Prior Period *
Asset On The Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	481,081	309,195
(Assets deducted from core capital)	(770)	(737)
Total risk amount for assets on the balance sheet	480,311	308,458
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	161	498
Potential credit risk amount of derivative financial instruments and loan derivatives	236	238
Total risk amount of derivative financial instruments and loan derivatives	397	736
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	152	-
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	152	-
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	209,940	108,645
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	209,940	108,645
Capital and Total Risk		
Core capital	242,723	229,104
Total risk amount	690,800	417,839
Leverage Ratio		
Leverage ratio	35.1%	54.8%

* Arithmetic average of last three months including reporting period.

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VIII. EXPLANATIONS ON THE RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the "Communiqué on Disclosures about Risk Management to be Announced to Public by Banks" that have been published in official gazette no 29511 on 23 October 2015. Since Internal Rating-Based (IRB) approach is not applied, tables that have to be prepared within the scope of IRB, are not presented.

a. Banka's risk management approach

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level.

General strategies regarding Bank's risk management are given below:

- Effective risk management within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors manages the risks through Risk Management Committee (RMC). RMC is responsible for the development of risk policies, measurement of risks and determination of methods to manage them, setting up of appropriate risk limits and their monitoring. All the risk policies of RMC are written and integrated with the Bank's long term strategy.

The Board of Directors fulfils its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors regularly reviews and approves Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Risk Management Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner.

The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

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Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyse the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

b. General view to risk weighted amounts

		Risk weighted amounts		Minimum capital requirements
		Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016
1	Credit risk (excluding counterparty credit risk) (CCR)	429,126	238,114	34,330
2	Of which standardised approach (SA)	429,126	238,114	34,330
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,008	200	81
5	Of which standardised approach for counterparty credit risk (SA-CCR)	1,008	200	81
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 – fallback approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures 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	10,049	10,635	804
17	Of which standardised approach (SA)	10,049	10,635	804
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	20,533	4,432	1,643
20	Of which Basic Indicator Approach	20,533	4,432	1,643
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	460,716	253,381	36,858

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c. Linkages between financial statements and regulatory exposures

c.1.) Differences and mapping between regulatory consolidation and financial statement:

	Carrying values as reported in published financial statements (*)	Carrying values of items in accordance with TAS				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from capital
31 December 2016						
Assets						
Cash and balances at central bank	34,436	34,436	-	-	-	-
Financial assets held for trading	281	-	281	-	281	-
Financial assets designated at fair value through profit/loss	-	-	-	-	-	-
Banks	29,144	29,144	-	-	-	-
Receivables from money markets	15,133	15,133	-	-	-	-
Available for sale financial assets (net)	20,538	15,735	4,803	-	-	-
Loans and receivables	403,870	403,870	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	-	-	-	-	-	-
Investments in associates (net)	-	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables	-	-	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	681	614	-	-	-	67
Intangible assets (net)	981	-	-	-	-	981
Investment properties (net)	-	-	-	-	-	-
Tax assets	689	689	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	-	-	-	-	-	-
Other assets	4,604	4,604	-	-	-	-
Total assets	510,357	504,225	5,084	-	281	1,048
Liabilities						
Deposits	-	-	-	-	-	-
Derivative financial liabilities held for trading	1,603	-	1,603	-	1,603	-
Funds borrowed	191,897	-	-	-	-	191,897
Debt to money markets	15,963	-	4,626	-	-	11,337
Debt securities in issue	37,239	-	-	-	-	37,239
Funds	3,917	-	-	-	-	3,917
Various debts	1,454	-	-	-	-	1,454
Other liabilities	5,112	-	-	-	-	5,112
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	-	-	-	-	-	-
Derivative financial liabilities held for hedges	-	-	-	-	-	-
Provisions	6,435	-	-	-	-	6,435
Tax liability	2,079	-	-	-	-	2,079
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-
Equity	244,658	-	-	-	-	244,658
Total liabilities	510,357	-	6,229	-	1,603	504,128

(*) Unconsolidated financial statements of Bank are stated.

(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.

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c.2.) Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		Total	Subject to credit risk	Subject to securitization	Subject to counterparty credit risk	Subject to market risk (*)
1	Assets carrying value amount in accordance with TAS under scope of regulatory consolidation	509,309	504,225	-	5,084	281
2	Liabilities carrying value amount in accordance with TAS under regulatory scope of consolidation	(7,832)	-	-	(6,229)	(1,603)
3	Total net amount under regulatory scope of consolidation	501,477	504,225	-	(1,145)	(1,322)
4	Off-balance sheet amounts	197,921	138,211	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	1,626	11,371
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to BRSA's applications	-	-	-	-	-
9	Differences due to risk reduction	-	3,353	-	527	-
10	Risk amounts	-	645,789	-	1,008	10,049

(*) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c.3.) Explanations of differences between amounts in accordance with TAS and regulatory exposure amounts:

- a) There are no differences between amounts presented in financial statements in accordance with TAS and amounts accounted in accordance with regulatory consolidation.
- b) Differences between amounts in accordance with TAS and regulatory exposure amounts:

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

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- c) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

- d) **Explanations on Credit Risk**

Credit risk management includes the definition of credit risks, their measurement and management.

Risk limits are defined by Board of Directors in such a manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

When determining Bank's credit risk profile, diversification methods are applied in order to prevent concentrations. The choice of customers are done in accordance with policies and risk limits. Besides, the capability of the customer to pay via its cash flows generated from its own activities are taken into consideration.

Risk rating models (borrower rating model and facility rating model) are utilised to discriminate borrowers in terms of their credibilities. In the credit risk management process, Risk Management Unit conducts the activities of measurement of credit risk through models, monitoring and reporting. In addition to the risk limits regarding credit risk, several concentrations are analyzed in the credit portfolio.

The outputs of the risk rating models are an important part of credit allocation process as well as a tool to measure the probability of default of the customers and the portfolio.

The Bank utilises an effective risk management policy that truly classifies risks and customers in order to achieve its targets. Appropriate decision systems are in place for the correct evaluation of risks and the limit structure of the customers are determined.

To measure the credibility of the customers, analysis and intelligence studies are performed. The information from past, current and future financial and non-financial data are examined.

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For a consistent evaluation, quantification and monitoring of risks; in order to make correct decisions during the processes of credit request by the customer, credit approval, collateralization, restructuring, monitoring and closing, all information and documents regarding the customer are collected in a shared database. Credit proposals are finalized by the evaluation of General Manager, Credit Committee or Board of Directors, depending on the limits. Credit risks are measured, monitored and reported by the Risk Management Unit.

d.1) CR1 – Credit quality of assets:

		Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances / amortization and impairment * (c)	Net Value (a+b-c)
		Defaulted exposures (a)	Non-defaulted exposures (b)		
1	Loans	-	403,870	-	403,870
2	Debt securities	-	20,538	-	20,538
3	Off-balance sheet exposures	-	197,921	-	197,921
4	Total	-	622,329	-	622,329

* Since the Bank does not have any impaired loans and receivables in accordance with "Regulation Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006, the allowances/amortization and impairment has been presented as zero in the table above.

d.2) CR2 – Changes in stock of defaulted loans and debt securities:

The table KR2, which shows the changes in stocks of receivables in default and debt instruments is not prepared since the Bank does not have any receivables in default and debt instruments.

d.3) CRB – Additional explanations on credit quality of assets:

The Bank does not have any restructured, defaulted or non-performing loans. The breakdown of receivables by geographical area, sector and time to maturity are provided in the tables below:

Geographic breakdown

31 December 2016	Cash loans	Debt securities	Banks	Total
Domestic	350,734	13,864	17,543	382,141
European countries	53,136	-	5,917	59,053
USA, Canada	-	-	678	678
OECD countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	6,674	5,006	11,680
Total	403,870	20,538	29,144	453,552

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Sector breakdown

31 December 2016	Cash Loans
Agriculture	-
Farming and Stockbreeding	-
Forestry	-
Fishery	-
Manufacturing	25,571
Mining and Quarrying	-
Production	17,938
Electricity, Gas and Water	7,633
Construction	51,857
Services	247,358
Wholesale and Retail Trade	30,929
Accommodation and Dining	-
Transportation and Telecom	-
Financial Institutions	205,808
Real Estate and Rental Services	10,621
Professional Services	-
Educational Services	-
Health and Social Services	-
Others	79,084
Total	403,870

Maturity breakdown:

The breakdown of assets by time to maturity is provided on Section Four, Note VI.

d.4) CR3 – Credit risk mitigation techniques:

In order to ensure timely and complete fulfilment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The Bank discounts the collaterals by using some fixed ratios and calculates the expected cash equivalent of the collaterals in case they are transformed into cash. The difference between the credit and the cash equivalent of the collateral is defined as the net risk. In calculation of the net risk, the coefficients in the facility rating model are taken into account.

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		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
1	Loans	403,870	-	-	-	-	-	-
2	Debt securities	20,538	-	-	-	-	-	-
3	Total	424,408	-	-	-	-	-	-
4	Defaulted items	-	-	-	-	-	-	-

d.5) Qualitative explanations using the rating grades to calculate the banks' credit risk by standard approach:

In determining the risk weights regarding risk classes defined in Article 6 of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", country risk classification published by OECD (Organisation for Economic Cooperation and Development) is taken into account. According to capital adequacy regulations, the risk classification and risk weights of receivables from banks and intermediary institutions and receivables from corporates are determined in accordance with the regulations.

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CR4: Standardised approach – Credit risk exposure and credit risk mitigation effects

	Risk Classifications	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount *	Off balance sheet amount	On balance sheet amount *	Off balance sheet amount	RWA (*)	RWA Density
1	Receivables from Central Governments or Central Banks	35.267	-	35.267	-	19,622	4.56%
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00%
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00%
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00%
5	Receivables from International Organizations	-	-	-	-	-	0.00%
6	Receivables from Banks and Brokerage Corporation	253,969	115,499	253,969	97,000	151,677	35.26%
7	Corporate receivables	204,737	82,422	204,737	41,211	245,948	57.18%
8	Retail receivables	-	-	-	-	-	0.00%
9	Collateralized by real estate mortgages receivables	-	-	-	-	-	0.00%
10	Non-performing receivables	-	-	-	-	-	0.00%
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	0.00%
12	Securities collateralized by mortgages	-	-	-	-	-	0.00%
13	Securitization positions	-	-	-	-	-	0.00%
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	7,668	-	7,668	-	7,668	1.78%
15	Investments in nature of Collective Investment funds	-	-	-	-	-	0.00%
16	Equity security investments	-	-	-	-	-	0.00%
17	Other receivables	5,937	-	5,937	-	5,219	1.22%
18	Total	507,578	197,921	507,578	138,211	430,134	100.00%

(*) Credit risk amount resulting from counterparty risk is included.

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CR5 – Standardised approach – exposures by risk classes and risk weights:

	0%	10%	20%	%50 Guaranteed by mortgages	75%	100%	150%	200%	Others	Total credit risk amount (after CRM and CCF)
1	15,645	-	-	-	-	19,622	-	-	-	35,267
2	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-
6	4,626	-	88,622	-	-	178	5,004	-	252,539	350,969
7	-	-	-	-	-	245,948	-	-	-	245,948
8	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	7,668	-	-	-	7,668
15	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-
17	719	-	-	-	-	5,218	-	-	-	5,937
18	20,990	-	88,622	-	-	278,634	5,004	-	252,539	645,789

- 1) Receivables from Central Governments or Central Banks
- 2) Receivables from Regional Management or Local Governments
- 3) Receivables from Administrative Units or Non-commercial Ventures
- 4) Receivables from Multilateral Development Banks
- 5) Receivables from International Organizations
- 6) Receivables from Banks and Brokerage Corporation
- 7) Corporate receivables
- 8) Retail receivables
- 9) Collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables
- 18) Total

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e. Issues related to counterparty credit risk (CCR)

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies. The products are grouped as foreign exchange transactions (forward, futures, swap), interest swap transactions (interest swap, cross currency swap and futures and repo transactions).

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For counterparties except banks, the counterparty credit risk limits are determined based on credit allocation policies. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

Collateralization principles and procedures are applied for counterparties other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

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

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e.1) CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach:

		Revaluation Cost	Potential credit risk exposure	EEPE (*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	278	254	-	1.4	532	532
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	177	177
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	-	-
6	Total	-	-	-	-	709	709

(*) Effective expected positive exposure

e.2) CCR2 – Credit valuation adjustment (CVA) capital charge:

		Risk amount (after credit risk mitigation techniques)	Risk weighted amounts
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	299	299
4	Total subject to the CVA capital charge	299	299

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e.3) CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights:

Risk Classifications	Risk Weights								Total Credit Risk
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	-	-	-	1,008	-	-	1,008
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Collateralized by real estate mortgages receivables	-	-	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	-	-
Equity security investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,008	-	-	1,008

e.4) CCR4 – Risk class and counterparty credit risk based on PD:

Since standard approach is used in capital adequacy calculation, the relevant table is not presented.

e.5) CCR5 – Composition of collateral for CCR exposure:

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	4,626	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill – local	-	-	-	-	-	4,803
Government bond/bill – other	-	-	-	-	-	-
Public institutions bond/bill	-	-	-	-	-	-
Corporate bond/bill	-	-	-	-	-	-
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	4,626	4,803

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e.6) CCR6 – Credit derivatives:

There is no credit derivatives arising from purchasing or selling the credit derivatives of the Bank's portfolio.

e.7) CCR8 – Exposures to central counterparties:

The Bank does not have transactions related with exposures to central counterparty, the related table has not been prepared.

f. Issues to be announced to public related to securitisation positions

The Bank does not have transactions related with securitizations, the related table has not been prepared.

g. Explanations on market risk

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations are performed based on variance-covariance and/or historical simulation methods, depending on whichever is appropriate given the economic conditions. VaR is calculated weekly and reported to Senior Management. For legal reporting, standard method is utilised.

The following table indicates the details of the market risk calculation as of 31 December 2016, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

		RWA
	Outright products	
1	Interest rate risk (general and specific)	1,062
2	Equity risk (general and specific)	-
3	Foreign exchange risk	8,987
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	10,049

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h. Explanations on operational risk

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of July 1, 2012, is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2016 is calculated once a year by using the gross income of the Bank in 2013, 2014 and 2015. For 31 December 2016, it was calculated as TL 20,533.

Current Period	31 December 2013 Amount	31 December 2014 Amount	31 December 2015 Amount	Total/Positive GI year number	Ratio (%)	Total
Gross Revenue	1,215	5,571	26,066	10,951	15	1,643
Amount Subject to Operational Risk (Total*12,5)						20,533

Prior Period	31 December 2012 Amount	31 December 2013 Amount	31 December 2014 Amount	Total/Positive GI year number	Ratio (%)	Total
Gross Revenue	305	1,215	5,571	2,364	15	335
Amount Subject to Operational Risk (Total*12,5)						4,432

**IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT
THEIR FAIR VALUES**

1. Fair value calculations of financial assets and liabilities:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of marketable securities issued is calculated according to quoted market prices and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

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	Carrying Value		Fair Value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Financial Assets	468,685	302,720	467,244	302,720
Interbank Money Market Placements	15,133	-	15,133	-
Banks	29,144	47,357	29,144	47,357
Available-for-Sale Financial Assets	20,538	9,619	20,538	9,619
Loans	403,870	245,744	402,429	245,744
Financial Liabilities	250,470	81,683	250,215	81,683
Funds borrowed from other fin. Institutions	191,897	71,311	191,672	71,311
Payables to money market	15,963	-	15,963	-
Securities issued	37,239	-	37,209	-
Miscellaneous Payables	1,454	100	1,454	100
Borrower Funds	3,917	10,272	3,917	10,272

i. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Identical assets and quoted market prices (non-adjusted) (1st level);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level);
- Data not based on observable market data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss	-	281	-	281
Available for sale financial assets	13,864	-	6,674	20,538
Total assets	13,864	281	6,674	20,819
Trading derivative financial assets	-	1,603	-	1,603
Hedging derivative financial assets	-	-	-	-
Total liabilities	-	1,603	-	1,603

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss	-	604	-	604
Available for sale financial assets	9,619	-	-	9,619
Total assets	9,619	604	-	10,223
Trading derivative financial assets	-	48	-	48
Hedging derivative financial assets	-	-	-	-
Total liabilities	-	48	-	48

The Bank has purchased the level 3 available for sale financial assets in year 2016. There are no transfers between the levels.

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RISK MANAGEMENT (Continued)**

**X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF
OTHER PERSONS**

The Bank, has been authorized to provide Trading Brokerage Activity, Portfolio Brokerage Activity, Best-Effort Copy Public Offering Brokerage Activity and Limited Custody Services. The Bank does not deal with fiduciary transactions.

XI. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	403,870	106,487	510,357
Total Liabilities	3,917	506,440	510,357
Net Interest Income/(Loss)	33,683	(3,171)	30,512
Net Fee and Commission Income/(Loss)	1,130	-	1,130
Trading Gain/(Loss)	-	4,784	4,784
Other Operating Segments Gain/(Loss)	-	99	99
Provisions for Loan Losses and Other Receivables(-)	(1,801)	-	(1,801)
Other Operating Expense (-)	-	(16,612)	(16,612)
Profit Before Tax	33,012	(14,900)	18,112
Tax Provision	-	(4,107)	(4,107)
Net Profit	33,012	(19,007)	14,005

Prior Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	245,744	76,661	322,405
Total Liabilities	10,272	312,133	322,405
Net Interest Income/(Loss)	17,647	7,374	25,021
Net Fee and Commission Income/(Loss)	345	-	345
Trading Gain/(Loss)	-	1,102	1,102
Other Operating Segments Gain/(Loss)	-	97	97
Provisions for Loan Losses and Other Receivables(-)	(2,178)	-	(2,178)
Other Operating Expense (-)	-	(12,903)	(12,903)
Profit Before Tax	15,814	(4,330)	11,484
Tax Provision	-	(2,697)	(2,697)
Net Profit	15,814	(7,027)	8,787

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SECTION FIVE

**EXPLANATIONS AND NOTES RELATED TO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information related to cash and the account of The Central Bank of the Republic of Turkey (the "CBRT"):

a. Information on cash and the account of the CBRT:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign currency	20	10	6	5
CBRT	14,784	19,622	782	11,870
Other	-	-	-	-
Total	14,804	19,632	788	11,875

b. Information on the account of the CBRT:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Amount	14,784	43	782	98
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	19,579	-	11,772
Total	14,784	19,622	782	11,870

c. Information on reserve requirements:

According to CBRT's "Required Reserves Announcement" numbered 2013/15, the Bank has to provide reserve requirement amounts in CBRT for Turkish currency and foreign currency denominated liabilities. The reserve requirements may be kept as Turkish Lira, USD, Euro and standard gold. The Bank does not keep reserve requirements in standard gold. CBRT started paying interest on reserve balances in TL starting from November 2014 and held in USD starting from May 2015. The reserve rates for TL liabilities vary between 4% and 10.5% according to their maturities as of 31 December 2016 (31 December 2015: between 5% and 11.5%). The reserve rates for foreign currency liabilities vary between 4.5% and 24.5% according to their maturities as of 31 December 2016 (31 December 2015: between 5% and 25%).

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

a. As of 31 December 2016, the Bank has no financial assets at fair value through profit or loss subject to repo transactions (31 December 2015: None).

As of 31 December 2016; there are no and financial assets given as collateral/are blocked (31 December 2015: None).

b. Positive differences related to trading derivative financial assets:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Forward	-	281	-	-
Swap	-	-	604	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	281	604	-

c. Information on trading securities:

None (31 December 2015: None).

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3. Information on banks:

a. Information on banks:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	14,024	3,519	24,028	-
Foreign	5,004	6,597	2,000	21,329
Headquarters and Branches Abroad	-	-	-	-
Total	19,028	10,116	26,028	21,329

b. Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
European Union Countries	5,917	287	-	-
USA, Canada	678	10,808	-	-
OECD Countries (*)	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	5,006	12,234	-	-
Total	11,601	23,329	-	-

(*) OECD Countries other than EU countries, USA and Canada.

4. Information on available-for-sale financial assets:

- a. As of 31 December 2016 there are financial assets given as collateral/blocked amounting to TL 1,029 (31 December 2015: TL 1,026).

As of 31 December 2016 there are available-for-sale financial assets subject to repo transactions TL 4,803 (31 December 2015: None).

- b. Information on available for sale financial assets:

	31 December 2016	31 December 2015
Debt Securities	20,538	9,638
Quoted on Stock Exchange	11,835	9,638
Not Quoted	8,703	-
Share Certificates	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	-	(19)
Total	20,538	9,619

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1. Explanations on loans:

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

	31 December 2016		31 December 2015	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	30,199	-	22,475
Legal Entities	-	30,199	-	22,475
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	-	-	-	-
Total	-	30,199	-	22,475

b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other
Non-specialized Loans	403,870	9,395	-	-	-	-
Loans given to enterprises	133,838	-	-	-	-	-
Export Loans	11,088	9,395	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	205,808	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	53,136	-	-	-	-	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	403,870	9,395	-	-	-	-

Number of modifications made to extend payment plan	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	9,395	-
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	-	-

Extended period of time	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	9,395	-
1 - 2 Years	-	-
2 - 5 Years	-	-
5 Years and over	-	-
Total	-	-

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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c. Breakdown of loans according to their maturities:

Cash Loans	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	296,144	9,395	-	-
Non-Specialized Loans	296,144	9,395	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	98,331	-	-	-
Non-Specialized Loans	98,331	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-

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

None (31 December 2015: None).

e. Information on commercial instalment loans and corporate credit cards:

	Short Term	Medium-Long Term	Total
Commercial instalment loans-TC	-	5,239	5,239
Business residential loans	-	-	-
Automobile loans	-	5,239	5,239
Consumer loans	-	-	-
Other	-	-	-
Commercial instalment loans- Indexed to FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial instalment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TC	-	-	-
Instalment	-	-	-
Non-Instalment	-	-	-
Corporate credit cards-FC	-	-	-
Instalment	-	-	-
Non-Instalment	-	-	-
Overdraft accounts-TC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	5,239	5,239

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f. Loans according to types of borrowers:

	31 December 2016	31 December 2015
Public	-	-
Private	403,870	245,744
Total	403,870	245,744

g. Distribution of domestic and foreign loans:

	31 December 2016	31 December 2015
Domestic Loans	350,734	245,744
Foreign Loans	53,136	-
Total	403,870	245,744

h. Loans granted to investments in associates and subsidiaries:

None (31 December 2015: None).

i. Specific provisions accounted for loans:

None (31 December 2015: None).

j. Information on non-performing loans (Net):

1. Information on non-performing loans restructured or rescheduled and other receivables:

None (31 December 2015: None).

2. Information on the movement of total non-performing loans:

None (31 December 2015: None).

3. Information on non-performing loans granted as foreign currency loans:

None (31 December 2015: None).

4. Information on non-performing loans based on types of borrowers:

None (31 December 2015: None).

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- k. Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank:**

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals. Credits that have become losses in nature, are attached to the certificate of insolvency or insufficient collateral document, and written off from the Bank's assets. However, if the Bank's receivable is an insignificant amount compared to the costs and expenses to be incurred for the preparation of said documents, writing off of assets may be performed if the Board of Directors decides so.

- 6. Information on held-to-maturity investments:**

None (31 December 2015: None).

- 7. Information on investments in associates:**

None (31 December 2015: None).

- 8. Information on subsidiaries (Net):**

None (31 December 2015: None).

- a. Recognition of subsidiaries:**

Explained in the Section Three in the relevant note.

- b. Information on the equity of subsidiaries:**

None.

- c. Information on unconsolidated subsidiaries:**

None.

- d. Main financial figures of the subsidiaries in the order of the above table:**

None.

- e. Information on subsidiaries consolidated:**

None.

- f. Main financial figures of the subsidiaries consolidated in the order of the above table:**

None.

- g. Movement schedules of consolidated subsidiaries:**

None.

- h. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:**

None.

- i. Subsidiaries quoted on stock exchange:**

None.

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9. Information on joint ventures:

None (31 December 2015: None).

10. Information on lease receivables (net):

None (31 December 2015: None).

11. Information on hedging derivative financial assets:

None (31 December 2015: None).

12. Information on property and equipment:

Prior Period End: 31 December 2015	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	271	716	987
Accumulated Depreciation(-)	-	(136)	(347)	(483)
Net Book Value	-	135	369	504
Current Period End: 31 December 2016				
Net Book Value at the beginning of the Period	-	135	369	504
Additions	-	-	364	364
Disposals(-), net	-	-	-	-
Depreciation (-)	-	(67)	(120)	(187)
Impairment	-	-	-	-
Cost at Period End	-	271	1,080	1,351
Accumulated Depreciation at Period End (-)	-	(203)	(467)	(670)
Closing Net Book Value	-	68	613	681

Prior Period End: 31 December 2014	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	271	456	727
Accumulated Depreciation(-)	-	(68)	(367)	(435)
Net Book Value	-	203	89	292
Current Period End: 31 December 2015				
Net Book Value at the beginning of the Period	-	203	89	292
Additions	-	-	334	334
Disposals(-), net	-	-	(3)	(3)
Depreciation (-)	-	(68)	(51)	(119)
Impairment	-	-	-	-
Cost at Period End	-	271	716	987
Accumulated Depreciation at Period End (-)	-	(136)	(347)	(483)
Closing Net Book Value	-	135	369	504

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13. Information on intangible assets:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Net Book Value at the beginning of the Period	468	191
Additions	841	433
Disposals(-), net	-	-
Depreciation (-)	(328)	(156)
Other (*)	981	468

14. Information on investment property:

None (31 December 2015: None).

15. Information on deferred tax asset:

The Bank calculates deferred tax asset or liability on the differences between the applied accounting policies and valuation bases and tax legislation that comes from timing differences and reflects the amount on the financial statements.

As of 31 December 2016, the Bank calculated deferred tax asset amounting TL 689 and reflected this amount to the financial statements (31 December 2015: TL 627).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	31 December 2016		31 December 2015	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Financial loss	-	-	1,239	247
Provision for employee benefits	1,702	340	1,324	264
Expense provisions	268	54	400	80
Other	1,822	364	738	147
Deferred Tax Asset, net	3,792	758	3,701	738
Other	(345)	(69)	(556)	(111)
Deferred Tax Liability, net	(345)	(69)	(556)	(111)
Deferred Tax Asset/ (Liability), net	3,447	689	3,145	627

16. Information on assets held for resale and discontinued operations:

None (31 December 2015: None).

17. Information on other assets:

As of 31 December 2016, other assets amount to TL 4,604 (31 December 2015: TL 4,738) and don't exceed 10% of total balance sheet except off balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits:

The Bank has no deposits due to its nature as an investment bank.

2. Negative differences related to trading derivative financial liabilities:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Forward	725	-	10	-
Swap	878	-	10	28
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,603	-	20	28

3. Information on funds borrowed:

a. Information on banks and other financial institutions:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	15,012	38,573	-	1,751
From Foreign Banks, Institutions and Funds	31,362	106,950	-	69,560
Total	46,374	145,523	-	71,311

b. Information on maturity structure of borrowings:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Short-term	15,012	45,663	-	30,211
Medium and Long-term	31,362	99,860	-	41,100
Total	46,374	145,523	-	71,311

c. Additional explanation related to the concentrations of the Bank's major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed

The Bank, funds its assets mainly with its capital and funds borrowed. The major portion of the funds borrowed is provided from the Bank's main shareholder and its risk group. The Bank's total borrowings from its risk group constitutes 27% of total assets.

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4. Information on Repo Transactions:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Financial Institutions	4,657	-	-	-
Other	-	-	-	-
Total	4,657	-	-	-

5. Securities Issued :

The Bank has issued a fixed rate bond at 26 October 2016, with nominal amount of TL 37,500, with 90 day term maturing at 24 January 2017. The carrying amount of the bond is TL 37,239 as at 31 December 2016 (31 December 2015 – None).

6. Information on Borrower Fund:

	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	Over Years
31 December 2016						-
Borrower fund	3,417	500	-	-	-	-
31 December 2015						
Borrower fund	10,272	-	-	-	-	-

7. Information on other foreign sources:

As of 31 December 2016, other liabilities amount to TL 5,112 (31 December 2015: TL 5,338) and don't exceed 10% of total balance sheet.

8. Information on financial lease agreements:

	31 December 2016		31 December 2015	
	Gross	Net	Gross	Net
Less Than 1 Year	-	-	-	-
1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	-	-	-	-

9. Information on hedging derivative financial liabilities:

None (31 December 2015: None).

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10. Information on provisions:

a. Information on general provisions:

	31 December 2016	31 December 2015
Provisions for Group I. Loans and Receivables	3,810	2,130
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Group II. Loans and Receivables	-	-
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Non Cash Loans	393	253
Other	268	287
General Provisions	4,471	2,670

In accordance with "Amendment to Regulation Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in Official Gazette dated 14 December 2016 numbered 29918, the minimum required provision rates are determined for general loan provision calculation. The Bank's provision ratios exceed those minimum ratios as at 31 December 2016. If the minimum provision ratios stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 2,253.

b. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2016, provisions related with foreign currency difference of foreign indexed loans amount TL 18 (31 December 2015: TL 167) and is netted with loans amount on the balance sheet.

c. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

None (31 December 2015: None).

d. Information on other provisions:

i. Information on provisions for possible risks:

None (31 December 2015: None).

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ii. Obligations related to employee rights:

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. In this context, the following actuarial assumptions were used in the calculation of total liabilities.

	31 December 2016	31 December 2015
Discount rate (%)	3.49	3.49

The movement of employee termination benefits is shown below:

	31 December 2016	31 December 2015
Balance at the Beginning of the Period	234	160
Provisions Recognised During the Period	(54)	74
Balance at the end of the period	180	234

In addition, as of 31 December 2016 the Bank have unused vacation provision of TL 172 (31 December 2015: TL 65).

iii. Other provisions are explained if they exceed 10% of the total provision balance

Other provisions amount of TL 1,612 comprising of TL 1,350 is for bonus provisions and TL 262 for ongoing lawsuits and other. (31 December 2015: TL 1,333).

11. Information on taxes payable:

a. Information on current year tax liability:

i) Information on tax provision:

The explanations on tax calculation has been presented in Section Three. The Bank recognized TL 1,503 as current tax liability, after the deducting temporary taxes paid in the period, as of 31 December 2016 (31 December 2015: None).

ii) Information on taxes payable:

	31 December 2016	31 December 2015
Corporate Tax Payable	1,503	-
Taxation on Marketable Securities	2	1
Property Tax	1	1
Banking Insurance Transaction Tax (BITT)	160	81
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	107	89
Other	190	235
Total	1,963	407

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iii) Information on premium payables:

	31 December 2016	31 December 2015
Social Security Premiums – Employee	50	32
Social Security Premiums – Employer	55	37
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	4	2
Unemployment Insurance – Employer	7	4
Other	-	-
Total	116	75

b. Information on deferred tax liability:

Explanations on the taxation of the Bank are presented in explanations and notes related to unconsolidated assets.

12. Liabilities for assets held for sale and assets of discontinued operations

None (31 December 2015: None).

13. Information on the quantity, maturity date, interest rate and supplier firm of the subordinated loans given to the bank and transactional option if there are any marketable securities

None (31 December 2015: None).

14. Information on shareholders' equity:

a. Presentation of paid-in capital:

	31 December 2016	31 December 2015
Common Stock	255,000	255,000
Preferred Stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Bank does not apply the registered share capital system.

c. Information on share capital increases and their sources; other relevant information on increased share capital in current period:

None.

d. Explanation on the transfers from capital reserve to paid-in capital in the current period:

None.

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- e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent interim period:**

None (31 December 2015: None).

- f. Information on the Bank's income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank's capital:**

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

- g. Summary information about privileged shares representing the capital:**

None (31 December 2015: None).

- h. Information on marketable securities value increase fund:**

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From Subsidiaries, Affiliates and Joint ventures	-	-	-	-
Valuation difference	11	-	(90)	-
Rate difference	-	-	-	-
Total	11	-	(90)	-

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet commitments:

a. The amount and type of irrevocable commitments:

Irrevocable Commitments	31 December 2016	31 December 2015
Forward Asset purchase and sale commitments	-	16,912
Forward Deposit purchase and sale commitments	-	2,009
Tax and fond liabilities from export commitment	11	25
Other Irrevocable commitments	-	-
Total	11	18,946

b. Type and amount of probable losses and obligations arising from off-balance sheet items

1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 31 December 2016, the Bank has guarantee and indemnities amounting TL 197,910 (31 December 2015: TL 126,995) based upon the guarantee letter.

2. Revocable, irrevocable guarantees and other similar commitments and contingencies

As of 31 December 2016, the Bank has other guarantees amounting TL 19,356 (31 December 2015: None).

c. Total amount of non-cash loans:

	31 December 2016	31 December 2015
Non-cash Loans Given against Cash Loans	97,856	22,091
With Original Maturity of 1 Year or Less Than 1 Year	60,356	-
With Original Maturity of More Than 1 Year	37,500	22,091
Other Non-cash Loans	100,054	104,904
Total	197,910	126,995

d. Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	31 December 2016				31 December 2015			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2,538	1.95	9,084	13.46	1,845	3.09	14,686	21.81
Mining	-	-	-	-	-	-	-	-
Production	2,538	1.95	8,400	12.45	1,730	2.90	14,686	21.81
Electric, Gas and Water	-	-	684	1.01	115	0.19	-	-
Construction	4,230	3.24	8,947	13.27	3,130	5.25	6,929	10.29
Services	123,683	94.81	49,428	73.27	54,690	91.66	45,715	67.89
Wholesale and Retail Trade	8,898	6.82	12,317	18.26	33,241	55.71	20,651	30.67
Hotel, Food and Beverage Services	10,689	8.19	-	-	5,112	8.57	-	-
Transportation and Telecommunication	14,805	11.35	528	0.78	-	-	2,714	4.03
Financial Institutions	85,300	65.39	30,199	44.77	16,337	27.38	22,350	33.19
Real Estate and Leasing Services	3,991	3.06	6,384	9.46	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	130,451	100.00	67,459	100.00	59,665	100.00	67,330	100.00

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e. Information on the non-cash loans classified in Group I and Group II:

31 December 2016	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	130,451	67,459	-	-
Letters of Guarantee	130,451	41,119	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	6,984	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	19,356	-	-

2. Information on derivative transactions:

	31 December 2016	31 December 2015
Forward foreign currency purchase transactions	13,689	3,835
Forward foreign currency sell transactions	14,024	3,794
Currency swap-buy	10,419	32,122
Currency swap-sell	11,130	31,465
Total	49,262	71,216

3. Information on credit derivatives and related imposed risks:

None (31 December 2015: None).

4. Information on Contingent Assets and Liabilities:

(i) Contingent assets

None

(ii) Contingent liabilities

As of 31 December 2016, the Bank has reflected the provision for its ongoing lawsuits amounting TL 262 to the financial statements. The process regarding the law suits is still ongoing and decisions will be finalised after trial.

5. Information on services in the name of others' names and accounts:

None (31 December 2015: None).

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on interest income:

a. Information on interest income on loans:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Short-term Loans	29,198	432	16,355	936
Medium/Long-term Loans	951	3,102	356	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	30,149	3,534	16,711	936

b. Information on interest income on banks:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From the CBRT (*)	148	-	71	-
From Domestic Banks	1,419	4	6,428	1
From Foreign Banks	144	12	174	17
Headquarters and Branches Abroad	-	-	-	-
Total	1,711	16	6,673	18

(*)The interest income from required reserves presented in "From the CBRT" line.

c. Information on interest income on marketable securities:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	1,583	47	1,252	-
From Held-to-Maturity Investments	-	-	-	-
Total	1,583	47	1,252	-

d. Information on interest income received from investments in associates and subsidiaries:

None (31 December 2015: None).

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2. Information on interest expense:

a. Information on interest expense on borrowings:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Banks	1,842	3,158	2	766
The CBRT	-	-	-	-
Domestic Banks	284	212	2	21
Foreign Banks	1,558	2,946	-	745
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	1,842	3,158	2	766

b. Information on interest expense given to investments in associates and subsidiaries:

None (31 December 2015: None).

c. Interest expense on issued marketable securities:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Interest expense on marketable securities issued	751	-	-	-

d. Maturity structure of the interest expense on deposits:

None (31 December 2015: None).

3. Information on dividend income:

None (31 December 2015: None).

4. Information on trading income/loss (Net):

	31 December 2016	31 December 2015
Income	32,699	13,732
Income from Capital Market Transactions	17	4
Income from Derivative Financial Transactions (*)	1,539	1,076
Foreign Exchange Gains	31,143	12,652
Loss (-)	(27,915)	(12,630)
Loss from Capital Market Transactions	(40)	(464)
Loss from Derivative Financial Transactions (*)	(2,318)	(2,208)
Foreign Exchange Loss	(25,557)	(9,958)
	4,784	1,102

(*) Due to the short maturity of derivative financial instruments held by the Bank, changes in exchange rate creates gains and loss from derivative financial transactions.

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5. Information on other operating income:

Other operating income TL 54 income from previous years' provision cancellations and there is no income regarding extraordinary accounts. (31 December 2015: TL 97)

6. Provision expenses related to loans and other receivables:

	31 December 2016	31 December 2015
Specific Provisions for Loans and Other Receivables	-	-
III. Group Loans and Receivables	-	-
IV. Group Loans and Receivables	-	-
V. Group Loans and Receivables	-	-
General Provision Expenses	1,801	2,178
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	-
Total	1,801	2,178

7. Information related to other operating expenses:

	31 December 2016	31 December 2015
Personnel Expenses	8,294	6,000
Reserve For Employee Termination Benefits	107	107
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	187	122
Impairment Expenses of Intangible Assets	-	-
Goodwill impairment expenses	-	-
Amortisation Expenses of Intangible Assets	328	156
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	6,040	4,122
Operational Lease Expenses	1,519	1,116
Maintenance Expenses	27	4
Advertising Expenses	695	329
Other Expense	3,799	2,673
Loss on Sales of Assets	-	-
Other	1,656	2,396
Total	16,612	12,903

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8. Information on income/(loss) before tax from continuing or discontinued operations:

Loss before tax comes from net interest income amounting TL 30,512, net commission fee income amounting TL 1,130 trading loss amounting TL 4,784 other operating income amounting TL 99, provision for loan losses and other receivables amounting to TL 1,801 and other operating expenses amounting TL 16,612.

9. Information on provision for taxes from continuing or discontinued operations:

As of 31 December 2016 the Bank has current tax expense TL 4,191 TL (31 December 2015: None). The Bank has deferred tax income amounting to TL 84 (31 December 2015: TL 2,697 loss).

As of 31 December 2016, the Bank doesn't have any discontinued operations.

10. Information on net income/(loss) from continuing or discontinued operations:

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 14,005 (31 December 2015: TL 8,787).

11. Information on net income/(loss) for the period:

- a. If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items:

None (31 December 2015: None).

- b. If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed:

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

12. Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total.

Information related to other income and disclosure and footnotes related to income statement and information related to other expenses and disclosure and footnotes related to income statement are presented in footnote numbered 5 and footnote numbered 7 respectively.

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**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CHANGES IN THE
SHAREHOLDERS' EQUITY**

1. Information on available-for-sale financial assets:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are sold, disposed or impaired.

There is gain for marketable securities valuation difference related to available-for-sale financial assets of TL 101 (31 December 2015: TL 84 loss for marketable securities valuation difference).

2. Amounts transferred to legal reserves:

The Bank has no amounts transferred to legal reserves for current period.

3. Information on distribution of profit:

No dividend distribution has been announced after the balance sheet date.

4. Information on capital increase:

The information related to capital increase is presented under Section Five.

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Information on cash and cash equivalents:

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

The effect of any change in the accounting policy of current period and the balance sheet recorded amounts of the components that make up cash and cash equivalents (excluding rediscount balances, reserve requirements, placements with maturity longer than 3 months and blocked accounts) are considered as cash and cash equivalents.

a. Cash and cash equivalents at the beginning of the period:

	31 December 2016	31 December 2015
Cash	34,436	12,663
Cash and Foreign Currency Cash	30	11
Turkish Central Bank	34,406	12,652
Other	-	-
Cash Equivalents	44,277	47,357
Banks	29,144	47,357
Interbank Money Market Placements	15,133	-
Total Cash and Cash Equivalents	78,713	60,020
Blocked amounts on cash and cash equivalents	-	-
Interest income rediscounts on cash and cash equivalents	-	-
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(19,579)	(11,772)
Cash Flow Statements Cash and Cash Equivalents	59,134	48,248

2. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The "Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to TL 7,993 (31 December 2015: TL 5,180) mainly consists fees and commissions paid and other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 4,235 (31 December 2015: TL 2,657) consists of mainly changes in prepaid expenses and other assets.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 6,923 (31 December 2015: 4,179) consists of mainly changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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VII. EXPLANATIONS AND NOTES RELATED TO THE BANK'S RISK GROUP

- 1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:**

a. Current Period (31 December 2016):

Banks' Risk Group	Investments in Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning of the Period	-	-	-	22,475	8,082	30,227
End of the Period	-	-	-	30,199	-	-
Interest and Commission Income Received	-	-	-	237	-	-

Prior Period (31 December 2015):

Banks' Risk Group	Investments in Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	22,475	8,082	30,227
Interest and Commission Income Received	-	-	-	98	74	40

b. Information on deposits of the Bank's risk group:

The Bank doesn't have any deposits since it is an investment bank.

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

No option and forward agreements with the Bank's Risk Group. (31 December 2015: None).

As of 31 December 2016, the Bank has TL 381 borrower funds from its risk group (31 December 2015: TL 10,213).

As of 31 December 2016, the Bank has borrowings from its risk group TL 138,273.

d. Information on key management compensation:

As of 31 December 2016, key management compensation amount is TL 2,495 (31 December 2015: TL 1,368).

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

None (31 December 2015: None).

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

None.

II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the year ended 31 December 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditor's report dated 16 February 2017 has been presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None (31 December 2015: None).