

**Aktif Yatırım Bankası  
Anonim Şirketi  
and Its Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
For the Six-Month Period Ended  
30 June 2017**

## REVIEW REPORT FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Aktif Yatırım Bankası Anonim Şirketi

### Introduction

We have reviewed the accompanying condensed consolidated financial statements of Aktif Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together "the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2017 and the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

The condensed consolidated financial statements for the six-month period ended as at 30 June 2017 consist of a general provision amounting to TL 150,000 thousand provided by the Bank management for the possible result of the negative circumstances which may arise from any changes in the economy or market conditions. If the mentioned general provision were not provided, as at 30 June 2017, other provisions would decrease by TL 150,000 thousand, retained earnings would increase by TL 30,000 thousand and net profit would increase by TL 120,000 thousand.

### Qualified Conclusion

Based on our review, with the exception of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the financial position of the Bank and its subsidiaries as at 30 June 2017, and of their financial performance and cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting".

*DRT Bağımsız Denetim ve Şirketi A.Ş.*

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Istanbul, 8 September 2017

## **Aktif Yatırım Bankası Anonim Şirketi and Its Subsidiaries**

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**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Condensed Consolidated Statement of Financial Position****As of 30 June 2017***(Currency - In thousands of Turkish Lira ("TL"))*

	<i>Notes</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>ASSETS</b>			
Cash and cash equivalents		747,004	988,702
Reserve deposits at Central Bank		1,066,617	707,595
Trading assets		16,636	50,486
Trade and other receivables		334,121	301,179
Inventories		18,068	8,202
Loans and advances to customers	7	5,579,336	5,520,369
Investment securities	8	1,351,108	1,123,740
Equity accounted investees		25,157	22,803
Tangible assets	9	302,035	275,916
Intangible assets	10	169,236	175,583
Goodwill		504	504
Deferred tax assets		1,708	1,254
Other assets		315,686	306,683
<b>Total assets</b>		<b>9,927,216</b>	<b>9,483,016</b>
<b>LIABILITIES</b>			
Trading liabilities		6,937	7,234
Trade and other payables		204,758	124,827
Obligations under repurchase agreements		898,705	762,409
Financial lease liabilities		28,240	33,740
Debt securities issued	11	3,243,791	3,168,648
Funds borrowed		2,803,180	2,829,348
Provisions	12	194,129	69,597
Income taxes payables		24,234	11,918
Deferred tax liabilities		6,648	7,539
Other liabilities		1,431,195	1,484,134
<b>Total liabilities</b>		<b>8,841,817</b>	<b>8,499,394</b>
<b>EQUITY</b>			
Share capital	16	1,038,095	938,095
Legal reserves		38,343	24,237
Unrealised gain/(loss) on available-for-sale assets		(18,591)	(23,011)
Actuarial gain/(loss)		441	441
Special funds		618	618
Translation reserves		(1,239)	(2,356)
Retained earnings		8,034	36,498
<b>Total equity attributable to equity holders of the Bank</b>		<b>1,065,701</b>	<b>974,522</b>
Non-controlling interests		19,698	9,100
<b>Total equity</b>		<b>1,085,399</b>	<b>983,622</b>
<b>Total liabilities and equity</b>		<b>9,927,216</b>	<b>9,483,016</b>

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

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**
**Condensed Consolidated Statement of Comprehensive Income**
**For the Six-Month Period Ended 30 June 2017**
*(Currency - In thousands of Turkish Lira ("TL"))*

	<i>Notes</i>	<b>1 January - 30 June 2017</b>	<b>1 January - 30 June 2016</b>
Interest income		497,018	372,446
Interest expense		(212,371)	(213,810)
<b>Net interest income</b>		<b>284,647</b>	<b>158,636</b>
Fees and commission income	13	166,658	69,671
Fees and commission expense		(23,581)	(21,864)
<b>Net fee and commission income</b>		<b>143,077</b>	<b>47,807</b>
Net trading loss		(33,374)	5,464
Sales income	14	138,938	146,169
Other income		16,266	6,284
Other expense		(120,000)	(15,000)
Net impairment reversal / (loss) on financial assets		(10,570)	(4,385)
Operating expenses		(177,504)	(157,138)
- <i>Personnel expenses</i>		(86,060)	(76,650)
- <i>Depreciation and amortisation</i>	9,10,14	(25,280)	(25,351)
- <i>Other operating expenses</i>	15	(66,164)	(55,137)
Cost of services	14	(71,821)	(113,656)
Other operating expenses		(28,219)	(21,147)
<b>Total operating income</b>		<b>141,440</b>	<b>53,034</b>
Share of profit of equity accounted investee		233	(60)
<b>Profit before income tax</b>		<b>141,673</b>	<b>52,974</b>
Income tax expenses		(55,183)	(15,753)
<b>Net profit for the period from continuing operations</b>		<b>86,490</b>	<b>37,221</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>		-	-
Change in actuarial gain related to employee benefits		-	-
Special funds		-	-
Tax effect		-	-
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		<b>5,537</b>	<b>20,092</b>
Change in fair value of available-for-sale financial assets		5,525	24,696
Foreign currency translation differences		1,117	335
Income tax on other comprehensive income		(1,105)	(4,939)
<b>Other comprehensive income for the period, net of tax</b>		<b>5,537</b>	<b>20,092</b>
<b>Total comprehensive income for the period</b>		<b>92,027</b>	<b>57,313</b>
<b>Profit attributable to</b>			
Equity holders of the Bank		85,642	36,372
Non-controlling interest		848	849
<b>Profit for the period</b>		<b>86,490</b>	<b>37,221</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Bank		91,179	56,464
Non-controlling interest		848	849
<b>Total comprehensive income for the period</b>		<b>92,027</b>	<b>57,313</b>

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

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**Condensed Consolidated Statement of Changes in Equity**

**For the Six-Month Period Ended 30 June 2017**

(Currency - In thousands of Turkish Lira ("TL"))

	Notes	Share capital	Adjustment to share capital	Legal reserves	Unrealised gains/(losses) on available-for-sale assets	Translation reserve	Actuarial gain/(loss)	Retained earnings	Total	Non-controlling interest	Total equity
<b>At 1 January 2016</b>		862,585	4,510	20,007	(21,909)	(5,127)	(908)	15,436	874,594	5,321	879,915
Total comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets		-	-	-	19,757	335	-	36,372	36,372	849	37,221
Net change in actuarial gain related to employee benefits		-	-	-	19,757	-	-	-	20,092	-	20,092
Foreign currency translation differences		-	-	-	-	-	-	-	19,757	-	19,757
Total comprehensive income for the year		-	-	-	-	335	-	-	335	-	335
<b>Transactions with owners, recorded directly in equity</b>		-	-	-	19,757	335	-	36,372	56,464	849	57,313
Transfer to reserves		-	-	4,104	-	-	-	(4,104)	-	-	-
Total transactions with owners, recorded directly in equity		-	-	4,104	-	-	-	(4,104)	-	-	-
<b>At 30 June 2016</b>		862,585	4,510	24,111	(2,152)	(4,792)	(908)	47,704	931,058	6,170	937,228

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

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**Condensed Consolidated Statement of Changes in Equity**

**For the Six-Month Period Ended 30 June 2017**

*(Currency - In thousands of Turkish Lira ("TL"))*

	Note	Share capital	Adjustment to share capital	Legal reserves	Unrealised gains/(losses) on available-for-sale assets	Translation reserve	Actuarial gain/(loss)	Special Funds	Retained earnings	Total	Non-controlling interest	Total equity
<b>At 1 January 2017</b>		933,585	4,510	24,237	(23,011)	(2,356)	441	618	36,498	974,522	9,100	983,622
<b>Total comprehensive income for the year</b>												
Profit for the year		-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets		-	-	-	4,420	1,117	-	-	85,642	85,642	848	86,490
Net change in actuarial gain related to employee benefits		-	-	-	4,420	-	-	-	-	5,537	-	5,537
Foreign currency translation differences		-	-	-	-	-	-	-	-	4,420	-	4,420
<b>Total comprehensive income for the year</b>		-	-	-	-	1,117	-	-	-	1,117	-	1,117
<b>Transactions with owners, recorded directly in equity</b>												
Capital increase		100,000	-	-	-	-	-	-	-	-	-	-
Transfer to reserves		-	-	14,106	-	-	-	-	(100,000)	-	10,050	10,050
Dividend paid		-	-	-	-	-	-	-	(14,106)	-	-	-
<b>Total transactions with owners, recorded directly in equity</b>		100,000	-	14,106	-	-	-	-	(114,106)	-	(300)	(300)
<b>At 30 June 2017</b>		1,033,585	4,510	38,343	(18,591)	(1,239)	441	618	8,034	1,065,701	9,698	1,085,399

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

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Condensed Consolidated Statement of Cash Flows****For the Six-Month Period Ended 30 June 2017***(Currency - In thousands of Turkish Lira ("TL"))*

	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Net profit for the year		86,490	37,221
Adjustments for:			
Depreciation and amortisation of tangible and intangible assets booked in operating expenses	9,10	25,280	25,351
Depreciation and amortisation of tangible and intangible assets booked in cost of goods sold	14	440	433
Impairment on financial assets	7	10,570	4,385
Net interest income and expense		(256,180)	(162,642)
Share of profit of equity investee		(233)	60
(Reversal) / provision for possible losses		120,000	15,000
Unrealised foreign exchange loss / (gain)		28,352	72,682
Other accruals		54,080	(14,559)
Income tax		55,183	13,302
		<b>123,982</b>	<b>(8,767)</b>
Change in reserve deposit at Central Bank		(359,022)	(156,952)
Change in trading assets		32,794	101
Change in loans and advances to customers		(237,850)	(476,416)
Change in other assets		4,543	29,599
Change in obligations under repurchase agreements		136,391	200,322
Proceeds from borrowings		(490)	(523,615)
Change in other liabilities		(3,878)	324,091
		<b>(427,512)</b>	<b>(602,870)</b>
Interest received		511,844	404,001
Interest paid		(294,926)	(207,803)
Income tax paid		(39,744)	(11,069)
<b>Net cash used in operating activities</b>		<b>177,174</b>	<b>185,129</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(1,398,037)	(2,853,115)
Sale of investment securities		1,183,456	2,651,273
Purchase of tangible assets	9	(30,385)	(13,171)
Equity accounted investees		-	-
Proceeds from the sale of tangible assets		3,078	334
Purchase of intangible assets	10	(8,347)	(4,408)
Acquisition of subsidiaries		-	-
Dividend paid		(300)	-
<b>Net cash used in investing activities</b>		<b>(250,535)</b>	<b>(219,087)</b>
<b>Cash flows from financing activities</b>			
Proceeds from debt securities issued		10,570,980	1,242,848
Repayment of debt securities issued		(10,433,210)	(376,249)
Change in financial lease liabilities		(7,288)	(6,456)
<b>Net cash provided from financing activities</b>		<b>130,482</b>	<b>860,143</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(246,409)</b>	<b>214,548</b>
Effect of exchange rate fluctuations on cash		2,933	(1,840)
Cash and cash equivalents on 1 January		987,083	451,360
<b>Cash and cash equivalents on 30 June</b>		<b>743,607</b>	<b>664,068</b>

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



## AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes To The Condensed Consolidated Financial Statements

As at and For The Six-Month Period Ended 30 June 2017

(Currency - In thousands of Turkish Lira ("TL"))

#### 1. Reporting entity

Aktif Yatırım Bankası Anonim Şirketi (the "Bank") was incorporated under the name of Çalık Yatırım Bankası A.Ş. in Turkey in July 1999. The Bank changed its name as Aktif Yatırım Bankası A.Ş. on 1 August 2008.

The Bank operates as an "investment bank" and is mainly involved in corporate and consumer services such as cash or non-cash lending, financial leasing, factoring, corporate lending. As an investment bank, the Bank borrows funds from other banks, financial markets, partners and credit customers, but is not entitled to receive deposits from customers.

The head office of the Bank is located at Büyükdere Cad. No: 163/A Zincirlikuyu / İstanbul, and the Bank has eight branches.

The Bank and its subsidiaries are hereafter referred to as the "Group".

The Bank employs 641 people as at 30 June 2017 (31 December 2016: 666).

The Group controls equity stakes in companies that are active in the areas of technology system integration, payment center, insurance brokerage, consulting in real estate projects, real estate, islamic financial leasing and electronic payment systems. Activities carried out in these business areas and main companies are explained below in summary.

Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş. ("Sigortayeri"): With the virtual and physical multi-channel structure that is shaped according to the needs of potential policyholders, comparative insurance products provide customers with fast and intuitive way to operate in the field of insurance broking.

EPost Elektronik Perakende Otomasyon Satış Ticaret A.Ş. ("EPost"): EPost allocated to business with the brand through reliable/secure devices, sales and collection operations for making the dealership system.

E-Kent Teknoloji ve Ödeme Sistemleri Sanayi ve Ticaret A.Ş. ("E-Kent"): E-Kent increases both the new products and services applied in the field and the number of cities in which services are offered in its fields of operation with its vision which is "building city technologies".

Pavo Teknik Servis Elektrik Elektronik Sanayi ve Ticaret A.Ş. ("Pavo"): Pavo operates in the area of new generation payment systems (especially ECR business); import, manufacture sales and technical services.

N Kolay Ödeme Kuruluşu A.Ş. ("N Kolay"): N Kolay operates in the area of invoice payment point and payment services licence obtained from Banking Regulation and Supervision Agency in 2015.

Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret A.Ş. ("Asset"): Asset operates in the area of ticket sale organization of sports and arts activities.

Emlak Girişim Danışmanlığı A.Ş. ("Emlak Girişim"): Emlak Girişim works on real estate projects, structures and systems, and makes active counselling and guidance.

IFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş. ("IFM"): IFM operates in special projects, land recreation, area sales and revenue sharing provisions for the immovable construction, construction and sales activity is independent sections.

## **AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

### **Notes To The Condensed Consolidated Financial Statements**

**As at and For The Six-Month Period Ended 30 June 2017**

*(Currency - In thousands of Turkish Lira ("TL"))*

#### **1. Reporting entity (continued)**

Kazakhstan Ijara Company Jsc. ("KIC"): KIC carries on Islamic leasing business. The aim of firm in Kazakhstan is to support the development of small and medium enterprises (SMEs) by providing alternative sources of Shariah compliant financing for their projects.

Eurasian Leasing Company ("ELC"): ELC is the first in Russia to provide leasing solutions to the SME sector in accordance with the Islamic principles.

UPT Ödeme Hizmetleri A.Ş. ("UPT"): UPT operates for electronic money and money transfer and payment services licence obtained from Banking Regulation and Supervision Agency in 2015.

Euro Mediterranean Investment Company ("EMIC"): EMIC is a portfolio management company.

Mükafat Portföy Yönetimi A.Ş. ("Mükafat"): Mükafat is a portfolio management company.

Haliç Finansal Kiralama A.Ş. ("Haliç"): Initiating its business operations in 2004, Haliç Leasing aims to achieve growth by accelerating its business operations at the last quarter of 2016 with the partnership of ICD and Ijara Management Company under the organization of Aktif Bank. Being the first financial leasing company offering Islamic products to its customers in Turkey, Haliç Leasing develops customer-tailored development packages for its customers, operating in Turkey, especially SMEs, as well as financing options in order to provide support to their investments in technological machines and equipment. Thereby, it intends to fill the gaps at the market where major leasing companies, especially those owned by local banks, maintain their operations. Haliç Leasing aims to bring long-term resources to Turkey from the Gulf and Asian countries through Sukuk issues by leveraging on Aktif Bank's knowledge in capital markets.

Echo Bilgi Yönetim Sistemleri A.Ş. ("Echo") has been established by E-Kent Teknoloji ve Ödeme Sistemleri A.Ş. and Echo Perakende Ödeme Sistemleri Bilişim A.Ş in 2016. Echo offers Windows based automation systems which are integrated with new generation cash registers and provide end-to-end payment systems for front and back office of retail chains.

Aktif Halk Enerji Yatırımları A.Ş. (Established in April 2017, our company makes investments in the field of solar energy production)

Halk Yenilenebilir Enerji A.Ş. (Our company, which was established in April 2017, is engaged in the construction of solar energy production facilities.

#### **2. Basis of preparation**

##### **2.1 Statement of compliance**

The Bank and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory condensed consolidated financial statements in Turkish Lira ("TL") in accordance with the accounting principles as promulgated by the Banking Regulation and Supervision Agency ("BRSA"), Capital Markets Board of Turkey, the Turkish Commercial Code and tax legislation. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations adopted by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements were authorised for issue by the Group's management on 8 September 2017. The Bank's General Assembly and the other reporting bodies have the power to amend the condensed consolidated interim financial statements after their issue.

## **AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

### **Notes To The Condensed Consolidated Financial Statements**

**As at and For The Six-Month Period Ended 30 June 2017**

*(Currency - In thousands of Turkish Lira ("TL"))*

#### **2. Basis of preparation *(continued)***

##### **2.2 Basis of measurement**

The financial statements have been prepared on historical cost basis except for the following:

- derivative financial instruments are measured at fair value,
- financial instruments at fair value through profit or loss are measured at fair value,
- available-for-sale financial instruments.

##### **2.3 Functional and presentation currency**

These financial statements are presented in TL, which is the Bank's functional currency. Except as indicated, financial information presented in TL has been rounded to the nearest thousand.

##### **2.4 Use of estimates and judgements**

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2016.

## AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes To The Condensed Consolidated Financial Statements

As at and For The Six-Month Period Ended 30 June 2017

(Currency - In thousands of Turkish Lira ("TL"))

#### 3. Significant accounting policies

The condensed consolidated interim financial statements as of 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting of IFRS and are in compliance with the accounting policies used to prepare the financial statements as of 31 December 2016. Therefore, the condensed consolidated financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2016.

Except as described below, the accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by Group entities. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2016.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### Application of new and revised International Financial Reporting Standards (IFRSs)

a) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b) New and Revised IFRSs applied with no material effect on the condensed consolidated financial statements

Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealized Losses</i> <sup>1</sup>
Amendments to IAS 7	<i>Disclosure Initiative</i> <sup>1</sup>
Annual Improvements to IFRS Standards 2014–2016 Cycle	<i>IFRS 12</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017.

#### Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*

This amendment clarifies the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

#### Amendments to IAS 7 *Disclosure Initiative*

This amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

## AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes To The Condensed Consolidated Financial Statements

As at and For The Six-Month Period Ended 30 June 2017

(Currency - In thousands of Turkish Lira ("TL"))

#### 3. Significant accounting policies (continued)

##### c) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
IFRS 9	<i>Financial Instruments</i> <sup>1</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to IFRS 2	<i>Classification and Measurement of Share-Based Payment Transactions</i> <sup>1</sup>
IFRS 16	<i>Leases</i> <sup>2</sup>
Amendments to IFRS 4	<i>Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>1</sup>
Amendments to IAS 40	<i>Transfers of Investment Property</i> <sup>1</sup>
Annual Improvements to IFRS Standards 2014–2016 Cycle	<i>IFRS 1</i> <sup>1</sup> , <i>IAS 28</i> <sup>1</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

#### **Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

#### **IFRS 9 *Financial Instruments***

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 is amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 is issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

#### **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

## AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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#### 3. Significant accounting policies (continued)

##### Annual Improvements to IFRS Standards 2014–2016 Cycle

- **IFRS 12:** Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

##### c) New and revised IFRSs in issue but not yet effective (cont'd)

##### **Amendments to IFRS 15 Revenue from Contracts with Customers**

This amendment clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

##### **Amendments to IFRS 2 Classification and Measurement of Share-Based Payment Transactions**

This amendment clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity settled.

##### **IFRS 16 Leases**

This new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 "Leases" and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

##### **Amendments to IFRS 4 Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'**

This amendment provides optional approaches for entities that issue insurance contracts within the scope of IFRS 4, and the entities are permitted to stop applying them before the new insurance standard is applied.

##### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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#### **3. Significant accounting policies (continued)**

##### **Amendments to IAS 40 *Transfers of Investment Property***

The amendments to IAS 40 Investment Property:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

##### **Annual Improvements to IFRS Standards 2014–2016 Cycle**

- **IFRS 1:** Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- **IAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

##### **IFRS 17 *Insurance Contracts***

This new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

##### **IFRIC 23 *Uncertainty over Income Tax Treatments***

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

The effect of changes in facts and circumstances.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

## **AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

### **Notes To The Condensed Consolidated Financial Statements**

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#### **4. Basis of consolidation**

##### ***Subsidiaries***

The consolidated financial statements incorporate the condensed consolidated interim financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The control exists if and only if; 1) when the Bank has the power over an affiliate which that power, directly or indirectly, give rights to govern the financial and operating policies of the entity so as to obtain benefits from its activities, 2) exposure, or rights, to variable returns from its involvement with the affiliate, 3) the ability to use its power over the affiliate to affect the amount of its returns. The Bank reassesses its control power over its subsidiaries if there is an indication that there are changes to any of the three elements of control.

The results of subsidiaries acquired or disposed of during the period are included in the condensed consolidated statement of interim comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

##### ***Business combinations***

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

##### ***Interests in equity-accounted investees***

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the condensed consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

##### ***Non-controlling interests***

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



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When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

***Acquisitions from entities under common control***

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

**Group entities**

The subsidiaries included in the consolidation and their ownership percentages are as follows:

Subsidiaries	Country of Incorporation	Direct ownership %		Indirect ownership %	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
<b><u>Insurance Brokerage</u></b>					
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	Turkey	100.00%	100.00%	-	-
<b><u>Payment Svstems</u></b>					
Epost Elektronik Perakende Otomasyon Satış Tic. A.Ş.	Turkey	99.80%	99.80%	-	-
E-Kent Teknoloji ve Ödeme Sistemleri San ve Tic. A.Ş.	Turkey	-	-	99.80%	99.80%
N Kolay Mağazacılık A.Ş.	Turkey	99.99%	99.99%	-	-
UPT Ödeme Hizmetleri A.Ş.	Turkey	100.00%	100.00%	-	-
<b><u>Real Estate</u></b>					
Emlak Girişim Danışmanlığı A.Ş.	Turkey	100.00%	100.00%	-	-
<b><u>Energy</u></b>					
Aktif Halk Enerji Yatırımları A.Ş.	Turkey	-	-	50%	-
Halk Yenilenebilir Enerji A.Ş.	Turkey	-	-	50%	-
<b><u>Service</u></b>					
Pavo Teknik Servis Elektrik Elektronik Sanayi ve Ticaret A.Ş.	Turkey	-	-	79.84%	79.84%
Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Tic. A.Ş.	Turkey	-	-	99.80%	99.80%
Mükafat Portföy Yönetimi A.Ş.	Turkey	80.00%	80.00%	-	-
Echo Bilgi Yönetim Sistemleri A.Ş.	Turkey	-	-	49.90%	49.90%
<b>Equity accounted investees</b>					
	Country of Incorporation	30 June 2017 Ownership %	31 December 2016 Ownership %		
Kazakhstan İjara Company Jsc	Kazakhstan	14.31%	14.31%		
İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.	Turkey	5.00%	5.00%		
Euroasian Leasing Company	Republic of Tatarstan	25.00%	25.00%		
Haliç Finansal Kiralama Anonim Şirketi	Turkey	32.00%	32.00%		
Euro Mediterranean Investment Company	Turkish Republic of Northern Cyprus	25.52%	21.32%		

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**5. Financial risk management**

The Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at 31 December 2016.

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**6. Segment Reporting**

2017	Retail banking	Corporate banking	Investment banking	Other	Total banking	Brokerage	Other	Combined	Adjustments	Total
Operating income	205,011	426,999	78,782	14,500	725,292	32,196	130,111	887,599	(68,486)	819,113
Operating expense	(92,626)	(49,001)	(38,043)	(391,846)	(571,516)	(7,964)	(148,047)	(727,527)	50,087	(677,440)
Income from operations	112,385	377,998	40,739	(377,346)	153,776	24,232	(17,936)	160,072	(18,399)	141,673
Taxation Charge	-	-	-	(50,103)	(50,103)	(4,898)	(1,554)	(56,555)	1,372	(55,183)
Net income for the year	112,385	377,998	40,739	(427,449)	103,673	19,334	(19,490)	103,517	(17,027)	86,490
Segment assets	2,234,996	3,821,606	3,018,713	-	9,075,315	84,751	662,609	9,822,675	(709,785)	9,112,890
Investments in equity participations	-	-	282,708	-	282,708	-	182,770	465,478	(440,321)	25,157
Other assets	-	-	-	547,187	547,187	12,672	253,182	813,041	(23,872)	789,169
Total assets	2,234,996	3,821,606	3,301,421	547,187	9,905,210	97,423	1,098,561	11,101,194	(1,173,978)	9,927,216
Segment liabilities	2,391,006	2,833,572	3,159,243	-	8,383,821	35,656	783,619	9,203,096	(2,017,485)	7,185,611
Equity and other liabilities	-	-	-	1,521,389	1,521,389	61,767	132,184	1,715,340	1,026,265	2,741,605
Total liabilities and equity	2,391,006	2,833,572	3,159,243	1,521,389	9,905,210	97,423	915,803	10,918,436	(991,220)	9,927,216
Other segment items										
Capital investment	-	-	-	-	-	-	-	-	-	38,732
Depreciation / Amortization	-	-	-	-	-	-	-	-	-	25,720

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**6. Segment Reporting**

2016	Retail banking	Corporate banking	Investment banking	Other	Total banking	Brokerage	Other	Combined	Adjustments	Total
Operating income	123,572	302,512	58,550	-	484,634	13,603	125,914	624,151	(29,641)	594,510
Operating expense	(119,428)	(33,647)	(4,527)	(260,417)	(418,019)	(10,158)	(137,347)	(565,524)	23,988	(541,536)
<b>Income from operations</b>	<b>4,144</b>	<b>268,865</b>	<b>54,023</b>	<b>(260,417)</b>	<b>66,615</b>	<b>3,445</b>	<b>(11,433)</b>	<b>58,627</b>	<b>(5,653)</b>	<b>52,974</b>
Taxation Charge	-	-	-	(13,231)	(13,231)	(660)	(2,627)	(16,518)	765	(15,753)
<b>Net income for the year</b>	<b>4,144</b>	<b>268,865</b>	<b>54,023</b>	<b>(273,648)</b>	<b>53,384</b>	<b>2,785</b>	<b>(14,060)</b>	<b>42,109</b>	<b>(4,888)</b>	<b>37,221</b>
Segment assets	1,821,234	4,066,410	2,829,426	-	8,717,070	34,350	565,511	9,316,931	(616,658)	8,700,273
Investments in equity participations	-	-	282,708	-	282,708	-	180,313	463,021	(440,218)	22,803
Other assets	-	-	-	538,470	538,470	16,057	232,773	787,300	(27,360)	759,940
<b>Total assets</b>	<b>1,821,234</b>	<b>4,066,410</b>	<b>3,112,134</b>	<b>538,470</b>	<b>9,538,248</b>	<b>50,407</b>	<b>978,597</b>	<b>10,567,252</b>	<b>(1,084,236)</b>	<b>9,483,016</b>
Segment liabilities	2,760,217	1,248,459	3,610,915	-	7,619,591	691	638,431	8,258,713	(1,332,508)	6,926,206
Equity and other liabilities	-	-	-	1,918,657	1,918,657	49,716	159,865	2,128,238	428,572	2,556,810
<b>Total liabilities and equity</b>	<b>2,760,217</b>	<b>1,248,459</b>	<b>3,610,915</b>	<b>1,918,657</b>	<b>9,538,248</b>	<b>50,407</b>	<b>798,296</b>	<b>10,386,951</b>	<b>(903,936)</b>	<b>9,483,016</b>
<b>Other segment items</b>										
Capital investment	-	-	-	-	-	-	-	-	-	17,579
Depreciation / Amortization	-	-	-	-	-	-	-	-	-	25,784

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As of 30 June 2017 and 31 December 2016, all loans and advances to customers are at amortised cost.

	<b>Gross amount</b>	<b>Impairment allowance</b>	<b>Carrying amount</b>	<b>Gross amount</b>	<b>Impairment allowance</b>	<b>Carrying amount</b>
	<b>30 June 2017</b>			<b>31 December 2016</b>		
- Other lending	5,665,217	(85,881)	5,579,336	5,595,680	(75,311)	5,520,369
Corporate loans	3,365,809	(7,906)	3,357,903	3,855,864	(8,320)	3,847,544
Consumer loans	2,299,408	(77,975)	2,221,433	1,739,816	(66,991)	1,672,825
	<b>5,665,217</b>	<b>(85,881)</b>	<b>5,579,336</b>	<b>5,595,680</b>	<b>(75,311)</b>	<b>5,520,369</b>

**Allowance for impairment**

	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Allowances for individual impairment</b>		
Balance on 1 January	57,481	48,939
Impairment loss for the year	4,776	8,542
- Charge for the year	6,458	12,765
- Recoveries	(1,682)	(4,223)
<b>Balance at the end of the period</b>	<b>62,257</b>	<b>57,481</b>
<b>Allowances for collective impairment</b>		
Balance on 1 January	17,830	14,043
Impairment loss for the year	5,794	3,787
- Charge for the year	5,794	3,787
<b>Balance at the end of the period</b>	<b>23,624</b>	<b>17,830</b>
<b>Total allowances for impairment</b>	<b>85,881</b>	<b>75,311</b>

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<b>30 June 2017</b>			
	<b>Interest rate %</b>	<b>Latest maturity</b>	<b>Carrying amount</b>
<b>Held-to-maturity investment securities</b>			
- Government bonds	-	-	-
- Corporate bonds	10.66-13.09	28 June 2019	14,665
<b>Available-for-sale investment securities</b>			
- Government bonds	2.04-11.86	11 May 2047	596,444
- Corporate bonds	4.50-16.84	10 May 2024	739,999
			<b>1,351,108</b>
<b>31 December 2016</b>			
	<b>Interest rate %</b>	<b>Latest maturity</b>	<b>Carrying amount</b>
<b>Held-to-maturity investment securities</b>			
- Government bonds	8.96-9.03	17 May 2017	29,297
- Corporate bonds	10.61-13.09	28 June 2019	21,880
<b>Available-for-sale investment securities</b>			
- Government bonds	1.85-11.35	15 January 2030	537,796
- Corporate bonds	2.31-13.22	18 December 2020	534,767
			<b>1,123,740</b>

As at 30 June 2017, TL 402,398 and TL 781,041 of investment securities are given as collateral for performing transaction at stock exchange and repurchase agreement, respectively (31 December 2016: TL 94,300 and TL 743,014, respectively).

**9. Tangible assets**

For the six-month period ended 30 June 2017, acquisitions of tangible assets amount to TL 30,385 (30 June 2016: TL 13,171). Capitalized borrowing costs amount to TL 9,786 (30 June 2016: TL 12,438). Disposal of tangible assets amount to TL 3,078 (30 June 2016: TL 334). Depreciation charge for the six-month period ended 30 June 2017 is TL 10,758 (30 June 2016: TL 10,679). Depreciation amount of disposal of tangible assets is TL 52 (30 June 2016: TL 269).

**10. Intangible assets**

For the six-month period ended 30 June 2017, acquisitions of intangible assets amount to TL 8,347 (30 June 2016: TL 4,408). There is no disposal of tangible assets (30 June 2016: None). Amortisation charge for the six-month period ended 30 June 2017 is TL 14,962 (30 June 2016: TL 15,105).

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**Notes To The Condensed Consolidated Financial Statements**

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**11. Debt securities issued**

	<b>30 June 2017</b>	<b>31 December 2016</b>
Debt securities issued-TL	2,375,320	2,596,475
Debt securities issued-FC	868,471	572,173
	<b>3,243,791</b>	<b>3,168,648</b>

	<b>30 June 2017</b>	<b>31 December 2016</b>
Nominal of debt securities issued	3,367,216	3,353,316
Valuation difference of debt securities issued	(123,425)	(184,668)
	<b>3,243,791</b>	<b>3,168,648</b>

<b>30 June 2017</b>		<b>31 December 2016</b>	
<b>Maturity</b>	<b>Rate</b>	<b>Maturity</b>	<b>Rate</b>
TL 3 July 2017-7 November 2018	11.68%-17.51%	2 January 2017-22 March 2018	10.50%-14%
USD 3 July 2017-27 June 2021	3%-7.56%	2 January 2017-4 May 2017	3%-4.50%
EUR 4 July 2017-28 December 2017	2.3%-4.23%	2 January 2017-29 June 2017	1.80%-3.28%

**12. Provisions**

	<b>30 June 2017</b>	<b>31 December 2016</b>
Provision for possible losses (*)	150,000	30,000
Employee benefits provision	39,059	28,849
Other	5,070	10,748
<b>Total</b>	<b>194,129</b>	<b>69,597</b>

(\*) As at 30 June 2017, the accompanying consolidated statement of financial position includes a free provision amounting to TL 150,000 provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions (31 December 2016: TL 30,000).

**13. Net fee and commission income**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Remittance fee	101,544	5,161
Financial guarantee contracts issued	7,105	4,341
Intermediary commissions	36,494	32,665
Insurance fee	1,931	8,811
Commitment fee	13,256	6,600
Delivery fee	4,650	2,937
Other	1,678	9,156
<b>Total</b>	<b>166,658</b>	<b>69,671</b>

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	30 June 2017	30 June 2016
Revenue from sale of goods	34,625	36,196
Revenue from cash register POS	35,388	59,693
Revenue from GSM sales	464	12,463
Match ticket sales	2,019	3,236
Commission income	60,327	32,687
Other sales income	6,115	1,894
<b>Total</b>	<b>138,938</b>	<b>146,169</b>

***Cost of services:***

	30 June 2017	30 June 2016
Depreciation and amortization expenses	440	433
Cost of cash register POS	27,547	66,071
Cost of match ticket sales	2,022	3,875
Dealer commission expenses	8,010	11,322
Rent expenses	2,303	1,509
Maintenance expenses	11,069	2,069
Consultancy expenses	1,025	283
Cost of merchandises sold	7,363	3,285
Other	12,042	24,809
<b>Total</b>	<b>71,821</b>	<b>113,656</b>

**15. Administrative expenses**

	30 June 2017	30 June 2016
Taxes and dues other than on income	5,843	4,288
Consultancy expenses	3,638	3,355
Rent expenses	7,759	10,175
Expenses on vehicles	2,726	3,274
Communication expenses	4,194	5,460
Maintenance expenses	5,506	10,882
Publicity expenses	15,243	4,193
Outsource expenses	4,396	4,196
Representation expenses	1,054	707
Travelling expenses	937	764
Subscription expenses	687	903
Litigation and court expenses	1,369	1,686
Stationery expenses	999	811
Others	11,813	4,443
<b>Total</b>	<b>66,164</b>	<b>55,137</b>



**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Notes To The Condensed Consolidated Financial Statements****As at and For The Six-Month Period Ended 30 June 2017***(Currency - In thousands of Turkish Lira ("TL"))***16. Capital and reserves**

	30 June 2017	31 December 2016
<b>Number of common shares, TL 1,000 (in full TL), par value</b> (Authorised and issued)	1,033,585	933,585

As at 30 June 2017, all issued shares are fully paid and there is no preference shares assigned to shareholders of the Group.

**Share capital and share premium**

As of 30 June 2017 and 31 December 2016, the composition of shareholders and their respective percentage of ownership are summarised as follows:

	30 June 2017		31 December 2016	
	Amount	%	Amount	%
Çalık Holding A.Ş.	1,027,636	99.42	928,213	99.42
Çalık Denim Tekstil San. ve Tic. A.Ş.	3,149	0.30	2,844	0.30
Ahmet Çalık	1,400	0.14	1,264	0.14
Başak Yönetim Sistemleri A.Ş.	700	0.07	632	0.07
Irmak Yönetim Sistemleri A.Ş.	700	0.07	632	0.07
<b>Total paid-in-capital</b>	<b>1,033,585</b>	<b>100.00</b>	<b>933,585</b>	<b>100.00</b>
Restatement effect per IAS 29	4,510		4,510	
<b>Total share capital</b>	<b>1,038,095</b>		<b>938,095</b>	

**Reserves***Fair value reserve*

This reserve includes the cumulative net change in the fair value of available-for-sale investment securities until the investment is derecognised or impaired.

*Other reserves*

Other reserves consist of legal reserves. The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Notes To The Condensed Consolidated Financial Statements****As at and For The Six-Month Period Ended 30 June 2017***(Currency - In thousands of Turkish Lira ("TL"))***17. Related parties****Parent and ultimate controlling party**

The Bank is controlled by Çalık Holding A.Ş. which owns 99.42% of ordinary shares (31 December 2016: 99.42%).

**Compensation of key management personnel of the Group**

Total salaries and other benefits paid to the Board of Members and top management during the period are TL 12,846 (30 June 2016: TL 9,413).

**Balances with related parties**

<b>30 June 2017</b>	<b>Related party balances</b>	<b>Total balance</b>	<b>Rate %</b>
Loans and advances to customers	1,840,989	5,579,336	33.00
Other liabilities (Customer accounts)	731	1,052,181	0.07
Debt securities issued	7,956	3,243,791	0.25
<b>31 December 2016</b>	<b>Related party balances</b>	<b>Total balance</b>	<b>Rate %</b>
Loans and advances to customers	2,263,310	5,520,369	41.00
Other liabilities (Customer accounts)	2,332	782,449	0.30
Debt securities issued	3,543	3,168,648	0.11

**Off balance sheet balances with related parties**

<b>30 June 2017</b>	<b>Related party balances</b>	<b>Total balance</b>	<b>Rate %</b>
Non-cash loans	470,773	1,146,164	41.07
<b>31 December 2016</b>	<b>Related party balances</b>	<b>Total balance</b>	<b>Rate %</b>
Non-cash loans	445,419	928,423	47.98

**Transactions with related parties**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Interest income on loans	114,747	101,687
Fee and commission income	3,088	1,738
Other expenses	3,177	5,701

**AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Notes To The Condensed Consolidated Financial Statements****As at and For The Six-Month Period Ended 30 June 2017***(Currency - In thousands of Turkish Lira ("TL"))***18. Commitments and contingencies**

	<b>30 June 2017</b>	<b>31 December 2016</b>
Letters of guarantee	1,087,237	903,755
Letters of credit	38,259	4,068
Other guarantees	20,668	20,600
	<b>1,146,164</b>	<b>928,423</b>
Check limits	1,540	1,274
Other commitments	393,472	55,924
<b>Total</b>	<b>1,541,176</b>	<b>985,621</b>

**19. Subsequent events**

None.