

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017**  
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

ASSETS	Note	Audited Current period			Audited Prior period		
		31 December 2017			31 December 2016		
		TRY	FC	Total	TRY	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>12.917.490</b>	<b>23.763.887</b>	<b>36.681.377</b>	<b>3.534.389</b>	<b>26.677.577</b>	<b>30.211.966</b>
<b>II. FINANCIAL ASSETS AT FV THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>10.120.010</b>	<b>363.498</b>	<b>10.483.508</b>	<b>88.251</b>	<b>360.675</b>	<b>448.926</b>
2.1 Trading financial assets		10.120.010	363.498	10.483.508	88.251	360.675	448.926
2.1.1 Public sector debt securities		10.095.327	-	10.095.327	65.538	-	65.538
2.1.2 Share certificates		354	886	1.240	2.413	682	3.095
2.1.3 Financial assets held for trading		118	362.398	362.516	4	359.807	359.811
2.1.4 Other marketable securities		24.211	214	24.425	20.296	186	20.482
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	(3)	<b>677.360</b>	<b>5.635.807</b>	<b>6.313.167</b>	<b>362.526</b>	<b>1.602.324</b>	<b>1.964.850</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>1.288.168</b>	<b>-</b>	<b>1.288.168</b>	<b>1.072.397</b>	<b>-</b>	<b>1.072.397</b>
4.1 Interbank money market placements		1.258.647	-	1.258.647	-	-	-
4.2 Istanbul Stock Exchange Money Market placements		29.211	-	29.211	1.067.712	-	1.067.712
4.3 Receivables from reverse repurchase agreements		310	-	310	4.685	-	4.685
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>11.599.564</b>	<b>6.099.614</b>	<b>17.699.178</b>	<b>10.915.994</b>	<b>4.565.225</b>	<b>15.481.219</b>
5.1 Share certificates		24.561	54.538	79.099	23.682	36.149	59.831
5.2 Public sector debt securities		11.575.003	6.045.076	17.620.079	10.890.372	4.529.076	15.419.448
5.3 Other marketable securities		-	-	-	1.940	-	1.940
<b>VI. LOANS AND RECEIVABLES</b>	(5)	<b>139.626.734</b>	<b>65.925.861</b>	<b>205.552.595</b>	<b>103.252.263</b>	<b>56.070.896</b>	<b>159.323.159</b>
6.1 Loans and receivables		138.299.409	65.842.861	204.142.270	102.076.226	55.981.809	158.058.035
6.1.1 Loans extended to risk group of the Bank		-	-	-	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		138.299.409	65.842.861	204.142.270	102.076.226	55.981.809	158.058.035
6.2 Loans under follow-up		6.106.597	189.809	6.296.406	5.140.082	180.430	5.320.512
6.3 Specific provisions (-)		4.779.272	106.809	4.886.081	3.964.045	91.343	4.055.388
<b>VII. FACTORING RECEIVABLES</b>		<b>1.051.939</b>	<b>159.993</b>	<b>1.211.932</b>	<b>849.637</b>	<b>284.891</b>	<b>1.134.528</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	<b>19.304.493</b>	<b>2.682.606</b>	<b>21.987.099</b>	<b>15.875.022</b>	<b>2.469.604</b>	<b>18.344.626</b>
8.1 Public sector debt securities		19.261.098	2.682.606	21.943.704	15.841.619	2.469.604	18.311.223
8.2 Other marketable securities		43.395	-	43.395	33.403	-	33.403
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	<b>22.590</b>	<b>330.548</b>	<b>353.138</b>	<b>22.393</b>	<b>270.028</b>	<b>292.421</b>
9.1 Accounted under equity method		16.270	330.548	346.818	16.073	270.028	286.101
9.2 Unconsolidated associates		6.320	-	6.320	6.320	-	6.320
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		6.320	-	6.320	6.320	-	6.320
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>52.178</b>	<b>-</b>	<b>52.178</b>	<b>41.243</b>	<b>-</b>	<b>41.243</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		52.178	-	52.178	41.243	-	41.243
<b>XI. JOINT VENTURES (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Accounted under equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. FINANCE LEASE RECEIVABLES (Net)</b>	(10)	<b>626.642</b>	<b>2.044.611</b>	<b>2.671.253</b>	<b>365.336</b>	<b>1.945.994</b>	<b>2.311.330</b>
12.1 Finance lease receivables		788.528	2.378.704	3.167.232	459.604	2.258.623	2.718.227
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		161.886	334.093	495.979	94.268	312.629	406.897
<b>XIII. DERIVATIVE FIN. ASSETS HELD FOR RISK MANAGEMENT</b>	(11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair value risk hedging		-	-	-	-	-	-
13.2 Cash flow risk hedging		-	-	-	-	-	-
13.3 Net foreign investment risk hedging		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(12)	<b>3.658.962</b>	<b>92.638</b>	<b>3.751.600</b>	<b>3.192.451</b>	<b>74.533</b>	<b>3.266.984</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(13)	<b>120.393</b>	<b>22.702</b>	<b>143.095</b>	<b>95.056</b>	<b>20.173</b>	<b>115.229</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		120.393	22.702	143.095	95.056	20.173	115.229
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(14)	<b>905.720</b>	<b>4.658</b>	<b>910.378</b>	<b>860.521</b>	<b>3.595</b>	<b>864.116</b>
<b>XVII. TAX ASSET</b>	(15)	<b>87.747</b>	<b>6.296</b>	<b>94.043</b>	<b>97.750</b>	<b>1.775</b>	<b>99.525</b>
17.1 Current tax asset		2.841	4.021	6.862	-	-	-
17.2 Deferred tax asset		84.906	2.275	87.181	97.750	1.775	99.525
<b>XVIII. ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)</b>	(16)	<b>790</b>	<b>-</b>	<b>790</b>	<b>1.537</b>	<b>-</b>	<b>1.537</b>
18.1 Held for sale purpose		790	-	790	1.537	-	1.537
18.2 Held from discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(17)	<b>2.630.828</b>	<b>395.429</b>	<b>3.026.257</b>	<b>2.203.011</b>	<b>549.200</b>	<b>2.752.211</b>
<b>TOTAL ASSETS</b>		<b>204.691.608</b>	<b>107.528.148</b>	<b>312.219.756</b>	<b>142.829.777</b>	<b>94.896.490</b>	<b>237.726.267</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017**  
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

	Note	Audited			Audited		
		Current period			Prior period		
		31 December 2017			31 December 2016		
LIABILITIES AND SHAREHOLDERS' EQUITY		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>116.559.965</b>	<b>76.710.656</b>	<b>193.270.621</b>	<b>86.549.173</b>	<b>63.849.704</b>	<b>150.398.877</b>
1.1 Deposits Held by the Risk Group of the Bank		21.534	8	21.542	8.771	-	8.771
1.2 Other		116.538.431	76.710.648	193.249.079	86.540.402	63.849.704	150.390.106
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>146</b>	<b>150.527</b>	<b>150.673</b>	<b>59</b>	<b>224.534</b>	<b>224.593</b>
<b>III. FUNDS BORROWED</b>	(3)	<b>1.436.861</b>	<b>18.621.623</b>	<b>20.058.484</b>	<b>1.171.764</b>	<b>20.417.347</b>	<b>21.589.111</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>29.615.560</b>	<b>5.387.762</b>	<b>35.003.322</b>	<b>17.648.265</b>	<b>1.373.871</b>	<b>19.022.136</b>
4.1 Interbank money market borrowings		29.030.813	1.247.014	30.277.827	7.003.306	-	7.003.306
4.2 Istanbul Stock Exchange Takasbank borrowings		377.295	-	377.295	1.174.218	-	1.174.218
4.3 Funds from repurchase agreements		207.452	4.140.748	4.348.200	9.470.741	1.373.871	10.844.612
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	(4)	<b>3.381.225</b>	<b>8.640.905</b>	<b>12.022.130</b>	<b>2.067.703</b>	<b>10.684.708</b>	<b>12.752.411</b>
5.1 Treasury bills		3.280.789	-	3.280.789	2.067.703	-	2.067.703
5.2 Asset-backed securities		100.436	-	100.436	-	-	-
5.3 Bonds		-	8.640.905	8.640.905	-	10.684.708	10.684.708
<b>VI. FUNDS</b>	(5)	<b>2.724.634</b>	<b>-</b>	<b>2.724.634</b>	<b>2.339.808</b>	<b>-</b>	<b>2.339.808</b>
6.1 Borrower Funds		860	-	860	36.600	-	36.600
6.2 Other		2.723.774	-	2.723.774	2.303.208	-	2.303.208
<b>VII. SUNDRY CREDITORS</b>		<b>3.678.813</b>	<b>179.545</b>	<b>3.858.358</b>	<b>2.743.078</b>	<b>123.544</b>	<b>2.866.622</b>
<b>VIII. OTHER LIABILITIES</b>	(6)	<b>11.476.631</b>	<b>526.985</b>	<b>12.003.616</b>	<b>1.503.590</b>	<b>439.963</b>	<b>1.943.553</b>
<b>IX. FACTORING PAYABLES</b>		<b>2.307</b>	<b>755</b>	<b>3.062</b>	<b>383</b>	<b>205</b>	<b>588</b>
<b>X. FINANCE LEASE PAYABLES</b>	(7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	(8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Fair value risk hedging		-	-	-	-	-	-
11.2 Cash flow risk hedging		-	-	-	-	-	-
11.3 Net foreign investment risk hedging		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(9)	<b>5.299.348</b>	<b>40.741</b>	<b>5.340.089</b>	<b>4.485.747</b>	<b>87.352</b>	<b>4.573.099</b>
12.1 General loan provisions		2.288.701	28.456	2.317.157	2.027.964	21.172	2.049.136
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Employee benefits provisions		854.242	6.198	860.440	728.172	3.287	731.459
12.4 Insurance technical reserves (Net)		1.810.804	-	1.810.804	1.400.148	-	1.400.148
12.5 Other provisions		345.601	6.087	351.688	329.463	62.893	392.356
<b>XIII. TAX LIABILITY</b>	(10)	<b>1.244.449</b>	<b>7.244</b>	<b>1.251.693</b>	<b>639.422</b>	<b>6.527</b>	<b>645.949</b>
13.1 Current tax liability		672.431	5.092	677.523	352.600	4.375	356.975
13.2 Deferred tax liability		572.018	2.152	574.170	286.822	2.152	288.974
<b>XIV. LIABILITIES FOR ASSET HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)</b>	(11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Held from discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED CAPITAL</b>	(12)	<b>1.004.385</b>	<b>-</b>	<b>1.004.385</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	<b>25.378.161</b>	<b>150.528</b>	<b>25.528.689</b>	<b>21.541.471</b>	<b>(171.951)</b>	<b>21.369.520</b>
16.1 Paid-in capital		1.250.000	-	1.250.000	1.250.000	-	1.250.000
16.2 Capital reserves		3.088.739	(240.647)	2.848.092	2.959.599	(427.355)	2.532.244
16.2.1 Share Premium		39.737	-	39.737	39.737	-	39.737
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities revaluation fund		(366.800)	(240.961)	(607.761)	(291.223)	(427.705)	(718.928)
16.2.4 Tangible assets revaluation reserves		2.253.371	275	2.253.646	2.106.979	299	2.107.278
16.2.5 Intangible assets revaluation reserves		-	-	-	-	-	-
16.2.6 Revaluation reserves of real estate for investment purpose		-	-	-	-	-	-
16.2.7 Bonus shares of subsidiaries, associates and joint ventures		4.723	-	4.723	4.723	-	4.723
16.2.8 Hedging Funds (effective portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other capital reserves		1.157.708	39	1.157.747	1.099.383	51	1.099.434
16.3 Profit reserves		16.900.753	180.650	17.081.403	14.562.537	111.025	14.673.562
16.3.1 Legal reserves		1.750.382	8.559	1.758.941	1.558.859	3.313	1.562.172
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		15.103.229	27.317	15.130.546	12.956.536	-	12.956.536
16.3.4 Other profit reserves		47.142	144.774	191.916	47.142	107.712	154.854
16.4 Profit/Loss		3.932.096	206.974	4.139.070	2.585.417	115.139	2.700.556
16.4.1 Prior years income/loss		(4.150)	104.981	100.831	84.650	82.299	166.949
16.4.2 Period profit/loss		3.936.246	101.993	4.038.239	2.500.767	32.840	2.533.607
16.5 Minority shares		206.573	3.551	210.124	183.918	29.240	213.158
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>201.802.485</b>	<b>110.417.271</b>	<b>312.219.756</b>	<b>140.690.463</b>	<b>97.035.804</b>	<b>237.726.267</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2017**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

		Audited			Audited		
		Current period			Prior period		
		31 December 2017			31 December 2016		
OFF-BALANCE SHEET ITEMS	Note	TRY	FC	Total	TRY	FC	Total
<b>A.</b>	<b>COMMITMENTS AND CONTINGENCIES (I+II+III)</b>	<b>55.825.715</b>	<b>59.017.870</b>	<b>114.843.585</b>	<b>46.265.354</b>	<b>51.600.941</b>	<b>97.866.295</b>
<b>I.</b>	<b>GUARANTEES AND SURETYSHIPS</b>	<b>(1) 28.091.702</b>	<b>30.695.956</b>	<b>58.787.658</b>	<b>20.999.538</b>	<b>26.878.181</b>	<b>47.877.719</b>
1.1	Letters of guarantee	26.885.534	22.774.574	49.660.108	20.194.359	19.924.546	40.118.905
1.1.1	Guarantees subject to public procurement law	1.522.672	10.045.779	11.568.451	1.049.993	11.366.716	12.416.709
1.1.2	Guarantees given for foreign trade operations	-	24.183	24.183	-	16.644	16.644
1.1.3	Other letters of guarantee	25.362.862	12.704.612	38.067.474	19.144.366	8.541.186	27.685.552
1.2	Bank loans	16.829	3.676.678	3.693.507	12.876	2.812.590	2.825.466
1.2.1	Import acceptances	-	226.526	226.526	-	320.953	320.953
1.2.2	Other bank acceptances	16.829	3.450.152	3.466.981	12.876	2.491.637	2.504.513
1.3	Letters of credit	47.204	4.100.917	4.148.121	18.091	4.001.009	4.019.100
1.3.1	Documentary letters of credit	47.204	4.100.917	4.148.121	18.091	3.972.450	3.990.541
1.3.2	Other letters of credit	-	-	-	-	28.559	28.559
1.4	Guaranteed prefinancings	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Purchase guarantees on marketable security issuance	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	1.142.135	143.787	1.285.922	774.212	140.036	914.248
1.9	Other suretyships	-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(1) 22.879.077</b>	<b>2.235.117</b>	<b>25.114.194</b>	<b>23.261.724</b>	<b>1.492.636</b>	<b>24.754.360</b>
2.1	Irrevocable commitments	22.879.077	1.310.028	24.189.105	23.261.724	901.095	24.162.819
2.1.1	Forward asset purchase commitments	248.484	661.967	910.451	112.735	304.715	417.450
2.1.2	Forward deposit purchase and sale commitments	-	-	-	-	-	-
2.1.3	Capital commitments to subsidiaries and associates	-	-	-	-	-	-
2.1.4	Loan granting commitments	4.191.402	493.963	4.685.365	3.182.164	398.636	3.580.800
2.1.5	Securities underwriting commitments	-	-	-	-	-	-
2.1.6	Payment commitments for reserve deposits	-	-	-	-	-	-
2.1.7	Payment commitments for cheques	3.269.281	-	3.269.281	5.805.008	-	5.805.008
2.1.8	Tax and fund liabilities from export commitments	38.072	-	38.072	28.864	-	28.864
2.1.9	Commitments for credit card expenditure limits	11.562.109	37.787	11.599.896	10.794.813	29.260	10.824.073
2.1.10	Commitments for credit cards and banking services promotions	32.736	-	32.736	44.328	-	44.328
2.1.11	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12	Payables for short sale commitments	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	3.536.993	116.311	3.653.304	3.293.812	168.484	3.462.296
2.2	Revocable commitments	-	925.089	925.089	-	591.541	591.541
2.2.1	Revocable loan granting commitments	-	57.071	57.071	-	52.315	52.315
2.2.2	Other revocable commitments	-	868.018	868.018	-	539.226	539.226
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>4.854.936</b>	<b>26.086.797</b>	<b>30.941.733</b>	<b>2.004.092</b>	<b>23.230.124</b>	<b>25.234.216</b>
3.1	Derivative financial instruments held for risk management	-	-	-	-	-	-
3.1.1	Fair value risk hedging transactions	-	-	-	-	-	-
3.1.2	Cash flow risk hedging transactions	-	-	-	-	-	-
3.1.3	Net foreign investment risk hedging transactions	-	-	-	-	-	-
3.2	Transactions for trading	4.854.936	26.086.797	30.941.733	2.004.092	23.230.124	25.234.216
3.2.1	Forward foreign currency buy/sell transactions	2.711.228	6.374.073	9.085.301	1.162.609	5.842.701	7.005.310
3.2.1.1	Forward foreign currency transactions-buy	1.359.880	4.498.627	5.858.507	564.492	3.958.285	4.522.777
3.2.1.2	Forward foreign currency transactions-sell	1.351.348	1.875.446	3.226.794	598.117	1.884.416	2.482.533
3.2.2	Currency and interest rate swaps	1.353.630	15.891.963	17.245.593	581.914	14.785.050	15.366.964
3.2.2.1	Currency swap-buy	418.414	2.843.148	3.261.562	148.821	2.707.908	2.856.729
3.2.2.2	Currency swap-sell	935.216	2.162.053	3.097.269	433.093	2.332.612	2.765.705
3.2.2.3	Interest rate swap-buy	-	5.443.381	5.443.381	-	4.872.265	4.872.265
3.2.2.4	Interest rate swap-sell	-	5.443.381	5.443.381	-	4.872.265	4.872.265
3.2.3	Currency, interest rate and marketable securities options	790.078	1.090.343	1.880.421	259.569	420.684	680.253
3.2.3.1	Currency call options	394.932	545.279	940.211	129.783	210.341	340.124
3.2.3.2	Currency put options	395.146	545.064	940.210	129.786	210.343	340.129
3.2.3.3	Interest rate call options	-	-	-	-	-	-
3.2.3.4	Interest rate put options	-	-	-	-	-	-
3.2.3.5	Marketable securities call options	-	-	-	-	-	-
3.2.3.6	Marketable securities put options	-	-	-	-	-	-
3.2.4	Currency futures	-	-	-	-	-	-
3.2.4.1	Currency futures-buy	-	-	-	-	-	-
3.2.4.2	Currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate buy/sell futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	-	2.730.418	2.730.418	-	2.181.689	2.181.689
<b>B.</b>	<b>CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>	<b>835.132.210</b>	<b>209.876.872</b>	<b>1.045.009.082</b>	<b>661.477.039</b>	<b>156.010.441</b>	<b>817.487.480</b>
<b>IV.</b>	<b>CUSTODIES</b>	<b>394.414.878</b>	<b>29.275.633</b>	<b>423.690.511</b>	<b>344.066.173</b>	<b>23.722.398</b>	<b>367.788.571</b>
4.1	Assets under management	-	-	-	-	-	-
4.2	Custody marketable securities	177.566.380	518.467	178.084.847	167.030.333	728.810	167.759.143
4.3	Cheques in collection process	15.489.840	22.716.178	38.206.018	12.751.492	17.280.141	30.031.633
4.4	Commercial notes in collection process	193.733.321	491.087	194.224.408	137.519.788	518.733	138.038.521
4.5	Other assets in collection process	-	-	-	-	-	-
4.6	Underwritten securities	-	-	-	-	-	-
4.7	Other custodies	4.136.680	127.221	4.263.901	3.486.346	98.721	3.585.067
4.8	Custodians	3.488.657	5.422.680	8.911.337	23.278.214	5.095.993	28.374.207
<b>V.</b>	<b>PLEDGED ASSETS</b>	<b>440.717.332</b>	<b>180.601.239</b>	<b>621.318.571</b>	<b>317.410.866</b>	<b>131.158.600</b>	<b>448.569.466</b>
5.1	Marketable securities	4.512.526	571.558	5.084.084	4.077.924	476.540	4.554.464
5.2	Collateral notes	7.261.444	911.790	8.173.234	7.297.816	820.012	8.117.828
5.3	Commodity	25.813	145.204	171.017	25.813	-	25.813
5.4	Warranty	-	-	-	-	-	-
5.5	Land and buildings	324.029.119	151.762.384	475.791.503	259.332.850	116.459.706	375.792.556
5.6	Other pledged assets	67.075.089	23.900.616	90.975.705	42.616.278	12.035.647	54.651.925
5.7	Pledges	37.813.341	3.309.687	41.123.028	4.060.185	1.366.695	5.426.880
<b>VI.</b>	<b>ACCEPTED BILL GUARANTEES AND SURETIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.129.443</b>	<b>1.129.443</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>890.957.925</b>	<b>268.894.742</b>	<b>1.159.852.667</b>	<b>707.742.393</b>	<b>207.611.382</b>	<b>915.353.775</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF INCOME AS OF 31 DECEMBER 2017**  
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**III. CONSOLIDATED STATEMENT OF INCOME**

			Audited	Audited
			Current period	Prior period
			1 January- 31 December 2017	1 January- 31 December 2016
INCOME AND EXPENSES		Note		
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>23.665.069</b>	<b>17.363.213</b>
1.1	Interest on loans		19.060.838	14.307.866
1.2	Interest received from reserve deposits		132.398	57.062
1.3	Interest received from banks		256.701	114.682
1.4	Interest received from money market placements		57.090	703
1.5	Interest income on marketable securities		3.765.532	2.571.404
1.5.1	Financial assets held for trading		3.209	7.601
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Financial assets available-for-sale		1.582.407	1.082.042
1.5.4	Investments held-to-maturity		2.179.916	1.481.761
1.6	Finance lease income		197.704	158.434
1.7	Other interest income		194.806	153.062
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	<b>15.308.777</b>	<b>10.014.672</b>
2.1	Interest on deposits		11.085.857	8.051.618
2.2	Interest on borrowings		540.285	489.642
2.3	Interest on money market borrowings		2.719.811	794.106
2.4	Interest on bonds issued		845.535	590.748
2.5	Other interest expense		117.289	88.558
<b>III.</b>	<b>NET INTEREST INCOME (I – II)</b>		<b>8.356.292</b>	<b>7.348.541</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.921.134</b>	<b>1.238.103</b>
4.1	Fees and commissions income		2.506.800	1.740.141
4.1.1	Non-cash loans		405.366	295.134
4.1.2	Other		2.101.434	1.445.007
4.2	Fees and commissions expenses		585.666	502.038
4.2.1	Non-cash loans		3.986	2.574
4.2.2	Other		581.680	499.464
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>11.639</b>	<b>39.986</b>
<b>VI.</b>	<b>NET TRADING PROFIT (NET)</b>	(4)	<b>78.625</b>	<b>182.966</b>
6.1	Profit/loss from capital market operations		35.077	20.281
6.2	Profit/loss from financial derivative transactions		(195.718)	11.158
6.3	Foreign exchange gains/losses		239.266	151.527
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>2.156.583</b>	<b>1.825.904</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>12.524.273</b>	<b>10.635.500</b>
<b>IX.</b>	<b>LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)</b>	(6)	<b>1.505.871</b>	<b>2.205.909</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	(7)	<b>5.886.203</b>	<b>5.097.462</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>5.132.199</b>	<b>3.332.129</b>
<b>XII.</b>	<b>AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		21.511	17.309
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)</b>	(8)	<b>5.153.710</b>	<b>3.349.438</b>
<b>XVI.</b>	<b>TAX INCOME PROVISION (±)</b>	(9)	<b>(1.102.986)</b>	<b>(809.982)</b>
16.1	Current tax provision		(855.655)	(625.363)
16.2	Deferred tax provision		(247.331)	(184.619)
<b>XVII.</b>	<b>NET OPERATING INCOME AFTER TAX (XV±XVI)</b>	(10)	<b>4.050.724</b>	<b>2.539.456</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Property and equipment income held for sale		-	-
18.2	Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3	Other income from terminated operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Property and equipment expense held for sale		-	-
19.2	Sale losses from associates, subsidiaries and joint ventures (business partners)		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(8)	-	-
<b>XXI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(9)	-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-
<b>XXIII.</b>	<b>NET PROFIT/(LOSS) (XVII+XXII)</b>	(11)	<b>4.050.724</b>	<b>2.539.456</b>
23.1	Group's profit/loss		4.038.239	2.533.607
23.2	Minority shares profit/loss		12.485	5.849
Earnings/losses per share (Full TRY)			3,2406	2,02689

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY**  
**AS OF 31 DECEMBER 2017**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**IV. CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY**

	Audited	Audited
	Current period	Prior period
	1 January- 31 December 2017	1 January- 31 December 2016
<b>STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>20.605</b>	<b>(626.135)</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>285.864</b>	<b>542.934</b>
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>-</b>	<b>-</b>
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>(4.311)</b>	<b>43.912</b>
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (Effective portion of fair value differences)</b>	<b>-</b>	<b>-</b>
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS (Effective portion of fair value differences)</b>	<b>-</b>	<b>-</b>
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	<b>-</b>	<b>-</b>
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS</b>	<b>144.062</b>	<b>(76.753)</b>
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(50.209)</b>	<b>18.034</b>
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	<b>396.011</b>	<b>(98.008)</b>
<b>XI. PROFIT/LOSS</b>	<b>4.050.724</b>	<b>2.539.456</b>
11.1 Change in fair value of marketable securities (Transfer to profit/loss)	38.564	21.586
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to income statement	-	-
11.3 Transfer of hedge of net investments in foreign operations to income statement	-	-
11.4 Other	4.012.160	2.517.870
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>4.446.735</b>	<b>2.441.448</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF 31 DECEMBER 2017**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

<b>Audited</b>	<b>Note</b>	<b>Paid in capital</b>	<b>Effect of inflation adjustments on paid in capital</b>	<b>Share premium</b>	<b>Share certificate cancellati on profit</b>	<b>Legal reserves</b>	<b>Statutory reserves</b>	<b>Extra-ordinary reserves</b>	<b>Other reserves</b>	<b>Current period net income/ (loss)</b>	<b>Prior period net income/ (loss)</b>	<b>Valuation changes in marketable sec.</b>	<b>Revaluation changes in prop. and equip. and int. assets</b>	<b>Bonus shares from shareholders</b>	<b>Hedging funds</b>	<b>Value change in pro. and equip. held for sale purp./term. op.</b>	<b>Total equity excluding minority shares</b>	<b>Minority shares</b>	<b>Total equity</b>
<b>1 January 2016 – 31 December 2016</b>																			
I.	Balance at end of prior period	1.250.000	1.220.451	39.488	-	1.393.927	-	11.045.915	140.904	2.317.984	164.806	(285.131)	1.672.931	3.973	-	-	18.965.248	201.426	19.166.674
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	1.250.000	1.220.451	39.488	-	1.393.927	-	11.045.915	140.904	2.317.984	164.806	(285.131)	1.672.931	3.973	-	-	18.965.248	201.426	19.166.674
IV.	Increase/decrease generated by merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation changes in marketable securities	-	-	-	-	-	-	-	-	-	-	(433.797)	-	-	-	-	(433.797)	47	(433.750)
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	(65.764)	-	-	-	-	-	-	-	(65.764)	-	(65.764)
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedges for investment made in foreign countries	-	-	-	-	-	-	-	(65.764)	-	-	-	-	-	-	-	(65.764)	-	(65.764)
VII.	Revaluation changes of property and equipment	-	-	-	-	-	-	-	-	-	-	-	434.347	-	-	-	434.347	-	434.347
VIII.	Revaluation changes of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investment and associates, subsidiaries and joint ventures (business partners).	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	43.768	-	-	-	-	-	-	-	43.768	144	43.912
XI.	Changes after disposal of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes after reclassification of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	From internal resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	249	-	(160)	-	1.788	(85.071)	-	-	-	-	750	-	-	(82.444)	5.692	(76.752)
XIX.	Net profit or losses	-	-	-	-	-	-	-	-	2.533.607	-	-	-	-	-	-	2.533.607	5.849	2.539.456
XX.	Profit distribution	-	-	-	-	168.405	-	1.908.833	-	(2.317.984)	2.143	-	-	-	-	-	(238.603)	-	(238.603)
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(238.603)	-	-	-	-	-	(238.603)	-	(238.603)
20.2	Transfers to legal reserves	-	-	-	-	168.405	-	1.908.833	-	-	(2.077.238)	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	(2.317.984)	2.317.984	-	-	-	-	-	-	-	-
<b>Closing balance</b>		<b>1.250.000</b>	<b>1.220.451</b>	<b>39.737</b>	<b>-</b>	<b>1.562.172</b>	<b>-</b>	<b>12.956.536</b>	<b>33.837</b>	<b>2.533.607</b>	<b>166.949</b>	<b>(718.928)</b>	<b>2.107.278</b>	<b>4.723</b>	<b>-</b>	<b>-</b>	<b>21.156.362</b>	<b>213.158</b>	<b>21.369.520</b>
<b>1 January 2017 – 31 December 2017</b>																			
I.	Balance at end of prior period	1.250.000	1.220.451	39.737	-	1.562.172	-	12.956.536	33.837	2.533.607	166.949	(718.928)	2.107.278	4.723	-	-	21.156.362	213.158	21.369.520
II.	Increase or decrease generated by merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation changes in marketable securities	-	-	-	-	-	-	-	-	-	-	111.167	-	-	-	-	111.167	(1.275)	109.892
IV.	Hedging Funds (effective portion)	-	-	-	-	-	-	-	115.265	-	-	-	-	-	-	-	115.265	-	115.265
4.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedges for investments made in foreign countries	-	-	-	-	-	-	-	115.265	-	-	-	-	-	-	-	115.265	-	115.265
V.	Revaluation changes of property and equipment	-	-	-	-	-	-	-	-	-	-	-	146.368	-	-	-	146.368	-	146.368
VI.	Revaluation changes of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	(4.896)	-	-	-	-	-	-	-	(4.896)	585	(4.311)
IX.	Changes after disposal of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes after reclassification of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	From internal resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.087)	(5.087)
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(846)	(846)
XV.	Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	(1.182)	-	(8.873)	(14.994)	36.936	-	-	-	-	-	-	11.887	(8.139)	3.748
XVII.	Net profit or losses	-	-	-	-	-	-	-	-	4.038.239	-	-	-	-	-	-	4.038.239	12.485	4.050.724
XVIII.	Profit distribution	-	-	-	-	197.951	-	2.182.883	-	(2.533.607)	(103.054)	-	-	-	-	-	(255.827)	(757)	(256.584)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(255.827)	-	-	-	-	-	(255.827)	(757)	(256.584)
18.2	Transfers to legal reserves	-	-	-	-	197.951	-	2.182.883	-	-	(2.380.834)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	(2.533.607)	2.533.607	-	-	-	-	-	-	-	-
<b>Closing balance</b>		<b>1.250.000</b>	<b>1.220.451</b>	<b>39.737</b>	<b>-</b>	<b>1.758.941</b>	<b>-</b>	<b>15.130.546</b>	<b>129.212</b>	<b>4.038.239</b>	<b>100.831</b>	<b>(607.761)</b>	<b>2.253.646</b>	<b>4.723</b>	<b>-</b>	<b>-</b>	<b>25.318.565</b>	<b>210.124</b>	<b>25.528.689</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATION AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS AS OF 31 DECEMBER 2017**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

		<b>Audited</b>	<b>Audited</b>
		<b>Current period</b>	<b>Prior period</b>
		<b>1 January-</b>	<b>1 January-</b>
	<b>Note</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>3.656.363</b>	<b>2.082.911</b>
1.1.1	Interest received	21.730.125	16.611.483
1.1.2	Interest paid	(14.302.974)	(9.495.583)
1.1.3	Dividend received	8.888	39.986
1.1.4	Fees and commissions received	2.512.134	1.740.141
1.1.5	Other income	1.850.733	1.629.820
1.1.6	Collections from previously written off loans	728.163	555.940
1.1.7	Cash payments to personnel and service suppliers	(2.194.575)	(1.925.872)
1.1.8	Taxes paid	(541.969)	(883.058)
1.1.9	Other	(1)	(6.189.946)
<b>1.2</b>	<b>Assets and Liabilities Subject to Banking Operations</b>	<b>11.595.937</b>	<b>4.629.944</b>
1.2.1	Net decrease in financial assets held for sale	(31.389)	(3.080)
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	22.540	(26.657)
1.2.4	Net (increase) decrease in loans	(46.260.521)	(32.478.568)
1.2.5	Net (increase) decrease in other assets	(132.409)	(1.422.828)
1.2.6	Net increase (decrease) in bank deposits	(3.603.141)	15.052.270
1.2.7	Net increase (decrease) in other deposits	45.457.843	12.675.136
1.2.8	Net increase (decrease) in loans borrowed	(1.527.805)	(554.361)
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	(1)	17.670.819
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>15.252.300</b>	<b>6.712.855</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from / (used in) investing activities</b>	<b>(4.581.992)</b>	<b>(4.794.213)</b>
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries	(14.994)	(3.213)
2.2	Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(549.618)	(269.671)
2.4	Fixed assets sales	199.519	51.558
2.5	Cash paid for purchase of financial assets available for sale	(9.672.067)	(6.118.249)
2.6	Cash obtained from sale of financial assets available for sale	7.909.271	3.102.821
2.7	Cash paid for purchase of investment securities	(4.893.951)	(4.254.198)
2.8	Cash obtained from sale of investment securities	2.476.081	2.712.189
2.9	Other	(36.233)	(15.450)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash used in financing activities</b>	<b>24.122</b>	<b>3.331.697</b>
3.1	Cash obtained from loans borrowed and securities issued	9.216.726	10.667.444
3.2	Cash used for repayment of loans borrowed and securities issued	(8.936.020)	(7.097.144)
3.3	Bonds issued	-	-
3.4	Dividends paid	(256.584)	(238.603)
3.5	Payments for finance leases	-	-
3.6	Other	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>897.165</b>
<b>V.</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>11.591.595</b>	<b>6.674.695</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>(4)</b>	<b>15.530.596</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>(5)</b>	<b>27.122.191</b>
		<b>15.530.597</b>	<b>15.530.597</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATION AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS AS OF 31 DECEMBER 2017**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION<sup>(1)</sup>**

	<b>Audited</b>	<b>Audited</b>
	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017<sup>(1)</sup></b>	<b>31 December 2016</b>
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1. Current Period Profit	4.709.582	3.351.550
1.2. Taxes and Legal Duties Payables (-)	(984.120)	(793.285)
1.2.1. Corporate Tax (Income Tax)	(749.669)	(553.481)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	(234.451)	(239.804)
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>3.725.462</b>	<b>2.558.265</b>
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	127.913
1.5. Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>2.430.352</b>
1.6. First Dividend to shareholders (-)	-	62.500
1.6.1. To Owners of Ordinary Shares	-	62.500
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed 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 (-)	-	193.327
1.9.1. To Owners of Ordinary Shares	-	193.327
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	35.378
1.11. Status Reserves (-)	-	-
1.12. Extraordinary Reserves	-	2.139.147
1.13. Other Reserves	-	-
1.14. Special Funds	-	-
<b>II. Distribution of Reserves</b>		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.3. Dividends to Shareholders (-)	-	255.827
2.3.1. To Owners of Ordinary Shares	-	255.827
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Redeemed Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. Dividends to Personnel (-)	-	160.451 <sup>(2)</sup>
2.5. Dividends to Board of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1. To Owners of Ordinary Shares	2.9804	2.0466
3.2. To Owners of Ordinary Shares (%)	298.04%	204.7%
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
<b>IV. Dividend per Share</b>		
4.1. To Owners of Ordinary Shares	-	0,205
4.2. To Owners of Ordinary Shares (%)	-	20.47%
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

<sup>(1)</sup>Board of Directors meeting was not held as of 31 December 2017 financial reporting date.

<sup>(2)</sup>Dividends to personnel which added to 2016 net profit as a provision not sentenced in profit distribution, only shown in the table for information.

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