

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3.1)*

# **Arap Türk Bankası Anonim Şirketi**

**Unconsolidated Financial Statements  
As of and For the Three Month Period Ended 31 March 2017  
With Limited Audit Report Thereon**  
*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

26 April 2017

*This report contains “Limited Auditors’ Report”  
comprising 2 pages and; “Unconsolidated Financial  
Statements and Related Disclosures and Footnotes”  
comprising 74 pages.*



Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
Kavacık Rüzgarlı Bahçe Mah. Kavak Sok.  
No:29 Beykoz 34805 İstanbul  
Tel +90 (216) 681 90 00  
Fax +90 (216) 681 90 90  
www.kpmg.com.tr

## LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası Anonim Şirketi

### Report on the Unconsolidated Financial Statements

We have reviewed the accompanying unconsolidated statements of financial position of Arap Türk Bankası A.Ş. (the "Bank") as at 31 March 2017 and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### *Scope of limited review*

We conducted our review in accordance with International Standard on Review Engagements (SRE) 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 of interim financial information is substantially less in scope than an audit conducted in accordance with the Auditing Standards of Turkey. Consequently, a review of interim financial information 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 of Qualified Conclusion*

The accompanying unconsolidated financial information as of 31 March 2017 include a general provision total amounting to TL 16,000 thousands provided by the Bank management for the possible result of the negative circumstances which may arise from any circumstances from any change in economy or market conditions.

*Qualified Conclusion*

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not presented fairly in all material respects, the financial position of Arap Türk Bankası A.Ş. at 31 March 2017 and of the results of its operations and its cash flows for three-month-period then ended in all aspects in accordance with the "BRSA Accounting and Reporting Legislation".

*Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim annual report in Section VII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM  
*Partner*

26 April 2017  
İstanbul, Turkey

**Additional paragraph for convenience translation to English:**

As explained in Section 3.1, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

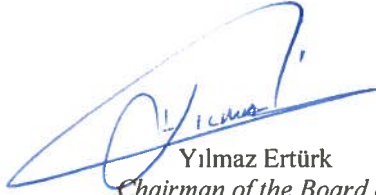
**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED INTERIM FINANCIAL REPORT  
AS OF AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

**Address of the Bank's Headquarters :** Valikonağı Caddesi No:10, 34367 – ŞİŞLİ/İSTANBUL  
**Telephone and Fax Numbers :** Tel : 0 212 225 05 00 Faks: 0 212 225 05 26  
**Website of the Bank :** http://www.atbank.com.tr  
**E-mail address of the Bank :** corp@atbank.com.tr

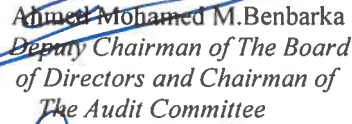
The unconsolidated interim financial report as of and for the three month period ended 31 March 2017 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES RELATED TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITOR’S REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying unconsolidated interim financial statements are presented in thousands of Turkish Lira (TL) as of 31 March 2017 and have been subject to limited review.



Yılmaz Ertürk  
Chairman of the Board of  
Directors



Ahmed Mohamed M. Benbarka  
Deputy Chairman of The Board  
of Directors and Chairman of  
The Audit Committee




Abdurauf Ibrahim G. Shneba  
Member of The Board of  
Directors and The Audit  
Committee



Osman Arslan  
Member of The Board of  
Directors and The Audit  
Committee



Abdulhakim A. E. Khamag  
General Manager



Salih Hatipoğlu  
Assistant General Manager  
Responsible For Financial Reporting



Feyzullah Küpeli  
Manager

Contact information of the personnel for addressing questions regarding this financial report  
Name / Title: Feyzullah Küpeli / Manager  
Phone No : 0 212 225 05 00  
Fax No : 0 212 225 05 26

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

### SECTION ONE

#### General Information About The Bank

|      |  |   |
|------|--|---|
| I.   | Bank’s date of establishment, beginning statute, its history regarding changes on its statute  | 2 |
| II.  | Bank’s share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about the Bank’s group  | 2 |
| III. | Information about the bank’s chairman and members of board of directors, members of audit committee, general manager and assistant general managers and their qualifications, related changes within the year and their shares at the bank   | 2 |
| IV.  | Information on people and entities who have qualified share in the bank  | 2 |
| V.   | Information about the services and nature of activities of the bank  | 3 |
| VI.  | Differences between the communicate on preparation of consolidated financial statements of banks and turkish accounting standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods | 3 |
| VII. | The existing or potential, actual or legal obstacles on the transfer of shareholders’ equity between the Bank and its subsidiaries or the reimbursement of liabilities   | 3 |

### SECTION TWO

#### Unconsolidated Financial Statements

|      |   |     |
|------|---|-----|
| I.   | Unconsolidated Balance Sheet (Statement of Financial Position)                    | 4-5 |
| II.  | Statement of Unconsolidated Off Balance Sheet Items                               | 6   |
| III. | Statement of Unconsolidated Income  | 7   |
| IV.  | Statement of Recognized Income and Expense in Unconsolidated Shareholders’ Equity | 8   |
| V.   | Statement of Changes in Unconsolidated Shareholders’ Equity                       | 9   |
| VI.  | Statement of Unconsolidated Cash Flow   | 10  |

### SECTION THREE

#### Explanations on Accounting Policies

|        |  |        |
|--------|--|--------|
| I.     | Explanations for basis of presentation   | 12     |
| II.    | Information on strategy for the use of financial instruments and foreign currency transactions | 12     |
| III.   | Explanations on investments in associates and subsidiaries                                     | 13     |
| IV.    | Information on forward transactions, options and derivative instruments                        | 13     |
| V.     | Information on interest income and expense   | 14     |
| VI.    | Information on fees and commission   | 14     |
| VII.   | Information on financial assets  | 14- 15 |
| VIII.  | Information on impairment of financial assets  | 16     |
| IX.    | Information on offsetting financial instruments  | 16     |
| X.     | Information on sale and repurchase agreements and lending of financial assets                  | 16     |
| XI.    | Information on assets held for sale and discontinued operations                                | 17     |
| XII.   | Information on goodwill and other intangible assets  | 17     |
| XIII.  | Information on tangible assets   | 17     |
| XIV.   | Information on leasing activities  | 18     |
| XV.    | Information on provisions, contingent liabilities and contingent assets                        | 19     |
| XVI.   | Information on liabilities regarding employee benefits   | 19     |
| XVII.  | Information on tax applications  | 20     |
| XVIII. | Additional information on borrowings   | 21     |
| XIX.   | Information on share issuances   | 21     |
| XX.    | Information on bills of exchanges and acceptances  | 21     |
| XXI.   | Information on government incentives   | 21     |
| XXII.  | Information on segment reporting   | 22     |
| XXIII. | Other disclosures  | 22     |

### SECTION FOUR

#### Information on the Financial Position of the Bank

|       |  |       |
|-------|--|-------|
| I.    | Information on Shareholder’s Equity                    | 23-26 |
| II.   | Information on foreign currency exchange rate risk     | 27-29 |
| III.  | Information on interest rate risk                      | 30-33 |
| IV.   | Information on stock position risk                     | 34    |
| V.    | Liquidity risk management and liquidity coverage ratio | 34-40 |
| VI.   | Explanations of leverage ratio                         | 41    |
| VII.  | Information on risk management                         | 42    |
| VIII. | Information on business segments                       | 43    |

### SECTION FIVE

#### Information on Disclosures and Footnotes of Unconsolidated Financial Statements

|      |   |       |
|------|---|-------|
| I.   | Information on disclosures and footnotes of assets        | 44-54 |
| II.  | Information and disclosures related to liabilities        | 55-62 |
| III. | Information and disclosures related to off-balance sheets | 63    |
| IV.  | Information and footnotes related to statement of income  | 64-68 |
| V.   | Information on the bank’s risk group                      | 69    |
| VI.  | Subsequent events   | 69    |

### SECTION SIX

#### Limited Auditors’ Report

|     |   |    |
|-----|---|----|
| I.  | Information on limited auditor’s report                       | 70 |
| II. | Information and footnotes prepared by the independent auditor | 70 |

### SECTION SEVEN

|       |   |    |
|-------|---|----|
| I.    | Evaluation of the Chairman and General Manager for the period   | 71 |
| II.   | Unconsolidated Financial Highlights for the Period  | 72 |
| III.  | Unconsolidated Main Financial Ratios  | 73 |
| IV.   | Evaluation of the Bank’s Financial Position and Performance   | 73 |
| V.    | Amendments to the Articles of Association   | 73 |
| VI.   | Changes in the Membership Structure of the Board of Directors   | 73 |
|       | Changes in the Membership Structure of the Audit Committee and Managers of the Units responsible for the Internal |    |
| VII.  | Systems   | 74 |
| VIII. | Changes in the Membership Structure of Other Governance Committees  | 74 |
| IX.   | Other Issues  | 74 |

**SECTION ONE****GENERAL INFORMATION ABOUT THE BANK****I. BANK’S DATE OF ESTABLISHMENT, BEGINNING STATUTE, ITS HISTORY REGARDING CHANGES ON ITS STATUTE**

Arap Türk Bankası Anonim Şirketi (“the Bank”) has been established in 1977 as a joint stock entity in accordance with an agreement signed on 11 August 1975 between the Republic of Turkey and the Libyan Arab Republic. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

In accordance with the Articles of Association, the Board of Directors shall elect a Chairman among its Turkish members and a Deputy Chairman among its Arab members. The General Manager shall always be nominated by Libyan Foreign Bank assigned by the Board.

**II. BANK’S SHARE CAPITAL STRUCTURE, SHAREHOLDERS DIRECTLY OR INDIRECTLY, ALONE OR TOGETHER HOLDING THE MANAGEMENT AND CONTROL OF THE BANK, RELATED CHANGES WITHIN THE YEAR AND INFORMATION ABOUT THE BANK’S GROUP**

The Bank is a foreign bank status incorporated in Turkey. The main shareholder Libyan Foreign Bank is 100% owned by Central Bank of Libya. The main shareholder Libyan Foreign Bank has financial investments in various countries.

The shareholder’s other qualified shares are Türkiye İş Bankası A.Ş. and T.C. Ziraat Bankası A.Ş.

As of 31 March 2017, the Bank’s share capital at the balance sheet date as follows:

| <b>Shareholders</b>      | <b>Current Period</b> |   | <b>Prior Period</b>  |   |
|--------------------------|-----------------------|---|----------------------|---|
|                          | <b>Share amounts</b>  | <b>Share percentages <sup>(1)</sup></b> | <b>Share amounts</b> | <b>Share percentages <sup>(1)</sup></b> |
| Libyan Foreign Bank      | 274,426               | 62.37%                                  | 274,426              | 62.37%                                  |
| T. İş Bankası A.Ş.       | 90,534                | 20.58%                                  | 90,534               | 20.58%                                  |
| T.C. Ziraat Bankası A.Ş. | 67,900                | 15.43%                                  | 67,900               | 15.43%                                  |
| Kuwait Investment Co.    | 7,140                 | 1.62%                                   | 7,140                | 1.62%                                   |
| <b>Total</b>             | <b>440,000</b>        | <b>%100</b>                             | <b>440,000</b>       | <b>100%</b>                             |

<sup>(1)</sup> Emek İnşaat ve İşletme A.Ş. has 0,0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2016: 0,0000014% share and TL 6.20 (full digit in TL)).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**III. INFORMATION ABOUT THE BANK’S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS AND THEIR QUALIFICATIONS, RELATED CHANGES WITHIN THE YEAR AND THEIR SHARES AT THE BANK****Chairmen of the Board of Directors and Board Members**

| <b>Name</b>                 | <b>Job Title - Description</b>  |
|-----------------------------|---|
| Yılmaz Ertürk               | Chairman of the Board of Directors  |
| Ahmed Mohamed M. Benbarka   | Deputy Chairman of the Board of Directors and Head of the Audit Committee |
| Abdulhakim A. E. Khamag     | Member of the Board of Directors and General Manager                      |
| Abdurauf İbrahim G.Shneba   | Member of the Board of Directors and Audit Committee                      |
| Osman Arslan                | Member of the Board of Directors and Audit Committee                      |
| Bilgehan Kuru               | Member of the Board of Directors and Audit Committee                      |
| Kemal Şahin                 | Member of the Board of Directors  |
| Abdulfatah A. Enaami        | Member of the Board of Directors  |
| Hani Alhmali Allafi İbrahim | Member of the Board of Directors  |

(1) As of 27 March 2017, Bilgehan Kuru was elected to Board Member pursuant to General Assembly due to the resignation of Ömer Muzaffer Baktır on 20 April 2017.

**General Manager and Deputies**

| <b>Name</b>                     | <b>Job Title – Description</b>   |
|---------------------------------|--|
| Abdulhakim A. E. Khamag         | Member of the Board of Directors and General Manager                         |
| Salih Hatipoğlu                 | Assistant General Manager - Financial Management and Planning Division       |
| Abdulmonam Geat Ali Tbigha      | Assistant General Manager - Credits Division                                 |
| Abdussalam Elfituri B.Abushagur | Assistant General Manager - Information Technologies and Operations Division |
| Emel Güneş Atagün               | Assistant General Manager – Treasury & Economic Research Division            |

Members of the board and top level managers do not possess any share in the Bank.

**IV. INFORMATION ON PEOPLE AND ENTITIES WHO HAVE QUALIFIED SHARE IN THE BANK**

| <b>Name Surname/Entity Title</b> | <b>Share Amount</b> | <b>Share Percentage %</b> | <b>Paid-in Capital</b> | <b>Unpaid Capital</b> |
|----------------------------------|---------------------|---------------------------|------------------------|-----------------------|
| Libyan Foreign Bank              | 274,426             | 62.37                     | 274,426                | -                     |
| T. İş Bankası A.Ş.               | 90,534              | 20.58                     | 90,534                 | -                     |
| T.C. Ziraat Bankası A.Ş.         | 67,900              | 15.43                     | 67,900                 | -                     |

**V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE BANK**

The Bank was established to incorporate commercial activities among Turkey, Middle East and North African countries. The Bank is authorized to collect deposits and operates in corporate banking areas. The Bank has seven branches; three in Istanbul, one in Ankara, one in Kayseri, one in Konya and one in Gaziantep and has share participations in a subsidiary operating in financial leasing business.

**VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS**

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

**VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDERS’ EQUITY BETWEEN THE BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES**

Immediately transfer of the shareholder’s equity between the Bank and its subsidiary is not available. Dividend distribution from shareholders’ equity is done according to related regulations.

There are no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiary. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiary.



**SECTION TWO**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Unconsolidated Balance Sheet (Statement of Financial Position)**
- II. Statement of Unconsolidated Off Balance Sheet Items**
- III. Statement of Unconsolidated Income**
- IV. Statement of Recognized Income and Expense in Unconsolidated Shareholders’ Equity**
- V. Statement of Changes in Unconsolidated Shareholders’ Equity**
- VI. Statement of Unconsolidated Cash Flow**

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 March 2017**

(Thousands of Turkish Lira)

| ASSETS  | Footnotes<br>(5-1) | Reviewed                       |           |           | Audited                      |           |           |
|---|--------------------|--------------------------------|-----------|-----------|------------------------------|-----------|-----------|
|   |                    | CURRENT PERIOD<br>(31/03/2017) |           |           | PRIOR PERIOD<br>(31/12/2016) |           |           |
|   |                    | TL                             | FC        | TOTAL     | TL                           | FC        | TOTAL     |
| <b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>                   | (1)                | 5,838                          | 1,062,325 | 1,068,163 | 12,613                       | 968,469   | 981,082   |
| <b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>              | (2)                | 19,277                         | 450,864   | 470,141   | 467                          | 550,350   | 550,817   |
| 2.1 Financial assets held for trading   |                    | 19,277                         | 450,864   | 470,141   | 467                          | 550,350   | 550,817   |
| 2.1.1 Public sector debt securities   |                    | 19,277                         | 329,195   | 348,472   | -                            | 430,997   | 430,997   |
| 2.1.2 Securities representing a share in capital                              |                    | -                              | -         | -         | -                            | -         | -         |
| 2.1.3 Derivatives held for trading  |                    | -                              | -         | -         | 467                          | -         | 467       |
| 2.1.4 Other marketable securities   |                    | -                              | 121,669   | 121,669   | -                            | 119,353   | 119,353   |
| 2.2 Financial assets designated at fair value through profit or loss          |                    | -                              | -         | -         | -                            | -         | -         |
| 2.2.1 Public sector debt securities   |                    | -                              | -         | -         | -                            | -         | -         |
| 2.2.2 Equity securities   |                    | -                              | -         | -         | -                            | -         | -         |
| 2.2.3 Loans granted   |                    | -                              | -         | -         | -                            | -         | -         |
| 2.2.4 Other marketable securities   |                    | -                              | -         | -         | -                            | -         | -         |
| <b>III. BANKS</b>   | (3)                | 3,128                          | 1,260,473 | 1,263,601 | 2,174                        | 1,365,571 | 1,367,745 |
| <b>IV. MONEY MARKET PLACEMENTS</b>  |                    | -                              | -         | -         | -                            | -         | -         |
| 4.1 Interbank money market placements   |                    | -                              | -         | -         | -                            | -         | -         |
| 4.2 Istanbul Stock Exchange money market placements                           |                    | -                              | -         | -         | -                            | -         | -         |
| 4.3 Receivables from reverse repurchase agreements                            |                    | -                              | -         | -         | -                            | -         | -         |
| <b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>                           | (4)                | 224                            | 1,455     | 1,679     | 224                          | 1,410     | 1,634     |
| 5.1 Securities representing a share in capital                                |                    | 224                            | 1,455     | 1,679     | 224                          | 1,410     | 1,634     |
| 5.2 Public sector debt securities   |                    | -                              | -         | -         | -                            | -         | -         |
| 5.3 Other marketable securities   |                    | -                              | -         | -         | -                            | -         | -         |
| <b>VI. LOANS AND RECEIVABLES</b>  | (5)                | 735,927                        | 729,302   | 1,465,229 | 732,834                      | 694,462   | 1,427,296 |
| 6.1 Loans and Receivables   |                    | 733,795                        | 729,302   | 1,463,097 | 728,534                      | 694,462   | 1,422,996 |
| 6.1.1 Loans granted to the Bank's risk group                                  |                    | -                              | 151,172   | 151,172   | -                            | 151,292   | 151,292   |
| 6.1.2 Public sector debt securities   |                    | -                              | -         | -         | -                            | -         | -         |
| 6.1.3 Other   |                    | 733,795                        | 578,130   | 1,311,925 | 728,534                      | 543,170   | 1,271,704 |
| 6.2 Loans under follow-up   |                    | 21,011                         | -         | 21,011    | 21,049                       | -         | 21,049    |
| 6.3 Specific provisions (-)   |                    | 18,879                         | -         | 18,879    | 16,749                       | -         | 16,749    |
| <b>VII. FACTORING RECEIVABLES</b>   |                    | -                              | -         | -         | -                            | -         | -         |
| <b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>                               | (6)                | 26,924                         | 384,924   | 411,848   | 19,060                       | 380,483   | 399,543   |
| 8.1 Public sector debt securities   |                    | 10,400                         | 291,593   | 301,993   | 12,269                       | 293,582   | 305,851   |
| 8.2 Other marketable securities   |                    | 16,524                         | 93,331    | 109,855   | 6,791                        | 86,901    | 93,692    |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>                                    | (7)                | -                              | -         | -         | -                            | -         | -         |
| 9.1 Consolidated by equity method   |                    | -                              | -         | -         | -                            | -         | -         |
| 9.2 Unconsolidated associates   |                    | -                              | -         | -         | -                            | -         | -         |
| 9.2.1 Financial investments in associates                                     |                    | -                              | -         | -         | -                            | -         | -         |
| 9.2.2 Non-financial investments in associates                                 |                    | -                              | -         | -         | -                            | -         | -         |
| <b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>                                   | (8)                | 77,211                         | -         | 77,211    | 77,211                       | -         | 77,211    |
| 10.1 Financial subsidiaries   |                    | 77,211                         | -         | 77,211    | 77,211                       | -         | 77,211    |
| 10.2 Non-financial subsidiaries   |                    | -                              | -         | -         | -                            | -         | -         |
| <b>XI. INVESTMENTS IN JOINT- VENTURES (Net)</b>                               | (9)                | -                              | -         | -         | -                            | -         | -         |
| 11.1 Consolidated by equity method  |                    | -                              | -         | -         | -                            | -         | -         |
| 11.2 Unconsolidated joint ventures  |                    | -                              | -         | -         | -                            | -         | -         |
| 11.2.1 Financial investments in joint ventures                                |                    | -                              | -         | -         | -                            | -         | -         |
| 11.2.2 Non-financial investments in joint ventures                            |                    | -                              | -         | -         | -                            | -         | -         |
| <b>XII. LEASE RECEIVABLES (Net)</b>   | (10)               | -                              | -         | -         | -                            | -         | -         |
| 12.1 Finance lease receivables  |                    | -                              | -         | -         | -                            | -         | -         |
| 12.2 Operational leasing receivables  |                    | -                              | -         | -         | -                            | -         | -         |
| 12.3 Other  |                    | -                              | -         | -         | -                            | -         | -         |
| 12.4 Unearned Revenue (-)   |                    | -                              | -         | -         | -                            | -         | -         |
| <b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING</b>                     | (11)               | -                              | -         | -         | -                            | -         | -         |
| 13.1 Fair value hedges  |                    | -                              | -         | -         | -                            | -         | -         |
| 13.2 Cash flow hedges   |                    | -                              | -         | -         | -                            | -         | -         |
| 13.3 Hedges for investments made in foreign countries                         |                    | -                              | -         | -         | -                            | -         | -         |
| <b>XIV. TANGIBLE ASSETS (Net)</b>   | (12)               | 112,493                        | -         | 112,493   | 18,679                       | -         | 18,679    |
| <b>XV. INTANGIBLE ASSETS (Net)</b>  |                    | 2,356                          | -         | 2,356     | 2,478                        | -         | 2,478     |
| 15.1 Goodwill   |                    | -                              | -         | -         | -                            | -         | -         |
| 15.2 Other  |                    | 2,356                          | -         | 2,356     | 2,478                        | -         | 2,478     |
| <b>XVI. INVESTMENT PROPERTY (Net)</b>   | (13)               | -                              | -         | -         | -                            | -         | -         |
| <b>XVII. TAX ASSET</b>  | (14)               | -                              | -         | -         | 4,599                        | -         | 4,599     |
| 17.1 Current tax asset  |                    | -                              | -         | -         | -                            | -         | -         |
| 17.2 Deferred tax asset   |                    | -                              | -         | -         | 4,599                        | -         | 4,599     |
| <b>XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b> |                    | 6                              | -         | 6         | 8                            | -         | 8         |
| 18.1 Held for sale purpose  | (15)               | 6                              | -         | 6         | 8                            | -         | 8         |
| 18.2 Held from discontinued operations  |                    | -                              | -         | -         | -                            | -         | -         |
| <b>XIX. OTHER ASSETS</b>  |                    | 22,349                         | 2,259     | 24,608    | 8,739                        | 3,018     | 11,757    |
| <b>TOTAL ASSETS</b>   | (16)               | 1,005,733                      | 3,891,602 | 4,897,335 | 879,086                      | 3,963,763 | 4,842,849 |

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 March 2017**

(Thousands of Turkish Lira)

| LIABILITIES AND SHAREHOLDERS' EQUITY   | Footnotes<br>(5-II) | Reviewed                       |                  |                  | Audited                      |                  |                  |
|--|---------------------|--------------------------------|------------------|------------------|------------------------------|------------------|------------------|
|  |                     | CURRENT PERIOD<br>(31/03/2017) |                  |                  | PRIOR PERIOD<br>(31/12/2016) |                  |                  |
|  |                     | TL                             | FC               | TOTAL            | TL                           | FC               | TOTAL            |
| <b>I. DEPOSITS</b>   | (1)                 | 60,492                         | 3,878,399        | 3,938,891        | 103,378                      | 3,990,176        | 4,093,554        |
| 1.1 Deposits held by the Bank's risk group   |                     | 1,036                          | 2,885,819        | 2,886,855        | 55,453                       | 2,843,611        | 2,899,064        |
| 1.2 Other  |                     | 59,456                         | 992,580          | 1,052,036        | 47,925                       | 1,146,565        | 1,194,490        |
| <b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>                             | (2)                 | 23                             | -                | 23               | -                            | -                | -                |
| <b>III. FUNDS BORROWED</b>   | (3)                 | 606                            | 94,521           | 95,127           | 1,482                        | 2,343            | 3,825            |
| <b>IV. INTERBANK MONEY MARKET</b>  |                     | 20,005                         | -                | 20,005           | 3,495                        | -                | 3,495            |
| 4.1 Interbank money market payables  |                     | -                              | -                | -                | -                            | -                | -                |
| 4.2 Istanbul Stock Exchange money market payables  |                     | -                              | -                | -                | -                            | -                | -                |
| 4.3 Funds provided under repurchase agreements   |                     | 20,005                         | -                | 20,005           | 3,495                        | -                | 3,495            |
| <b>V. MARKETABLE SECURITIES ISSUED (Net)</b>   |                     | -                              | -                | -                | -                            | -                | -                |
| 5.1 Bills  |                     | -                              | -                | -                | -                            | -                | -                |
| 5.2 Asset backed securities  |                     | -                              | -                | -                | -                            | -                | -                |
| 5.3 Bonds  |                     | -                              | -                | -                | -                            | -                | -                |
| <b>VI. FUNDS</b>   |                     | -                              | -                | -                | -                            | -                | -                |
| 6.1 Borrower funds   |                     | -                              | -                | -                | -                            | -                | -                |
| 6.2 Other  |                     | -                              | -                | -                | -                            | -                | -                |
| <b>VII. MISCELLANEOUS PAYABLES</b>   |                     | 342                            | 3,710            | 4,052            | 341                          | 24,639           | 24,980           |
| <b>VIII. OTHER EXTERNAL RESOURCES</b>  | (4)                 | 19,119                         | 9,267            | 28,386           | 7,717                        | 4,648            | 12,365           |
| <b>IX. FACTORING PAYABLES</b>  |                     | -                              | -                | -                | -                            | -                | -                |
| <b>X. LEASING TRANSACTIONS PAYABLES</b>  | (5)                 | -                              | -                | -                | -                            | -                | -                |
| 10.1 Finance leasing payables  |                     | -                              | -                | -                | -                            | -                | -                |
| 10.2 Operational leasing payables  |                     | -                              | -                | -                | -                            | -                | -                |
| 10.3 Other   |                     | -                              | -                | -                | -                            | -                | -                |
| 10.4 Deferred finance leasing expenses (-)   |                     | -                              | -                | -                | -                            | -                | -                |
| <b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING</b>                             | (6)                 | -                              | -                | -                | -                            | -                | -                |
| 11.1 Fair value hedges   |                     | -                              | -                | -                | -                            | -                | -                |
| 11.2 Cash flow hedges  |                     | -                              | -                | -                | -                            | -                | -                |
| 11.3 Hedges for investments made in foreign countries                                    |                     | -                              | -                | -                | -                            | -                | -                |
| <b>XII. PROVISIONS</b>   | (7)                 | 52,344                         | 2,137            | 54,481           | 52,126                       | 2,059            | 54,185           |
| 12.1 General provisions  |                     | 24,408                         | -                | 24,408           | 24,116                       | -                | 24,116           |
| 12.2 Restructuring reserves  |                     | -                              | -                | -                | -                            | -                | -                |
| 12.3 Reserves for employee benefit   |                     | 11,678                         | -                | 11,678           | 11,716                       | -                | 11,716           |
| 12.4 Insurance technical reserves (Net)  |                     | -                              | -                | -                | -                            | -                | -                |
| 12.5 Other provisions  |                     | 16,258                         | 2,137            | 18,395           | 16,294                       | 2,059            | 18,353           |
| <b>XIII. TAX LIABILITY</b>   | (8)                 | 10,504                         | -                | 10,504           | 9,689                        | -                | 9,689            |
| 13.1 Current tax liability   |                     | 6,229                          | -                | 6,229            | 9,689                        | -                | 9,689            |
| 13.2 Deferred tax liability  |                     | 4,275                          | -                | 4,275            | -                            | -                | -                |
| <b>XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS</b> |                     | -                              | -                | -                | -                            | -                | -                |
| 14.1 Held for sale purpose   |                     | -                              | -                | -                | -                            | -                | -                |
| 14.2 Held from discontinued operations   |                     | -                              | -                | -                | -                            | -                | -                |
| <b>XV. SUBORDINATED LOANS</b>  |                     | -                              | -                | -                | -                            | -                | -                |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | (9)                 | 745,866                        | -                | 745,866          | 640,756                      | -                | 640,756          |
| 16.1 Paid-in capital   |                     | 440,000                        | -                | 440,000          | 440,000                      | -                | 440,000          |
| 16.2 Supplementary capital   |                     | 83,476                         | -                | 83,476           | (2,795)                      | -                | (2,795)          |
| 16.2.1 Share premium   |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.2 Share cancellation profits  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.3 Securities Value Increase Fund  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.4 Revaluation surplus on tangible assets  |                     | 86,476                         | -                | 86,476           | -                            | -                | -                |
| 16.2.5 Revaluation surplus on intangible assets  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.6 Revaluation surplus on investment property  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.7 Bonus shares of associates, subsidiaries and joint-ventures                       |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.8 Hedging reserves (effective portion)  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations |                     | -                              | -                | -                | -                            | -                | -                |
| 16.2.10 Other capital reserves   |                     | (3,000)                        | -                | (3,000)          | (2,795)                      | -                | (2,795)          |
| 16.3 Profit reserves   |                     | 21,662                         | -                | 21,662           | 18,662                       | -                | 18,662           |
| 16.3.1 Legal reserves  |                     | 21,662                         | -                | 21,662           | 18,662                       | -                | 18,662           |
| 16.3.2 Status reserves   |                     | -                              | -                | -                | -                            | -                | -                |
| 16.3.3 Extraordinary reserves  |                     | -                              | -                | -                | -                            | -                | -                |
| 16.3.4 Other profit reserves   |                     | -                              | -                | -                | -                            | -                | -                |
| 16.4 Profit or loss  |                     | 200,728                        | -                | 200,728          | 184,889                      | -                | 184,889          |
| 16.4.1 Prior years income/loss   |                     | 181,889                        | -                | 181,889          | 123,292                      | -                | 123,292          |
| 16.4.2 Current year income/loss  |                     | 18,839                         | -                | 18,839           | 61,597                       | -                | 61,597           |
| <b>TOTAL LIABILITIES</b>   |                     | <b>909,301</b>                 | <b>3,988,034</b> | <b>4,897,335</b> | <b>818,984</b>               | <b>4,023,865</b> | <b>4,842,849</b> |

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Unconsolidated Off Balance Sheet Items**  
**As of 31 March 2017**

(Thousands of Turkish Lira)

|   | Footnotes<br>(5-III) | Reviewed                       |                  |                  | Audited                      |                  |                  |
|---|----------------------|--------------------------------|------------------|------------------|------------------------------|------------------|------------------|
|   |                      | CURRENT PERIOD<br>(31/03/2017) |                  |                  | PRIOR PERIOD<br>(31/12/2016) |                  |                  |
|   |                      | TL                             | FC               | TOTAL            | TL                           | FC               | TOTAL            |
| <b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>                      |                      | <b>208,846</b>                 | <b>2,429,065</b> | <b>2,637,911</b> | <b>204,006</b>               | <b>2,399,070</b> | <b>2,603,076</b> |
| <b>I. GUARANTEES AND WARRANTIES</b>                                     | (1),(2)              | <b>179,084</b>                 | <b>2,403,595</b> | <b>2,582,679</b> | <b>176,285</b>               | <b>2,353,468</b> | <b>2,529,753</b> |
| 1.1. Letters of guarantee   |                      | 172,259                        | 1,927,332        | 2,099,591        | 176,285                      | 1,855,365        | 2,031,650        |
| 1.1.1. Guarantees subject to State Tender Law                           |                      | 627                            | 207              | 834              | 110                          | 201              | 311              |
| 1.1.2. Guarantees given for foreign trade operations                    |                      | 45,977                         | 1,671,334        | 1,717,311        | 44,154                       | 1,607,539        | 1,651,693        |
| 1.1.3. Other letters of guarantee                                       |                      | 125,655                        | 255,791          | 381,446          | 132,021                      | 247,625          | 379,646          |
| 1.2. Bank acceptances   |                      | -                              | 4,548            | 4,548            | -                            | 4,415            | 4,415            |
| 1.2.1. Import letter of acceptance                                      |                      | -                              | -                | -                | -                            | -                | -                |
| 1.2.2. Other bank acceptances   |                      | -                              | 4,548            | 4,548            | -                            | 4,415            | 4,415            |
| 1.3. Letters of credit  |                      | -                              | 364,275          | 364,275          | -                            | 244,951          | 244,951          |
| 1.3.1. Documentary letters of credit                                    |                      | -                              | -                | -                | -                            | -                | -                |
| 1.3.2. Other letters of credit  |                      | -                              | 364,275          | 364,275          | -                            | 244,951          | 244,951          |
| 1.4. Prefinancing given as guarantee                                    |                      | -                              | -                | -                | -                            | -                | -                |
| 1.5. Endorsements   |                      | -                              | -                | -                | -                            | -                | -                |
| 1.5.1. Endorsements to the Central Bank of Turkey                       |                      | -                              | -                | -                | -                            | -                | -                |
| 1.5.2. Other endorsements   |                      | -                              | -                | -                | -                            | -                | -                |
| 1.6. Securities issue purchase guarantees                               |                      | -                              | -                | -                | -                            | -                | -                |
| 1.7. Factoring guarantees   |                      | -                              | -                | -                | -                            | -                | -                |
| 1.8. Other guarantees   |                      | 6,825                          | 107,440          | 114,265          | -                            | 248,737          | 248,737          |
| 1.9. Other warranties   |                      | -                              | -                | -                | -                            | -                | -                |
| <b>II. COMMITMENTS</b>  | (1)                  | <b>4,156</b>                   | <b>-</b>         | <b>4,156</b>     | <b>10,275</b>                | <b>27,943</b>    | <b>38,218</b>    |
| 2.1. Irrevocable commitments  |                      | 4,156                          | -                | 4,156            | 10,275                       | 27,943           | 38,218           |
| 2.1.1. Asset purchase and sales commitments                             |                      | -                              | -                | -                | 5,867                        | 11,132           | 16,999           |
| 2.1.2. Deposit purchase and sales commitments                           |                      | -                              | -                | -                | -                            | 16,811           | 16,811           |
| 2.1.3. Share capital commitment to associates and subsidiaries          |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.4. Loan granting commitments  |                      | 800                            | -                | 800              | 1,250                        | -                | 1,250            |
| 2.1.5. Securities issue brokerage commitments                           |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.6. Commitments for reserve deposit requirements                     |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.7. Payment commitments for checks                                   |                      | 3,356                          | -                | 3,356            | 3,158                        | -                | 3,158            |
| 2.1.8. Tax and fund liabilities from export commitments                 |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.9. Commitments for credit card expenditure limits                   |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.10. Commitments for credit cards and banking services promotions    |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.11. Receivables from short sale commitments                         |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.12. Payables for short sale commitments                             |                      | -                              | -                | -                | -                            | -                | -                |
| 2.1.13. Other irrevocable commitments                                   |                      | -                              | -                | -                | -                            | -                | -                |
| 2.2. Revocable commitments  |                      | -                              | -                | -                | -                            | -                | -                |
| 2.2.1. Revocable loan granting commitments                              |                      | -                              | -                | -                | -                            | -                | -                |
| 2.2.2. Other revocable commitments                                      |                      | -                              | -                | -                | -                            | -                | -                |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                            |                      | <b>25,606</b>                  | <b>25,470</b>    | <b>51,076</b>    | <b>17,446</b>                | <b>17,659</b>    | <b>35,105</b>    |
| 3.1. Derivative financial instruments held for hedging                  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.1.1. Fair value hedges  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.1.2. Cash flow hedges   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.1.3. Hedges for investments made in foreign countries                 |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2. Trading transactions   |                      | 25,606                         | 25,470           | 51,076           | 17,446                       | 17,659           | 35,105           |
| 3.2.1. Forward foreign currency buy/sell transactions                   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.1.1. Forward foreign currency transactions-buy                      |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.1.2. Forward foreign currency transactions-sell                     |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.2. Swap transactions related to foreign currency and interest rates |                      | 25,606                         | 25,470           | 51,076           | 17,446                       | 17,659           | 35,105           |
| 3.2.2.1. Foreign currency swap-buy                                      |                      | -                              | 25,470           | 25,470           | -                            | 17,659           | 17,659           |
| 3.2.2.2. Foreign currency swap-sell                                     |                      | 25,606                         | -                | 25,606           | 17,446                       | -                | 17,446           |
| 3.2.2.3. Interest rate swaps-buy  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.2.4. Interest rate swaps-sell                                       |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3. Foreign currency, interest rate and security options             |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.1. Foreign currency options-buy                                   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.2. Foreign currency options-sell                                  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.3. Interest rate options-buy                                      |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.4. Interest rate options-sell                                     |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.5. Securities options-buy   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.3.6. Securities options-sell  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.4. Foreign currency futures   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.4.1. Foreign currency futures-buy                                   |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.4.2. Foreign currency futures-sell                                  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.5. Interest rate futures  |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.5.1. Interest rate futures-buy                                      |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.5.2. Interest rate futures-sell                                     |                      | -                              | -                | -                | -                            | -                | -                |
| 3.2.6. Other  |                      | -                              | -                | -                | -                            | -                | -                |
| <b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>                      |                      | <b>406,087</b>                 | <b>245,000</b>   | <b>651,087</b>   | <b>384,299</b>               | <b>240,919</b>   | <b>625,218</b>   |
| <b>IV. ITEMS HELD IN CUSTODY</b>  |                      | <b>289,429</b>                 | <b>2,143</b>     | <b>291,572</b>   | <b>262,637</b>               | <b>1,867</b>     | <b>264,504</b>   |
| 4.1. Assets under management  |                      | -                              | -                | -                | -                            | -                | -                |
| 4.2. Investment securities held in custody                              |                      | -                              | -                | -                | -                            | -                | -                |
| 4.3. Checks received for collection                                     |                      | 288,504                        | 2,143            | 290,647          | 261,832                      | 1,867            | 263,699          |
| 4.4. Commercial notes received for collection                           |                      | 175                            | -                | 175              | 55                           | -                | 55               |
| 4.5. Other assets received for collection                               |                      | -                              | -                | -                | -                            | -                | -                |
| 4.6. Assets received for public offering                                |                      | -                              | -                | -                | -                            | -                | -                |
| 4.7. Other items under custody  |                      | 750                            | -                | 750              | 750                          | -                | 750              |
| 4.8. Custodians   |                      | -                              | -                | -                | -                            | -                | -                |
| <b>V. PLEDGED ITEMS</b>   |                      | <b>116,658</b>                 | <b>242,857</b>   | <b>359,515</b>   | <b>121,662</b>               | <b>239,052</b>   | <b>360,714</b>   |
| 5.1. Marketable securities  |                      | -                              | -                | -                | -                            | -                | -                |
| 5.2. Guarantee notes  |                      | 89,486                         | 145,830          | 235,316          | 94,487                       | 144,873          | 239,360          |
| 5.3. Commodity  |                      | -                              | -                | -                | -                            | -                | -                |
| 5.4. Warranty   |                      | -                              | -                | -                | -                            | -                | -                |
| 5.5. Immovables   |                      | 27,144                         | 92,784           | 119,928          | 27,147                       | 90,061           | 117,208          |
| 5.6. Other pledged items  |                      | 28                             | 4,243            | 4,271            | 28                           | 4,118            | 4,146            |
| 5.7. Pledged items-depository   |                      | -                              | -                | -                | -                            | -                | -                |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>               |                      | <b>-</b>                       | <b>-</b>         | <b>-</b>         | <b>-</b>                     | <b>-</b>         | <b>-</b>         |
| <b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>                        |                      | <b>614,933</b>                 | <b>2,674,065</b> | <b>3,288,998</b> | <b>588,305</b>               | <b>2,639,989</b> | <b>3,228,294</b> |

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Income Statement**  
**For The Period Ended 31 March 2017**

(Thousands of Turkish Lira)

| INCOME AND EXPENSES   | Dipnot<br>(5-iv) | Reviewed                                  |   |
|---|------------------|---|---|
|   |                  | CURRENT PERIOD<br>(01/01/2017-31/03/2017) | PRIOR PERIOD<br>(01/01/2016-31/03/2016) |
| <b>I. INTEREST INCOME</b>   | (1)              | <b>52,851</b>                             | <b>54,813</b>                           |
| 1.1 Interest on loans   |                  | 26,824                                    | 28,646                                  |
| 1.2 Interest received from reserve deposits                                     |                  | 916                                       | 518                                     |
| 1.3 Interest received from banks  |                  | 7,411                                     | 4,775                                   |
| 1.4 Interest received from money market transactions                            |                  | 22  | -                                       |
| 1.5 Interest received from marketable securities portfolio                      |                  | 17,677                                    | 20,762                                  |
| 1.5.1 Financial assets held for trading   |                  | 12,417                                    | 12,642                                  |
| 1.5.2 Financial assets where value change is reflected to income statement      |                  | -   | -                                       |
| 1.5.3 Financial assets available for sale                                       |                  | -   | -                                       |
| 1.5.4 Investments held to maturity  |                  | 5,260                                     | 8,120                                   |
| 1.6 Finance lease income  |                  | -   | -                                       |
| 1.7 Other interest income   |                  | 1   | 112                                     |
| <b>II. INTEREST EXPENSE</b>   | (2)              | <b>12,547</b>                             | <b>7,991</b>                            |
| 2.1 Interest on deposits  |                  | 12,270                                    | 7,808                                   |
| 2.2 Interest on funds borrowed  |                  | 45  | 37                                      |
| 2.3 Interest on money market transactions                                       |                  | 232                                       | 59                                      |
| 2.4 Interest on securities issued   |                  | -   | -                                       |
| 2.5 Other interest expense  |                  | -   | 87                                      |
| <b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>                                |                  | <b>40,304</b>                             | <b>46,822</b>                           |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>                              |                  | <b>11,159</b>                             | <b>9,741</b>                            |
| 4.1 Fees and commissions received   |                  | 11,416                                    | 9,928                                   |
| 4.1.1 Non-cash loans  |                  | 5,702                                     | 5,216                                   |
| 4.1.2 Other   | (11)             | 5,714                                     | 4,712                                   |
| 4.2 Fees and commissions paid   |                  | 257                                       | 187                                     |
| 4.2.1 Non-cash loans  |                  | 1   | 1                                       |
| 4.2.2 Other   |                  | 256                                       | 186                                     |
| <b>V. DIVIDEND INCOME</b>   |                  | <b>-</b>                                  | <b>0</b>                                |
| <b>VI. NET TRADING INCOME/EXPENSE</b>   | (3)              | <b>1,026</b>                              | <b>(386)</b>                            |
| 6.1 Capital markets transactions  |                  | -   | -                                       |
| 6.2 Profit/losses on trading account securities                                 |                  | 524                                       | (5,176)                                 |
| 6.3 Foreign exchange profit/losses  |                  | 502                                       | 4,790                                   |
| <b>VII. OTHER OPERATING INCOME</b>  | (4)              | <b>464</b>                                | <b>408</b>                              |
| <b>VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)</b>                   |                  | <b>52,953</b>                             | <b>56,585</b>                           |
| <b>IX. PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)</b>                  | (5)              | <b>8,454</b>                              | <b>17,662</b>                           |
| <b>X. OTHER OPERATING EXPENSES (-)</b>  | (6)              | <b>20,715</b>                             | <b>18,313</b>                           |
| <b>XI. NET OPERATING INCOME/LOSS (VIII-IX-X)</b>                                |                  | <b>23,784</b>                             | <b>20,610</b>                           |
| <b>XII. INCOME RESULTED FROM MERGERS</b>  |                  | <b>-</b>                                  | <b>-</b>                                |
| <b>XIII. INCOME/LOSS FROM CONTINUING OPERATIONS</b>                             |                  | <b>-</b>                                  | <b>-</b>                                |
| <b>XIV. NET MONETARY POSITION GAIN/LOSS</b>                                     |                  | <b>-</b>                                  | <b>-</b>                                |
| <b>XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>  | (7)              | <b>23,784</b>                             | <b>20,610</b>                           |
| <b>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>        |                  | <b>(4,945)</b>                            | <b>(5,456)</b>                          |
| 16.1 Current tax provision  | (8)              | (3,672)                                   | (6,287)                                 |
| 16.2 Deferred tax provision   |                  | (1,273)                                   | 831                                     |
| <b>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>              | (9)              | <b>18,839</b>                             | <b>15,154</b>                           |
| <b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>                               |                  | <b>-</b>                                  | <b>-</b>                                |
| 18.1 Income from asset held for sale  |                  | -   | -                                       |
| 18.2 Income from sale of associates, subsidiaries and joint-ventures            |                  | -   | -                                       |
| 18.3 Other income from discontinued operations                                  |                  | -   | -                                       |
| <b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                           |                  | <b>-</b>                                  | <b>-</b>                                |
| 19.1 Expenses on asset held for sale  |                  | -   | -                                       |
| 19.2 Expenses on sale of associates, subsidiaries and joint ventures            |                  | -   | -                                       |
| 19.3 Other expense from discontinued operations                                 |                  | -   | -                                       |
| <b>XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b> |                  | <b>-</b>                                  | <b>-</b>                                |
| <b>XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>      |                  | <b>-</b>                                  | <b>-</b>                                |
| 21.1 Current tax provision  |                  | -   | -                                       |
| 21.2 Deferred tax provision   |                  | -   | -                                       |
| <b>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>            |                  | <b>-</b>                                  | <b>-</b>                                |
| <b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>                                     | (10)             | <b>18,839</b>                             | <b>15,154</b>                           |
| Earning/Loss Per Share  |                  | 0.0004                                    | 0.0003                                  |

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Recognized Income and Expense in Unconsolidated Shareholders' Equity**  
**For The Period Ended 31 March 2017**

(Thousands of Turkish Lira)

| INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY   | Reviewed                | Reviewed                |
|--|-------------------------|-------------------------|
|  | CURRENT PERIOD          | PRIOR PERIOD            |
|  | (01/01/2017-31/03/2017) | (01/01/2016-31/03/2016) |
| I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"                | -                       | -                       |
| II. REVALUATION SURPLUS ON TANGIBLE ASSETS   | 94,128                  | -                       |
| III. REVALUATION SURPLUS ON INTANGIBLE ASSETS  | -                       | -                       |
| IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES   | -                       | -                       |
| V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)                          | -                       | -                       |
| VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)                 | -                       | -                       |
| VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS   | -                       | -                       |
| VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS                                   | (256)                   | (456)                   |
| IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES  | (7,601)                 | 91                      |
| X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)                            | 86,271                  | (365)                   |
| XI. CURRENT PROFIT/LOSSES  | 18,839                  | 15,154                  |
| 11.1 Net changes in fair value of securities (transferred to income statement)                                     | -                       | -                       |
| 11.2 Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement                     | -                       | -                       |
| 11.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement | -                       | -                       |
| 11.4 Other   | 18,839                  | 15,154                  |
| XII. TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)   | 105,110                 | 14,789                  |

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Changes In Unconsolidated Shareholders' Equity**  
**For The Period Ended 31 March 2017**

(Thousands of Turkish Lira)

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY                         | Footnotes | Paid-in Capital | Capital Reserves from Inflation Adjustments | Share premium Premium | Share Cancellation | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit/Loss | Prior Period Net Profit/Loss | Securities Value Increase Fund | Revaluation Surplus on Tangible and Intangible | Bonus Shares of Equity Participations | Hedging Reserves | Accu. Rev. Surp. on Assets Held for Sale and Assets | Total Shareholders' |
|--|-----------|-----------------|---|-----------------------|--------------------|----------------|-----------------|------------------------|----------------|--------------------------------|------------------------------|--------------------------------|--|---------------------------------------|------------------|---|---------------------|
| <b>PRIOR PERIOD</b><br>(31/12/2016)                                  |           |                 |   |                       |                    |                |                 |                        |                |                                |                              |                                |  |                                       |                  |   |                     |
| I. Balances at the beginning of the period                           |           | 440,000         | -   | -                     | -                  | 15,189         | -               | -                      | (2,131)        | 70,106                         | 78,659                       | -                              | -  | -                                     | -                | -   | 601,823             |
| II. Corrections made as per TAS 8                                    |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 2.1 Effects of corrections   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 2.2 Effects of changes in accounting policies                        |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| III. Adjusted balances at the beginning of the period (I-II)         |           | 440,000         | -   | -                     | -                  | 15,189         | -               | -                      | (2,131)        | 70,106                         | 78,659                       | -                              | -  | -                                     | -                | -   | 601,823             |
| <b>Changes during the period</b>                                     |           |                 |   |                       |                    |                |                 |                        |                |                                |                              |                                |  |                                       |                  |   |                     |
| IV. Mergers  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| V. Securities Value Increase Fund                                    |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| VI. Hedges for Risk Management                                       |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 6.1 Net Cash Flow Hedges   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 6.2 Net Foreign Investment Hedges                                    |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| VII. Revaluation surplus on tangible assets                          |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| VIII. Revaluation surplus on intangible assets                       |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| IX. Bonus shares of associates, subsidiaries and joint ventures      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| X. Foreign exchange differences                                      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XI. Changes resulted from disposal of assets                         |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XII. Changes resulted from reclassification of assets                |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XIII. Effect of change in equities of associates on Bank's Equity    |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XIV. Capital increase  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 14.1 Cash  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 14.2 Internal sources  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XV. Share issuance   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XVI. Share cancellation profits                                      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XVII. Capital Reserves From Inflation Adjustments To Paid-in Capital |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XVIII. Others  |           | -               | -   | -                     | -                  | -              | -               | -                      | (365)          | -                              | -                            | -                              | -  | -                                     | -                | -   | (365)               |
| XIX. Current Period Net Profit                                       |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | 15,154                         | -                            | -                              | -  | -                                     | -                | -   | 15,154              |
| XX. Profit distribution  |           | -               | -   | -                     | -                  | 3,473          | -               | -                      | -              | (70,106)                       | 66,633                       | -                              | -  | -                                     | -                | -   | -                   |
| 20.1 Dividends distributed   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 20.2 Transfers to Reserves   |           | -               | -   | -                     | -                  | 3,473          | -               | -                      | -              | (70,106)                       | 66,633                       | -                              | -  | -                                     | -                | -   | -                   |
| 20.3 Others  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| Balances at end of period (III-IV+V+.....+XVIII-XIX+XX)              |           | 440,000         | -   | -                     | -                  | 18,662         | -               | -                      | (2,496)        | 15,154                         | 145,292                      | -                              | -  | -                                     | -                | -   | 616,612             |
| <b>CURRENT PERIOD</b><br>(31/03/2017)                                |           |                 |   |                       |                    |                |                 |                        |                |                                |                              |                                |  |                                       |                  |   |                     |
| I. Balances at end of prior period                                   |           | 440,000         | -   | -                     | -                  | 18,662         | -               | -                      | (2,795)        | 61,597                         | 123,292                      | -                              | -  | -                                     | -                | -   | 640,756             |
| <b>Changes within the period</b>                                     |           |                 |   |                       |                    |                |                 |                        |                |                                |                              |                                |  |                                       |                  |   |                     |
| II. Mergers  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| III. Securities Value Increase Fund                                  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| IV. Hedges for Risk Management                                       |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 4.1 Net Cash Flow Hedges   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 4.2 Net Foreign Investment Hedges                                    |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| V. Revaluation surplus on tangible assets                            |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | 86,476   | -                                     | -                | -   | 86,476              |
| VI. Revaluation surplus on intangible assets                         |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| VII. Bonus shares of associates, subsidiaries and joint ventures     |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| VIII. Foreign exchange differences                                   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| IX. Changes resulted from disposal of assets                         |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| X. Changes resulted from reclassification of assets                  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XI. Effect of change in equities of associates on Bank's Equity      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XII. Capital increase  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 12.1 Cash  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 12.2 Internal sources  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XIII. Share issuance   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XIV. Share cancellation profits                                      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XV. Capital Reserves From Inflation Adjustments To Paid-in Capital   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| XVI. Others  |           | -               | -   | -                     | -                  | -              | -               | -                      | (205)          | -                              | -                            | -                              | -  | -                                     | -                | -   | (205)               |
| XVII. Current Period Net Profit                                      |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | 18,839                         | -                            | -                              | -  | -                                     | -                | -   | 18,839              |
| XVIII. Profit distribution   |           | -               | -   | -                     | -                  | 3,000          | -               | -                      | -              | (61,597)                       | 58,597                       | -                              | -  | -                                     | -                | -   | -                   |
| 18.1 Dividends distributed   |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| 18.2 Transfers to legal reserves                                     |           | -               | -   | -                     | -                  | 3,000          | -               | -                      | -              | (61,597)                       | 58,597                       | -                              | -  | -                                     | -                | -   | -                   |
| 18.3 Others  |           | -               | -   | -                     | -                  | -              | -               | -                      | -              | -                              | -                            | -                              | -  | -                                     | -                | -   | -                   |
| Balances at end of period (I-II+III+...+XVI+XVII+XVIII)              |           | 440,000         | -   | -                     | -                  | 21,662         | -               | -                      | (3,000)        | 18,839                         | 181,889                      | -                              | 86,476   | -                                     | -                | -   | 745,866             |

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Unconsolidated Cash Flow**  
**For The Period Ended 31 March 2017**

(Thousands of Turkish Lira)

|   | Footness<br>(5-VI) | Reviewed                       | Reviewed                     |
|---|--------------------|--------------------------------|------------------------------|
|   |                    | CURRENT PERIOD<br>(31/03/2017) | PRIOR PERIOD<br>(31/03/2016) |
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>  |                    |                                |                              |
| <b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>                |                    | <b>31,876</b>                  | <b>39,332</b>                |
| 1.1.1 Interests Received  |                    | 51,393                         | 54,813                       |
| 1.1.2 Interest Paid   |                    | (4,410)                        | (3,317)                      |
| 1.1.3 Dividend Received   |                    | -                              | -                            |
| 1.1.4 Fees and Commissions Received   |                    | 11,416                         | 9,928                        |
| 1.1.5 Other Income  |                    | 1,478                          | (5,521)                      |
| 1.1.6 Collections From Previously Written-off Loans and Other Receivables                     |                    | 162                            | 15                           |
| 1.1.7 Payments to Personnel and Service Suppliers   |                    | (18,340)                       | (14,969)                     |
| 1.1.8 Taxes Paid  |                    | 469                            | (4,859)                      |
| 1.1.9 Other   |                    | (10,292)                       | 3,242                        |
| <b>1.2 Changes in Operating Assets and Liabilities</b>  |                    | <b>(96,927)</b>                | <b>(699,068)</b>             |
| 1.2.1 Net Decrease in Financial Assets Held For Trading                                       |                    | 89,137                         | (284,109)                    |
| 1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss |                    | -                              | -                            |
| 1.2.3 Net Decrease in Due From Banks and Other Financial Institutions                         |                    | (3,986)                        | (337,709)                    |
| 1.2.4 Net (Increase) in Loans   |                    | (41,915)                       | (115,618)                    |
| 1.2.5 Net Decrease in Other Assets  |                    | (12,505)                       | (8,255)                      |
| 1.2.6 Net Increase/(Decrease) in Bank Deposits  |                    | (202,300)                      | 63,297                       |
| 1.2.7 Net Increase (Decrease) in Other Deposits   |                    | (19,887)                       | (19,795)                     |
| 1.2.8 Net Increase/ (Decrease) in Funds Borrowed  |                    | 90,965                         | (4,284)                      |
| 1.2.9 Net Increase/ (Decrease) in Matured Payables  |                    | -                              | -                            |
| 1.2.10 Net Increase in Other Liabilities  |                    | 3,564                          | 7,405                        |
| <b>I. Net Cash Flow From Banking Operations</b>   |                    | <b>(65,051)</b>                | <b>(659,736)</b>             |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                                |                              |
| <b>II. Net Cash Flow From Investing Activities</b>  |                    | <b>8,626</b>                   | <b>27,425</b>                |
| 2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures                    |                    | -                              | -                            |
| 2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures                    |                    | -                              | -                            |
| 2.3 Purchases of Tangible Assets  |                    | (198)                          | (501)                        |
| 2.4 Sales of Tangible Assets  |                    | 27                             | -                            |
| 2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale                             |                    | -                              | -                            |
| 2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale                            |                    | -                              | -                            |
| 2.7 Cash Paid For Purchase of Investments Held-to-Maturity                                    |                    | (16,400)                       | (79,797)                     |
| 2.8 Cash Obtained From Sale of Investments Held-to-Maturity                                   |                    | 25,441                         | 107,827                      |
| 2.9 Other   |                    | (244)                          | (104)                        |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                    |                                |                              |
| <b>III. Net Cash Flows From Financing Activities</b>  |                    | -                              | -                            |
| 3.1 Cash Obtained From Funds Borrowed and Securities Issued                                   |                    | -                              | -                            |
| 3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued                           |                    | -                              | -                            |
| 3.3 Equity Instruments Issued   |                    | -                              | -                            |
| 3.4 Dividends Paid  |                    | -                              | -                            |
| 3.5 Payments For Financial Leases   |                    | -                              | -                            |
| 3.6 Other   |                    | -                              | -                            |
| <b>IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents</b>             |                    | <b>24,724</b>                  | <b>(1,997)</b>               |
| <b>V. Net (Decrease)/Increase in Cash and Cash Equivalents</b>                                |                    | <b>(31,701)</b>                | <b>(634,308)</b>             |
| <b>VI. Cash and Cash Equivalents at Beginning of Period</b>                                   |                    | <b>1,644,352</b>               | <b>1,755,480</b>             |
| <b>VII. Cash and Cash Equivalents at the End of Period</b>                                    |                    | <b>1,612,651</b>               | <b>1,121,172</b>             |



**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS FOR BASIS OF PRESENTATION**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (all referred as “Reporting Standards”).

As indicated in Note XIII and Note XIV of Section Three, except the changes in the current period on accounting policies from historical cost method to revaluation / fair value method for the real estates which held for the Group’s own use and investment properties, the accounting policies are consistent with the financial statements in prior period.

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

Unconsolidated financial statements other than financial assets and liabilities that are presented with fair values, are prepared in thousands of Turkish Lira and with cost value approach.

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgements and estimates are explained in related notes.

For a correct perception of the financial statements, the accounting policies and valuation principles are explained between in Notes No. II and XXIII.

**Explanation for convenience translation into English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**II. INFORMATION ON STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS**

The Bank’s core business operation is banking activities including corporate banking, commercial banking, retail banking and security transactions (treasury transactions) together with international banking services. The Bank uses financial instruments intensively because of the nature of the Bank. The main funding resources are deposits, borrowing and equity and these resources are invested in qualified financial assets. The Bank follows the utilization of resources and the risk and return for the investments in various financial assets through an effective asset and liability management strategy.

The transactions in foreign currency are recorded in accordance with “TAS 21 - Effects of Exchange Rate Changes” Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions are translated into Turkish Lira over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Bank’s exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES**

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with “TAS 27 - Individual Financial Statements” in the unconsolidated financial statements. Subsidiaries are recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

**IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

The Bank’s financial derivatives are classified as “held for trading” in accordance with “TAS - 39 Financial Instruments: Recognition and Measurement”.

Derivatives are initially recorded at their purchase costs and does not including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

The derivative transactions are measured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under the main account fair values of financial assets through profit or loss” in trading derivative financial instruments and if the fair value difference is negative, it is disclosed under trading derivative financial liabilities.

Gains and losses arising from a change in fair value of trading derivatives after the re measurement are accounted in the income statement. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

**V. INFORMATION ON INTEREST INCOME AND EXPENSE**

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs. Transaction costs are additional costs that are directly related to the acquisition, issuance or disposal of financial assets or liabilities.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

**VI. INFORMATION ON FEES AND COMMISSION**

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission; incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

**VII. INFORMATION ON FINANCIAL ASSETS**

The Bank categorizes and records its financial assets as financial assets at fair value through profit or loss, financial assets available-for-sale, loans and receivables or financial assets held to maturity.

Financial assets except for measured at fair value through profit or loss are recognized initially with their transaction costs that are directly attributable to the acquisition or issue of the financial asset. Purchase and sale transactions of securities are accounted at settlement dates.

**a. Financial Assets at Fair Value through Profit or Loss**

This category has two sub categories: financial assets for trading purposes and those recorded as financial assets designated at fair value through profit or loss at their initial recognition.

Financial assets held for trading are part of a portfolio aiming to generate a profit from short term fluctuations in prices or dealer’s margin or in which a pattern of short term profit making exists.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. Accounting of derivative financial assets is explained in IV of Section Three.

The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition financial assets held for trading are re-measured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income earned from financial assets held for trading is recorded in the interest income and share profit is recorded in the dividends account.

**VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

**b. Financial Assets Available-for-Sale**

Financial assets available for sale are financial assets other than those classified as loans and receivables, financial assets held to maturity and financial assets at fair value through profit or loss.

Debt securities classified as financial assets available-for-sale are subsequently re-measured at their fair values. Unrealized gains and losses arising from changes in the fair value of securities classified as financial assets available for sale is reflected in the equity marketable securities value increase fund. When these financial assets available for sale are disposed of or collected the fair value differences accumulated under equity are transferred to the income statement.

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

**c. Loans and Receivables**

Loans and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

**d. Financial Assets Held to Maturity**

Held-to-maturity securities are financial assets that are not classified as loans and receivables with fixed maturities and pre-determinable payments that the Bank has the intent and ability to hold until maturity. The financial assets held to maturity are initially recognized at cost and subsequently carried at amortized cost using effective interest method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity is recognized as interest income in the statement of income.

There are no financial assets that were previously classified as held to maturity but cannot be subject to this classification for two years due to the violation of the tainting rule.

**VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS**

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables” published on the Official Gazette No.26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

Provision in prior periods has been collected which is provisioned accounts are recorded under other operating income is deducted. Receivables collected which is provisioned in the same year, the impairment loss is deducted from loans and other receivables.

**IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**X. INFORMATION ON SALE AND REPURCHASE AGREEMENTS AND LENDING OF FINANCIAL ASSETS**

Repurchase (“repo”) and resale (“reverse repo”) agreements of financial assets are followed at the balance sheet accounts. Financial assets which are sold to customers under repurchase agreements are categorized according to initial classification and are measured in accordance with the accounting policy of the related portfolio.

Funds obtained under repurchase agreements are accounted under funds provided under repurchase agreements in liability accounts. The interest expense accruals are calculated by means of internal rate of return method over the difference resulting from repurchase and sale prices for the relevant period.

Securities subject to repurchase (“reverse repo”) agreements are reflected under receivables from reverse repurchase agreements. The difference between the purchase and resell price which is related with the period is computed with the effective interest rate method for accrued interest income.

**XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

An asset that is classified as held for sale (or to be discarded fixed assets) is measured with its book value or cost deducted fair value, depending on the lower one. An asset to be classified asset held for sale, particular asset (or to be discarded fixed assets) should be similar to these types of assets and should be able to be sold immediately with commonly accepted terms and conditions. Asset should be marketed in line with its fair value. For selling probability to be high, relevant management level should plan the sale and should finalize the plan by determining the buyers.

Assets held for sale are comprised of tangible assets acquired due to non performing receivables, and are accounted in the financial statements in accordance with the “Regulation On The Disposals of The Commodities and Properties Acquired Due to Receivables and The Purchase and Sale of Precious Metals by Banks” dated 1 November 2006 and published on the Official Gazette No.26333.

A discontinued operation is classified as the Bank’s assets discarded or assets held for sales. Information on discontinued operations is presented separately in consolidated income statement. As at reporting date, the Bank does not have any discontinued operations.

**XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS**

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary.

The Bank’s intangible assets consist of software.

Intangible assets are initially recorded at their costs in compliance with the “TAS 38 - Intangible Assets”.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization. The useful life of software is determined as 3-15 years.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the “TAS 36 - Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XIII. INFORMATION ON TANGIBLE ASSETS**

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any.

The Bank had measured the real estates which are classified under the tangible assets at its cost in accordance with the “TAS 16- Property, Plant and Equipment”. Beginning from the current year, the Bank has changed its accounting policies and has started to use revaluation method for the real estates that are held for own use. The positive valuation differences between the net book value of real estate property values and the expertise values which are determined by the licensed expertize companies are recognized under the equity.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognized in the income statement of the period.

Maintenance and repair costs incurred for tangible assets are recorded as expense. Expenditures incurred that extend the useful life and service capacity of the assets are capitalized.

The depreciation rates used approximate the rates of the useful life of the tangible assets are as follows:

| <b>Tangible Assets</b>                  | <b>Estimated Useful Life (Years)</b> | <b>Depreciation Rate (%)</b> |
|---|--------------------------------------|------------------------------|
| Buildings                               | 50                                   | 2                            |
| Motor vehicles                          | 5                                    | 20                           |
| Office equipment, furniture and fixture | 3-50                                 | 2-33                         |

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Bank evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the “TAS 36 - Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XIV. INFORMATION ON LEASING ACTIVITIES**

*Finance leasing activities as the lessor*

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented as “Finance Lease Payables” account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not provide financial leasing services as a lessor.

*Operational leases*

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

Lease payments made under operational leases are recognized in the income statement over the lease term in equal installments.



**XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions and contingent liabilities are provided for in accordance with the “TAS 37 - Provisions, Contingent Liabilities and Contingent Assets”, except for the general and specific provisions set aside for the loans and other receivables.

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate the amount of the obligation can be made.

**XVI. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS**

*Reserve for other benefits to employees*

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2017 is TL 4,426.16 (full TL) (31 December 2016: TL 4,297.21 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves.

*Other benefits to employees*

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with the updated TAS 19 in the accompanying unconsolidated financial statements.

**XVII. INFORMATION ON TAX APPLICATIONS**

**Corporate tax**

The corporate tax rate is 20%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%.

In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred according to Turkish Tax Legislation. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax declarations and related accounting entries can be investigated by tax authorities for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

**Deferred taxes**

The Bank calculates and accounts deferred tax assets and liabilities in accordance with the “TAS 12 - Income Taxes” and BRSA’s explanations; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The net amount of deferred tax receivables and deferred tax payables is shown on the financial tables.

**XVII. INFORMATION ON TAX APPLICATIONS (Continued)**

**Transfer Pricing**

In Turkey, the transfer pricing provisions has been stated under the Article 13 of Corporate Tax Law with the heading of disguised profit distribution via transfer pricing. “The General Communiqué on Disguised Profit Distribution via Transfer Pricing”, dated 18 November 2007 sets details about implementation.

If the companies enter into transactions concerning to the sale or the purchase of the goods or services with the related parties by setting the prices or amounts which are not in line with the arm’s length principle, related profits will be treated as having been wholly or partially distributed in a disguised way via transfer pricing. This kind of disguised profit distribution via transfer pricing cannot be deducted from tax base in accordance with corporate tax.

**XVIII. ADDITIONAL INFORMATION ON BORROWINGS**

Except for financial liabilities that are classified as held for trading derivatives which carried at fair values, all other financial liabilities are initially recognized at cost including transaction costs and re-measured at amortized cost using the effective interest rate method.

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

**XIX. INFORMATION ON SHARE ISSUANCES**

The Bank has not issued any share in the current year.

**XX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES**

Acceptances are realized simultaneously with the payment dates of the clients and they are presented as commitments in off-balance sheet accounts.

There are no acceptances presented as liabilities against any assets.

**XXI. INFORMATION ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Bank as of 31 March 2017 and 31 December 2016.

**XXII. INFORMATION ON SEGMENT REPORTING**

Operating segment is the unit that operates in only one product or service of the Bank or the group of products or services which are related each other and differs from other units from the point of risk and profit. Operating segments are presented in the footnote XIII of Fourth Section.

**XXIII. OTHER DISCLOSURES**

**Profit reserves and profit distribution**

Retained earnings other than legal reserves are available for distribution, subject to legal reserve requirement referred to below.

The legal reserves are comprised of first and second reserves, in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank’s paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company’s share capital; however holding companies are not subject to this application. First and second legal reserves can only be used to compensate accumulated losses and cannot be used for profit distribution unless they exceed 50% of paid-in capital.

**Related parties**

In accompanying financial statements, shareholders, key management personnel and board members together with their families and companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with “TAS 24 - Related Party Disclosures”. Related parties are presented VII footnote of Fifth Section.

**Cash and cash equivalents**

In the cash flows statements “Cash” refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; “Cash equivalent” refers to money market placements and time deposits at banks which has original maturity less than three months.

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. INFORMATION ON SHAREHOLDER’S EQUITY

Information about Total Capital:

|   | Amount         | Amounts related to<br>treatment before<br>1/1/2014 <sup>(1)</sup> |
|---|----------------|---|
| <b>TIER II CAPITAL</b>  |                |   |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank  | 743,507        |   |
| Share issue premiums  | 437,000        |   |
| Reserves  | -              |   |
|   | 21,662         |   |
| Gains recognized in equity as per TAS   | 86,476         |   |
| Profit  | 200,728        |   |
| Current Period Profit   | 18,839         |   |
| Prior Period Profit   | 181,889        |   |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period  | -              |   |
| <b>Common Equity Tier 1 Capital Before Deductions</b>   | <b>745,866</b> |   |
| <b>Deductions from Common Equity Tier 1 Capital</b>   |                |   |
|   | <b>2,359</b>   | <b>2,830</b>  |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks   | -              | -   |
| Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | -              | -   |
| Improvement costs for operating leasing   | 474            | 474   |
| Goodwill (net of related tax liability)   | 1,885          | 2,356   |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | -              | -   |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | -              | -   |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk   | -              | -   |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision  | -              | -   |
| Gains arising from securitization transactions  | -              | -   |
| Unrealized gains and losses due to changes in own credit risk on fair valued liabilities  | -              | -   |
| Defined-benefit pension fund net assets   | -              | -   |
| Direct and indirect investments of the Bank in its own Common Equity  | -              | -   |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | -              | -   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -              | -   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -              | -   |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | -              | -   |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | -              | -   |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks   | -              | -   |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                                   | -              | -   |
| Excess amount arising from mortgage servicing rights  | -              | -   |
| Excess amount arising from deferred tax assets based on temporary differences   | -              | -   |
| Other items to be defined by the BRSA   | -              | -   |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | -              | -   |
| <b>Total Deductions From Common Equity Tier 1 Capital</b>   | <b>2,359</b>   |   |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>743,507</b> |   |

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

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

**I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)**

|  | Amount         | Amounts related to<br>treatment before<br>1/1/2014 <sup>(1)</sup> |
|--|----------------|---|
| <b>ADDITIONAL TIER I CAPITAL</b>   |                |   |
| Preferred Stock not Included in Common Equity and the Related Share Premiums   | -              | -   |
| Debt instruments and premiums approved by BRSA   | -              | -   |
| Debt instruments and premiums approved by BRSA(Temporary Article 4)  | -              | -   |
| Additional Tier I Capital before Deductions  | -              | -   |
| <b>Deductions from Additional Tier I Capital</b>   |                |   |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital   | -              | -   |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.   | -              | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital  | -              | -   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial  | -              | -   |
| Institutions where the Bank Owns more than 10% of the Issued Share Capital   | -              | -   |
| Other items to be defined by the BRSA  | -              | -   |
| <b>Transition from the Core Capital to Continue to deduce Components</b>   | <b>471</b>     | -   |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds(-)  | 471            | -   |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)  | -              | -   |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)   | -              | -   |
| <b>Total Deductions From Additional Tier I Capital</b>   | -              | -   |
| <b>Total Additional Tier I Capital</b>   | -              | -   |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>   | <b>743,036</b> | -   |
| <b>TIER II CAPITAL</b>   |                |   |
| Debt instruments and share issue premiums deemed suitable by the BRSA  | -              | -   |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)  | -              | -   |
| Provisions (Article 8 of the Regulation on the Equity of Banks)  | 24,408         | -   |
| <b>Tier II Capital Before Deductions</b>   | <b>24,408</b>  | -   |
| <b>Deductions From Tier II Capital</b>   |                |   |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)   | -              | -   |
| Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.   | -              | -   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)  | -              | -   |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank  | -              | -   |
| Other items to be defined by the BRSA (-)  | -              | -   |
| <b>Total Deductions from Tier II Capital</b>   | -              | -   |
| <b>Total Tier II Capital</b>   | <b>24,408</b>  | -   |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>   | <b>767,444</b> | -   |
| <b>Deductions from Total Capital</b>   | <b>767,444</b> | -   |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law   | -              | -   |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years  | 6              | -   |
| Other items to be defined by the BRSA (-)  | -              | -   |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>  | -              | -   |
| The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -              | -   |

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

### I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

|  | Amount         | Amounts related to<br>treatment before<br>1/1/2014 <sup>(1)</sup> |
|--|----------------|---|
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)         | -              | -   |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -              | -   |
| <b>TOTAL CAPITAL</b>   | <b>767,438</b> | <b>783,438</b>  |
| Total Capital  | 767,438        | 783,438   |
| Total risk weighted amounts  | 3,631,440      | 3,631,440   |
| <b>Capital Adequacy Ratios</b>   |                |   |
| Core Capital Adequacy Ratio (%)  | 20.47          | -   |
| Tier 1 Capital Adequacy Ratio (%)  | 20.46          | -   |
| Capital Adequacy Ratio (%)   | 21.13          | 21.57   |
| <b>BUFFERS</b>   |                |   |
| Total buffer requirement   | 1.376          | -   |
| Capital conservation buffer requirement (%)  | 1.250          | -   |
| Bank specific counter-cyclical buffer requirement (%)  | 0.126          | -   |
| The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets  | 15.97          | -   |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                |   |
| Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital   | -              | -   |
| Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital   | -              | -   |
| Amount arising from deferred tax assets based on temporary differences   | -              | -   |
| Limits related to provisions considered in Tier II calculation   | -              | -   |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                |   |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation)  | 24,408         | 24,408  |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 24,408         | 24,408  |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation  | -              | -   |
| Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation   | -              | -   |
| <b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>   |                |   |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | -              | -   |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4  | -              | -   |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4  | -              | -   |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | -              | -   |
| (1) The amounts of items in accordance with transition provisions  | -              | -   |

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**I. INFORMATION ON SHAREHOLDER’S EQUITY (Continued)**

| <b>Informations on addition debt instruments to shareholders’ equity calculating:</b>  | <b>Current Period</b> |
|--|-----------------------|
| Exporter   | -                     |
| Code of debt instrument (CUSIP, ISIN etc.)   | -                     |
| Legislation of debt instrument   | -                     |
| <b>Attention Situation of Shareholders’ Equity</b>   |                       |
| Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2016)  | -                     |
| Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.   | -                     |
| Type of debt instrument  | -                     |
| Considered amount of shareholders’ equity calculation. (By last report date of – Million TL)   | -                     |
| Nominal value of debt instrument (Million TL)  | -                     |
| Related account of debt instrument   | -                     |
| Export date of debt instrument   | -                     |
| Maturity structure of debt instrument (demand/term)  | -                     |
| Beginning term of debt instrument  | -                     |
| Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.                    | -                     |
| Optional reimbursement date, options of conditional reimbursement and reimbursement amount.  | -                     |
| Following reimbursement option dates   | -                     |
| <b>Interest/Dividend Payments</b>  |                       |
| Fixed or floating interest/dividend payments   | -                     |
| Interest rate and index value of interest rate   | -                     |
| Whether there is any restriction to stop payment of capital bonus or not   | -                     |
| Feature of being full optional, partially optional or obligatory   | -                     |
| Whether there is any stimulant to repayment like interest rate hike or not   | -                     |
| Feature of being cumulative or noncumulative   | -                     |
| <b>Feature of being convertible bonds</b>  |                       |
| If there’s convertible bonds, trigger incidents cause this conversion  | -                     |
| If there’s convertible bonds, feature of full or partially conversion  | -                     |
| If there’s convertible bonds, rate of conversion   | -                     |
| If there’s convertible bonds, feature of conversion -obligatory or optional-   | -                     |
| If there’s convertible bonds, types of convertible instruments   | -                     |
| If there’s convertible bonds, exporter of convertible debt instruments   | -                     |
| <b>Feature of value reduction</b>  |                       |
| If there is feature of value reduction, trigger incidents cause this value reduction   | -                     |
| If there is feature of value reduction, feature of full or partially reduction of value  | -                     |
| If there is feature of value reduction, feature of being constant or temporary   | -                     |
| If the value can be reduced temporarily, mechanism of value incrementation   | -                     |
| Claiming rank in case of winding up (Instrument that is just above debt instrument)  | -                     |
| Whether being provided with conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> articles of Shareholders’ Equity of Banks Regulation             | -                     |
| Has or has not been provided with which conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> articles of Shareholders’ Equity of Banks Regulation | -                     |

**The Bank’s internal capital requirements within the scope of the internal capital adequacy assessment process in order to evaluate the adequacy of the approach in terms of current and future activities**

The Bank has procedures and reports under the name of internal capital assessment process. In order to assess the capital adequacy of the 2017, the Bank analyse the legal ratios and budget expectations to qualitate them for the effect on the legal capital adequacy and economic capital of the Bank. With these procedures and reports the Bank covers all risk in capital adequacy requirements.



**II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK****Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the Bank sets limits for positions that are monitored daily**

The Bank complies with net general position-shareholder’s equity limits. The Bank has the possibility to borrow a significant amount of foreign currency.

Within the context of the market risk management work of the Risk Management Department, the Bank’s Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. For testing effects of the unexpected exchange rate fluctuations on the Bank monthly basis stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

**The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using hedging derivatives**

The Bank does not have any financial derivatives used for hedging.

**Foreign exchange risk management policy**

Transactions are being hedged according to the Central Bank of Turkey’s basket of currencies instantly. Manageable and measurable risks are taken in the scope of the regulatory limits.

**Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank, are as follows**

| <b>Date</b>   | <b>US Dollars</b> | <b>Euro</b> |
|---------------|-------------------|-------------|
| 24 March 2017 | TL 3.6134         | TL 3.8973   |
| 27 March 2017 | TL 3.6185         | TL 3.9051   |
| 28 March 2017 | TL 3.5931         | TL 3.9045   |
| 29 March 2017 | TL 3.6186         | TL 3.9283   |
| 30 March 2017 | TL 3.6416         | TL 3.9268   |
| 31 March 2017 | TL 3.6386         | TL 3.9083   |

**The basic arithmetical average of the bank’s foreign exchange bid rate for the last thirty days:**

The basic arithmetical average of the Bank’s foreign exchange bid rate for March 2017 is TL 3.6695 for USD, TL 3.9162 for EURO.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)****Information on Currency Risk**

| <b>Current Period</b>   | <b>Euro</b>      | <b>USD Dollars</b> | <b>Other</b> | <b>Total</b>     |
|---|------------------|--------------------|--------------|------------------|
| <b>Assets</b>   |                  |                    |              |                  |
| Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 496,864          | 565,306            | 155          | 1,062,325        |
| Banks   | 668,915          | 582,969            | 8,589        | 1,260,473        |
| Financial Assets through Profit or Loss   | 174,637          | 276,227            | -            | 450,864          |
| Interbank Money Market Placements   | -                | -                  | -            | -                |
| Investment Securities Available-for-Sale  | 90               | 1,365              | -            | 1,455            |
| Loans <sup>(1)</sup>  | 556,794          | 243,503            | -            | 800,297          |
| Investments in Subsidiaries and Associates  | -                | -                  | -            | -                |
| Investment Securities Held-to-Maturity  | 149,836          | 235,088            | -            | 384,924          |
| Financial Derivative held for Hedging (Assets)  | -                | -                  | -            | -                |
| Tangible Assets   | -                | -                  | -            | -                |
| Intangible Assets   | -                | -                  | -            | -                |
| Other Assets  | 455              | 1,804              | -            | 2,259            |
| <b>Total Assets</b>   | <b>2,047,591</b> | <b>1,906,262</b>   | <b>8,744</b> | <b>3,962,597</b> |
| <b>Liabilities</b>  |                  |                    |              |                  |
| Bank Deposits   | 1,816,046        | 1,555,180          | 3,514        | 3,374,740        |
| Foreign Currency Deposits   | 222,330          | 276,929            | 4,400        | 503,659          |
| Money Market Borrowings   | -                | -                  | -            | -                |
| Funds Borrowed from Other Financial Institutions  | 981              | 93,540             | -            | 94,521           |
| Marketable Securities Issued  | -                | -                  | -            | -                |
| Miscellaneous Payables  | 2,432            | 1,272              | 6            | 3,710            |
| Financial Derivatives held for Hedging (Liabilities)  | -                | -                  | -            | -                |
| Other Liabilities   | 3,136            | 8,102              | 166          | 11,404           |
| <b>Total Liabilities</b>  | <b>2,044,925</b> | <b>1,935,023</b>   | <b>8,086</b> | <b>3,988,034</b> |
| <b>Net Balance Sheet Position</b>   | <b>2,666</b>     | <b>(28,761)</b>    | <b>658</b>   | <b>(25,437)</b>  |
| <b>Net Off Balance Sheet Position</b>   | <b>-</b>         | <b>25,470</b>      | <b>-</b>     | <b>25,470</b>    |
| Financial Derivatives (Assets)  | -                | 25,470             | -            | 25,470           |
| Financial Derivatives (Liabilities)   | -                | -                  | -            | -                |
| Non-Cash Loans  | 801,793          | 1,089,109          | 512,693      | 2,403,595        |
| <b>Prior Period</b>   |                  |                    |              |                  |
| Total Assets  | 2,394,201        | 1,612,989          | 4,422        | 4,011,612        |
| Total Liabilities   | 2,385,012        | 1,634,669          | 4,184        | 4,023,865        |
| Balance Sheet Position, net   | 9,189            | (21,680)           | 238          | (12,253)         |
| Off Balance Sheet Position, net   | (8,385)          | 20,141             | 88           | 11,844           |
| Financial Derivatives (Assets)  | -                | 20,229             | 88           | 20,317           |
| Financial Derivatives (Liabilities)   | (8,385)          | (88)               | -            | (8,473)          |
| Non-cash Loans  | 703,810          | 1,162,720          | 486,938      | 2,353,468        |

<sup>(1)</sup> As of 31 March 2017 loan balance includes foreign currency indexed loans amounting to TL 70,995 (31 December 2016: TL 47,849).

**II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)****Exposed currency risk**

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 31 March 2017 and 31 December 2016 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

|                  | Current Period   |                                     | Prior Period     |                                     |
|------------------|------------------|-------------------------------------|------------------|-------------------------------------|
|                  | Income Statement | Shareholders' Equity <sup>(1)</sup> | Income Statement | Shareholders' Equity <sup>(1)</sup> |
| Euro             | (267)            | (267)                               | (80)             | (80)                                |
| US Dollar        | 329              | 329                                 | 154              | 154                                 |
| Other Currencies | (66)             | (66)                                | (33)             | (33)                                |
| <b>Total</b>     | <b>(4)</b>       | <b>(4)</b>                          | <b>41</b>        | <b>41</b>                           |

<sup>(1)</sup> The effect on shareholders' equity also includes the effect on the profit/loss.

Assuming 10 percent depreciation of TL;

|                  | Current Period   |                                     | Prior Period     |                                     |
|------------------|------------------|-------------------------------------|------------------|-------------------------------------|
|                  | Income Statement | Shareholders' Equity <sup>(1)</sup> | Income Statement | Shareholders' Equity <sup>(1)</sup> |
| Euro             | 267              | 267                                 | 80               | 80                                  |
| US Dollar        | (329)            | (329)                               | (154)            | (154)                               |
| Other Currencies | 66               | 66                                  | 33               | 33                                  |
| <b>Total</b>     | <b>4</b>         | <b>4</b>                            | <b>(41)</b>      | <b>(41)</b>                         |

<sup>(1)</sup> The effect on shareholders' equity also includes the effect on the profit/loss.

**III. INFORMATION ON INTEREST RATE RISK**

**Interest rate sensitivity of the assets, liabilities and off-balance sheet items**

Within the context of the market risk management of the Risk Management Department, the Bank’s interest rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The interest rate risk is measured according to market risk calculated using the standard method and is included in the capital adequacy ratio. To test the effect of the interest rate fluctuations on the Bank monthly based stress test analysis are done.

In addition, by classifying the changes in risk factors different scenario analysis are done based on different interest rate expectations. The sensitivity of assets, liabilities and off-balance sheets against interest rate are measured by an analysis on a monthly basis.

**The expected effects of the fluctuations of market interest rates on the Bank’s financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates**

The Board of Directors has determined limits for the amount exposed to market risk/ shareholder’s equity, to be maximum 45% for the early warning limit, 50% for limit maximum, and maximum 55% for limit exception in order to follow interest rate risk, exchange rate risk and equity price risk.

**The precautions taken for the interest rate risk the Bank was exposed to during the current year and their expected effects on net income and shareholders’ equity in the future periods**

Although the increase in interest rates have a limited negative effect on the Bank’s financial position the Bank’s Equity structure is able to confront the negative effects of possible fluctuations in the interest rates.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**III. INFORMATION ON INTEREST RATE RISK (Continued)**

**Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)**

| <b>Current Period</b>   | <b>Up to 1 Month</b> | <b>1-3 Months</b> | <b>3-12 Months</b> | <b>1-5 Years</b> | <b>5 Years and Over</b> | <b>Non-Interest Bearing</b> | <b>Total</b>     |
|---|----------------------|-------------------|--------------------|------------------|-------------------------|-----------------------------|------------------|
| <b>Assets</b>   |                      |                   |                    |                  |                         |                             |                  |
| Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey | 567,049              | -                 | -                  | -                | -                       | 501,114                     | 1,068,163        |
| Banks   | 1,082,624            | 180,977           | -                  | -                | -                       | -                           | 1,263,601        |
| Financial assets at fair value through Profit or Loss   | -                    | 31,992            | 145,874            | 292,275          | -                       | -                           | 470,141          |
| Interbank Money Market Placements   | -                    | -                 | -                  | -                | -                       | -                           | -                |
| Financial assets available-for-sale   | -                    | -                 | -                  | -                | -                       | 1,679                       | 1,679            |
| Loans   | 656,746              | 314,999           | 385,500            | 58,527           | 47,325                  | 2,132                       | 1,465,229        |
| Investment securities held-to-maturity  | 2,400                | 58,845            | 39,800             | 293,109          | 17,694                  | -                           | 411,848          |
| Other assets <sup>(1)</sup>   | -                    | -                 | -                  | -                | -                       | 216,674                     | 216,674          |
| <b>Total assets</b>   | <b>2,308,819</b>     | <b>586,813</b>    | <b>571,174</b>     | <b>643,911</b>   | <b>65,019</b>           | <b>721,599</b>              | <b>4,897,335</b> |
| <b>Liabilities</b>  |                      |                   |                    |                  |                         |                             |                  |
| Bank deposits   | 1,673,532            | 262,173           | 1,469,934          | -                | -                       | 92                          | 3,405,731        |
| Other deposits  | 37,892               | 11,178            | 32,147             | -                | -                       | 451,943                     | 533,160          |
| Money market borrowings   | 20,005               | -                 | -                  | -                | -                       | -                           | 20,005           |
| Miscellaneous payables  | -                    | -                 | -                  | -                | -                       | 4,052                       | 4,052            |
| Marketable securities issued  | -                    | -                 | -                  | -                | -                       | -                           | -                |
| Funds Borrowed From   |                      |                   |                    |                  |                         |                             |                  |
| Other Fin. Ins.   | 839                  | 1,716             | 1,600              | 90,972           | -                       | -                           | 95,127           |
| Other liabilities <sup>(2)</sup>  | 23                   | -                 | -                  | -                | -                       | 839,237                     | 839,260          |
| <b>Total liabilities</b>  | <b>1,732,291</b>     | <b>275,067</b>    | <b>1,503,681</b>   | <b>90,972</b>    | <b>-</b>                | <b>1,295,324</b>            | <b>4,897,335</b> |
| Long Position in the Balance Sheet  | 576,528              | 311,746           | -                  | 552,939          | 65,019                  | -                           | 1,506,232        |
| Short Position in the Balance Sheet   | -                    | -                 | (932,507)          | -                | -                       | (573,725)                   | (1,506,232)      |
| Long Position in the Off-balance Sheet  | 25,470               | -                 | -                  | -                | -                       | -                           | 25,470           |
| Short Position in the Off-balance Sheet   | (25,606)             | -                 | -                  | -                | -                       | -                           | (25,606)         |
| <b>Total Position</b>   | <b>576,392</b>       | <b>311,746</b>    | <b>(932,507)</b>   | <b>552,939</b>   | <b>65,019</b>           | <b>(573,725)</b>            | <b>(136)</b>     |

<sup>(1)</sup> Other Assets: The amount of TL 216,674 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 112,493, Intangible Assets amounting to TL 2,356, Assets Held for Sale amounting to TL 6, and Non-Interest Bearing amounts of Other Assets amounting to TL 24,608.

<sup>(2)</sup> Other Liabilities: The amount of TL 839,237 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 745,866, Provisions amounting to TL 54,481, Tax, Duty and Premium Payable amounting to TL 10,504 and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 28,386.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**III. INFORMATION ON INTEREST RATE RISK (Continued)**

| <b>Prior Period</b>   | <b>Up to 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b> | <b>5 Years<br/>and Over</b> | <b>Non-Interest<br/>Bearing</b> | <b>Total</b>     |
|---|--------------------------|-----------------------|------------------------|------------------|-----------------------------|---------------------------------|------------------|
| <b>Assets</b>   |                          |                       |                        |                  |                             |                                 |                  |
| Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey | 403,429                  | -                     | -                      | -                | -                           | 577,653                         | 981,082          |
| Banks   | 1,194,285                | 162,345               | 11,115                 | -                | -                           | -                               | 1,367,745        |
| Financial assets at fair value through Profit or Loss   | 368                      | 120,949               | 139,324                | 290,176          | -                           | -                               | 550,817          |
| Interbank Money Market Placements   | -                        | -                     | -                      | -                | -                           | -                               | -                |
| Financial assets available-for-sale   | -                        | -                     | -                      | -                | -                           | 1,634                           | 1,634            |
| Loans   | 601,728                  | 421,793               | 253,705                | 100,024          | 45,746                      | 4,300                           | 1,427,296        |
| Investment securities held-to-maturity  | 2,054                    | 59,682                | 48,344                 | 272,288          | 17,175                      | -                               | 399,543          |
| Other assets <sup>(1)</sup>   | -                        | -                     | -                      | -                | -                           | 114,732                         | 114,732          |
| <b>Total assets</b>   | <b>2,201,864</b>         | <b>764,769</b>        | <b>452,488</b>         | <b>662,488</b>   | <b>62,921</b>               | <b>698,319</b>                  | <b>4,842,849</b> |
| <b>Liabilities</b>  |                          |                       |                        |                  |                             |                                 |                  |
| Bank deposits   | 1,881,979                | 348,332               | 603,889                | 706,546          | -                           | -                               | 3,540,746        |
| Other deposits  | 26,664                   | 10,746                | 31,097                 | -                | -                           | 484,301                         | 552,808          |
| Money market borrowings   | 3,495                    | -                     | -                      | -                | -                           | -                               | 3,495            |
| Miscellaneous payables  | -                        | -                     | -                      | -                | -                           | 24,980                          | 24,980           |
| Marketable securities issued  | -                        | -                     | -                      | -                | -                           | -                               | -                |
| Funds Borrowed From Other Fin. Ins.   | -                        | 358                   | 3,467                  | -                | -                           | -                               | 3,825            |
| Other liabilities <sup>(2)</sup>  | -                        | -                     | -                      | -                | -                           | 716,995                         | 716,995          |
| <b>Total liabilities</b>  | <b>1,912,138</b>         | <b>359,436</b>        | <b>638,453</b>         | <b>706,546</b>   | <b>-</b>                    | <b>1,226,276</b>                | <b>4,842,849</b> |
| Long Position in the Balance Sheet  | 289,726                  | 405,333               | -                      | -                | 62,921                      | -                               | 757,980          |
| Short Position in the Balance Sheet   | -                        | -                     | (185,965)              | (44,058)         | -                           | (527,957)                       | (757,980)        |
| Long Position in the Off-balance Sheet  | -                        | 17,659                | -                      | -                | -                           | -                               | 17,659           |
| Short Position in the Off-balance Sheet   | -                        | (17,446)              | -                      | -                | -                           | -                               | (17,446)         |
| <b>Total Position</b>   | <b>289,726</b>           | <b>405,546</b>        | <b>(185,965)</b>       | <b>(44,058)</b>  | <b>62,921</b>               | <b>(527,957)</b>                | <b>213</b>       |

<sup>(1)</sup> Other Assets: The amount of TL 114,732 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 18,679, Intangible Assets amounting to TL 2,478, Deferred Tax Assets amounting to TL 4,599, Assets Held for Sale amounting to TL 8, and Non-Interest Bearing amounts of Other Assets amounting to TL 11,757.

<sup>(2)</sup> Other Liabilities: The amount of TL 716,995 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 640,756, Provisions amounting to TL 54,185, Tax, Duty and Premium Payable amounting to TL 9,689 and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 12,365.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**III. INFORMATION ON INTEREST RATE RISK (Continued)****Average interest rates applied to monetary financial instruments (%)**

| <b>Current Period</b>   | <b>EURO</b> | <b>USD</b> | <b>YEN</b> | <b>TL</b> |
|---|-------------|------------|------------|-----------|
| <b>Assets</b>   |             |            |            |           |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey. | -           | 0.57       | -          | 3.47      |
| Banks   | 1.76        | 2.71       | -          | 12.03     |
| Financial assets at fair value through profit or loss   | 2.27        | 3.90       | -          | 10.86     |
| Money Market Placements   | -           | -          | -          | -         |
| Financial assets available-for-sale   | -           | -          | -          | -         |
| Loans   | 2.97        | 4.20       | -          | 13.09     |
| Investment securities held-to-maturity  | 2.74        | 5.89       | -          | 11.32     |
| <b>Liabilities</b>  |             |            |            |           |
| Interbank deposits  | 0.78        | 2.49       | -          | 11.75     |
| Other deposits  | 1.19        | 2.02       | -          | 8.85      |
| Money market borrowings   | -           | -          | -          | 9.25      |
| Miscellaneous payables  | -           | -          | -          | -         |
| Marketable securities issued  | -           | -          | -          | -         |
| Funds borrowed from other financial institutions  | 1.25        | 3.28       | -          | 6.69      |
|   |             |            |            |           |
| <b>Prior Period</b>   | <b>EURO</b> | <b>USD</b> | <b>YEN</b> | <b>TL</b> |
| <b>Assets</b>   |             |            |            |           |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey. | -           | 0.49       | -          | 3.36      |
| Banks   | 2.06        | 2.93       | -          | 8.50      |
| Financial assets at fair value through profit or loss   | 1.57        | 3.88       | -          | -         |
| Money Market Placements   | -           | -          | -          | -         |
| Financial assets available-for-sale   | -           | -          | -          | -         |
| Loans   | 3.23        | 4.05       | -          | 11.88     |
| Investment securities held-to-maturity  | 2.80        | 5.79       | -          | 10.03     |
| <b>Liabilities</b>  |             |            |            |           |
| Interbank deposits  | 0.72        | 2.60       | -          | 6.13      |
| Other deposits  | 0.91        | 1.93       | -          | 8.63      |
| Money market borrowings   | -           | -          | -          | 8.00      |
| Miscellaneous payables  | -           | -          | -          | -         |
| Marketable securities issued  | -           | -          | -          | -         |
| Funds borrowed from other financial institutions  | 1.25        | 2.41       | -          | 6.72      |

**IV. INFORMATION ON STOCK POSITION RISK**

**Equity investment risk due from banking book**

The Bank does not have equity investment risk due to subsidiary and securities issued capital which classified banking accounts are not traded on the stock exchange.

*Information on booking value, fair value and market value of equity investments*

*None.*

*Information on equity investments realized gains or losses, revaluation increases and unrealized gains or losses and these amounts including capital contribution.*

*None.*

*Breakdown of the amount of capital requirements on investments in related stock exchange basis, depending on the Credit Risk Standard Method or the capital requirement calculation method which bank has chosen out of allowed methods stated in the Communiqué Regarding Calculation of Credit Risk Amount on Internal Rating Based Approach.*

*None.*

**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO**

**Information on liquidity risk management regarding risk capacity of the Bank, responsibilities and structure of the liquidity risk management, reporting of the liquidity risk in the Bank, the way that sharing liquidity risk strategy, policy and implementations with the board of directors and job fields.**

Evaluation of capacity of liquidity risk position of the Bank depends on current liquidity position, current and estimated asset quality, current and future income capacity, historical funding needs, estimated funding needs and decreasing funding needs or analysis of decrease in additional funding choices. One or more actions below are done to find funds in order to maintain liquidity needs.

- Disposal of the liquid assets
- Maintain increasing short term debts and/or additional short term time deposit and deposit like assets
- Decrease in moveable long term assets
- Increase in long term liabilities
- Increase in equity funds

Responsibility of the management of general liquidity belongs to Top Level Management, Treasury Department or Asset/Liability Committee (“ALCO”) which is consisting of Risk Management executives. Appropriate controls and balances are maintained in every condition.

Analysis of effects of various stress scenarios on the liquidity position and establishment of limits are crucial in order to establish effective liquidity risk management. Limits are determined according to the size of the Bank, complexity of transactions and suitability of the financial conditions.



**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO  
(Continued)**

One of the important components of liquidity management is management information system which is created to offer information about the liquidity position of the Bank to the Board of Directors, top level management and related appropriate personnel at the right time. Strong management information system is an integral part of the reliable decision making process of the liquidity.

One of the important aspects of liquidity management is making assumptions on prospective funding needs. Although final cash inflows and outflows can be easily calculated or estimated, the Bank also makes short-term and long-term assumptions.

Management also has an emergency plan to be implemented in the absence of accurate projections. An effective emergency planning consists of identifying minimum and maximum liquidity needs and weighting alternatives that will be used to meet these needs.

**The degree of centralization of liquidity management and funding strategy and information about the functioning between the Bank and its shareholders**

The Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya and has an asset value more than 18 billion USD. Funds received from the main shareholder Libyan Foreign Bank correspond to 33% of total liabilities. On the other hand, funds received from the Bank’s risk group have a 61% share in liabilities.

**Information on the Bank’s funding strategy including the policies regarding diversification of funding sources and periods**

The Bank obtains its fund sources mainly from the parent Libyan Foreign Bank and its subsidiaries. These Funds are reliable sources which are ongoing for many years with renewing terms and expected to continue thereafter.

**Currencies constituting minimum five percent of the Bank’s total liabilities**

A large portion of the Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 55% of these funds are USD and 44% are Euro.

**Information regarding to the liquidity risk mitigation techniques used**

The Bank’s liquidity risk mitigation techniques are retention of high-quality liquid assets on hand, provide maturity match between assets and liabilities and having the option to obtain funds from different banks in its risk groups.

**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO  
(Continued)****Information regarding to the usage of Stress Tests**

Stress tests are applied by changing the percentage of the parameters regarding to the liquidity ratio calculation. Subjected components, particularly high-quality liquid assets, including cash inflows and cash outflows are increased and decreased at various rates to measure the effects on the calculation. The test results provide guidance on liquidity management.

**General information on the emergency and contingency plan of Liquidity**

The Liquidity Emergency Action Plan prepared by the Bank’s ALCO was presented to the Board of Directors and approved by Council Decision No. 4/267/8/12 at 27 July 2012. Decisions on the plan;

- Bank-specific crisis and general market crisis has been described,
- The decision of proportional and structural changes of assets and liabilities in the balance sheet is delegated to ALCO,
- Agreed that the Liquidity Dashboard which includes available and accessible liquidity sources of the Bank, asset sales, loan repayments and liquidity usage submitted periodically to ALCO by the Treasury Department.
- Within the framework of an effective liquidity risk management of the Treasury Department, where necessary, acting jointly with other business units to avoid concentration of funding sources, following different funding options and current trends and reporting on costs is expressed,
- If necessary, making changes in the Emergency Action Plan and update it according to market conditions and balance sheet structure is delegated to ALCO.

**Liquidity coverage ratio**

In accordance with the “Regulation on calculation of Bank’s liquidity coverage ratio”, published in Official Gazette no. 28948, dated 21 March 2014, liquidity coverage ratio is calculated which disclosed to the public in the following format . The monthly simple arithmetic average calculated consolidated liquidity coverage ratio of the last three months average, the weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average

The weekly calculated lowest and highest values of unconsolidated foreign currency and total liquidity coverage ratio by weeks are as follows:

|                | <b>Week</b> | <b>FC</b> | <b>Week</b> | <b>FC+LC</b> |
|----------------|-------------|-----------|-------------|--------------|
| <b>Lowest</b>  | 06.01.2017  | 70        | 17.02.2017  | 84           |
| <b>Highest</b> | 06.01.2017  | 82        | 31.03.2017  | 103          |

## V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average is as following:

| Current Period   | Consideration Ratio Not Applied Total Value <sup>(1)</sup> |                  | Consideration Ratio Applied Total Value <sup>(1)</sup> |                  |
|--|--|------------------|--|------------------|
|  | LC+FC  | FC               | LC+FC  | FC               |
| <b>HIGH QUALITY LIQUID ASSETS</b>  |  |                  |  |                  |
| 1 High quality liquid assets   | 1,855,420  | 1,836,469        | 1,496,696  | 1,477,646        |
| <b>CASH OUTFLOWS</b>   |  |                  |  |                  |
| 2 Real person deposits and retail deposits   | 271,590  | 256,506          | 23,015   | 25,651           |
| 3 Stable deposit   | 82,883   | -                | 4,144  | -                |
| 4 Deposit with low stability   | 188,707  | 256,506          | 18,871   | 25,651           |
| 5 Unsecured debts except real person deposits and retail deposits  | 3,346,403  | 3,219,136        | 3,062,867  | 2,954,967        |
| 6 Operational deposit  | -  | -                | -  | -                |
| 7 Non-operating deposits   | 3,255,131  | 3,192,414        | 2,971,595  | 2,928,245        |
| 8 Other unsecured debts  | 91,272   | 26,722           | 91,272   | 26,722           |
| 9 Secured debts  | 20,848   | -                | -  | -                |
| 10 Other cash outflows   | 2,723,995  | 2,530,569        | 161,558  | 134,405          |
| 11 Derivative liabilities and margin obligations   | -  | -                | -  | -                |
| 12 Debt from structured financial instruments  | -  | -                | -  | -                |
| 13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets                 | -  | -                | -  | -                |
| 14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations | -  | -                | -  | -                |
| 15 Other irrevocable or provisory revocable off-balance sheet liabilities  | 2,723,995  | 2,530,569        | 161,558  | 134,405          |
| <b>16 TOTAL CASH OUTFLOW</b>   | <b>6,362,836</b>   | <b>6,006,211</b> | <b>3,247,440</b>                                       | <b>3,115,023</b> |
| <b>CASH INFLOWS</b>  |  |                  |  |                  |
| 17 Secured receivables   | -  | -                | -  | -                |
| 18 Unsecured claims  | 1,801,992  | 1,208,769        | 1,638,566  | 1,192,703        |
| 19 Other cash inflows  | 2,657  | 2,137            | 2,657  | 2,137            |
| <b>20 TOTAL CASH INFLOWS</b>   | <b>1,804,649</b>   | <b>1,210,906</b> | <b>1,641,223</b>                                       | <b>1,194,840</b> |
|  |  |                  | <b>Upper limit applied amounts</b>                     |                  |
| <b>21 TOTAL HQLA STOCK</b>   |  |                  | <b>1,496,696</b>                                       | <b>1,477,646</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>  |  |                  | <b>1,606,217</b>                                       | <b>1,920,182</b> |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>   |  |                  | <b>93.18</b>   | <b>76.95</b>     |

<sup>(1)</sup> The monthly simple arithmetic average calculated consolidated liquidity coverage ratio of the last three months average, the weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO  
(Continued)**

| Prior Period   | Consideration Ratio Not Applied Total Value |                  | Consideration Ratio Applied Total Value |                                    |
|--|---|------------------|---|------------------------------------|
|  | LC+FC                                       | FC               | LC+FC                                   | FC                                 |
| <b>HIGH QUALITY LIQUID ASSETS</b>  |   |                  |   |                                    |
| 1 High quality liquid assets   | <b>1,606,345</b>                            | <b>1,587,047</b> | <b>1,262,159</b>                        | <b>1,242,861</b>                   |
| <b>CASH OUTFLOWS</b>   |   |                  |   |                                    |
| 2 Real person deposits and retail deposits   | 249,938                                     | 220,753          | 21,416                                  | 23,503                             |
| 3 Stable deposit   | 71,557                                      | -                | 3,578                                   | -                                  |
| 4 Deposit with low stability   | 178,381                                     | 220,753          | 17,838                                  | 23,503                             |
| 5 Unsecured debts except real person deposits and retail deposits  | 3,034,988                                   | 2,863,443        | 2,772,883                               | 2,640,218                          |
| 6 Operational deposit  | -   | -                | -                                       | -                                  |
| 7 Non-operating deposits   | 2,951,083                                   | 2,840,464        | 2,688,978                               | 2,617,239                          |
| 8 Other unsecured debts  | 83,905                                      | 22,979           | 83,905                                  | 22,979                             |
| 9 Secured debts  | 8,591                                       | -                | -                                       | -                                  |
| 10 Other cash outflows   | 2,419,246                                   | 2,223,625        | 144,754                                 | 118,518                            |
| 11 Derivative liabilities and margin obligations   | -   | -                | -                                       | -                                  |
| 12 Debt from structured financial instruments  | -   | -                | -                                       | -                                  |
| 13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets                 | -   | -                | -                                       | -                                  |
| 14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations | -   | -                | -                                       | -                                  |
| 15 Other irrevocable or provisory revocable off-balance sheet liabilities  | 2,419,246                                   | 2,223,625        | 144,754                                 | 118,518                            |
| <b>16 TOTAL CASH OUTFLOW</b>   | <b>5,712,763</b>                            | <b>5,322,101</b> | <b>2,939,053</b>                        | <b>2,782,239</b>                   |
| <b>CASH INFLOWS</b>  |   |                  |   |                                    |
| 17 Secured receivables   | -   | -                | -                                       | -                                  |
| 18 Unsecured claims  | 1,711,343                                   | 1,144,514        | 1,508,706                               | 1,118,919                          |
| 19 Other cash inflows  | 8,168                                       | 869              | 8,168                                   | 869                                |
| <b>20 TOTAL CASH INFLOWS</b>   | <b>1,719,511</b>                            | <b>1,145,383</b> | <b>1,516,874</b>                        | <b>1,119,788</b>                   |
|  |   |                  |   | <b>Upper limit applied amounts</b> |
| <b>21 TOTAL HQLA STOCK</b>   |   |                  | <b>1,262,159</b>                        | <b>1,242,861</b>                   |
| <b>22 TOTAL NET CASH OUTFLOWS</b>  |   |                  | <b>1,422,179</b>                        | <b>1,662,451</b>                   |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>   |   |                  | <b>88.75</b>                            | <b>74.76</b>                       |

**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO  
(Continued)**

**Important factors affecting the liquidity coverage ratio results and the change over time of those items taken into account while calculating this ratio**

High-quality liquid assets and cash outflows are one of the most important factors affecting the calculation of the liquidity coverage ratio for banks. A major portion of high-quality liquid assets of the Bank are consisted of treasury bills and free deposits held in CBRT. High-quality liquid assets been on the rise throughout the year had a positive effect on the calculation of liquidity coverage ratio.

**Sections High-quality liquid assets comprised of**

High-quality liquid assets consist of cash, effectives, debt instruments issued by CBRT and treasury, debt instruments with a credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 62% of high-quality liquid assets of the Bank, while 38% comprised of debt instruments issued by the Treasury.

**Sections Funding sources comprised of and their densities within all funds**

A significant part of the funding sources are comprised of deposits received. 80% of the total liabilities are deposits received. 86% of these deposits are deposits obtained from banks.

**Cash outflows arising from Derivative Transactions and information about margin possible transactions**

Bank has TL 135 cash outflows arising from derivative transactions and information about margin possible transactions.

**Counterparty and product-based funding sources and concentration limits on collaterals**

A significant part of the funding sources are comprised of deposits received. 80% of the liability is deposits and 86% of these deposits are from banks. All of these liabilities are warrantless.

**Funding needs in terms of the Bank itself, foreign branches and consolidated subsidiaries taking into account operational and legal factors that inhibits the Bank’s liquidity transfer and liquidity risk exposure**

The Bank obtains funds essentially from main shareholder Libyan Foreign Bank and its subsidiaries. These reliable and ongoing funds are renewed at different maturities and expected to continue for many years.

**Other cash inflows and outflows that are included in liquidity coverage calculation but not included in the public disclosure template in the second paragraph and considered to be related with the Bank’s liquidity profile**

*None.*

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO  
(Continued)**

**Presentation of assets and liabilities based on their outstanding maturities**

| Current Period  | Demand             | Up to 1<br>Month | 1-3 Months     | 3-12 Months      | 1-5 Years       | 5 Year and<br>Over | Unallocated      | Total            |
|---|--------------------|------------------|----------------|------------------|-----------------|--------------------|------------------|------------------|
| <b>Assets</b>   |                    |                  |                |                  |                 |                    |                  |                  |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances | 7,807              | 1,060,356        | -              | -                | -               | -                  | -                | 1,068,163        |
| Banks   | 31,070             | 1,051,553        | 180,978        | -                | -               | -                  | -                | 1,263,601        |
| Financial Assets at Fair Value through Profit or Loss   | -                  | -                | 31,992         | 145,874          | 292,275         | -                  | -                | 470,141          |
| Money Market Placements   | -                  | -                | -              | -                | -               | -                  | -                | -                |
| Financial assets available-for-sale   | -                  | -                | -              | -                | -               | -                  | 1,679            | 1,679            |
| Loans   | -                  | 656,746          | 285,236        | 417,395          | 58,527          | 47,325             | -                | 1,465,229        |
| Investment securities held-to-maturity  | -                  | 2,400            | 24,683         | 73,964           | 293,107         | 17,694             | -                | 411,848          |
| Other assets <sup>(1)</sup>   | -                  | -                | -              | -                | -               | -                  | 216,674          | 216,674          |
| <b>Total Assets</b>   | <b>38,877</b>      | <b>2,771,055</b> | <b>522,889</b> | <b>637,233</b>   | <b>643,909</b>  | <b>65,019</b>      | <b>218,353</b>   | <b>4,897,335</b> |
| <b>Liabilities</b>  |                    |                  |                |                  |                 |                    |                  |                  |
| Interbank Deposits  | 811,462            | 862,162          | 262,173        | 1,469,934        | -               | -                  | -                | 3,405,731        |
| Other Deposits  | 451,943            | 37,892           | 11,178         | 32,147           | -               | -                  | -                | 533,160          |
| Funds provided from other financial institutions  | -                  | 837              | 1,717          | 1,600            | 90,973          | -                  | -                | 95,127           |
| Money market borrowings   | -                  | 20,005           | -              | -                | -               | -                  | -                | 20,005           |
| Marketable securities issued  | -                  | -                | -              | -                | -               | -                  | -                | -                |
| Miscellaneous payables  | -                  | -                | -              | -                | -               | -                  | 4,052            | 4,052            |
| Other liabilities <sup>(2)</sup>  | -                  | 2,576            | 3,676          | -                | -               | -                  | 833,008          | 839,260          |
| <b>Total Liabilities</b>  | <b>1,263,405</b>   | <b>923,472</b>   | <b>278,744</b> | <b>1,503,681</b> | <b>90,973</b>   | <b>-</b>           | <b>837,060</b>   | <b>4,897,335</b> |
| <b>Net Liquidity Gap</b>  | <b>(1,224,528)</b> | <b>1,847,583</b> | <b>244,145</b> | <b>(866,448)</b> | <b>552,936</b>  | <b>65,019</b>      | <b>(618,707)</b> | <b>-</b>         |
| <b>Prior Period</b>   |                    |                  |                |                  |                 |                    |                  |                  |
| Total Assets  | 93,769             | 2,685,747        | 707,269        | 514,289          | 662,488         | 62,921             | 116,366          | 4,842,849        |
| Total Liabilities   | 1,345,992          | 1,056,196        | 363,376        | 638,453          | 706,546         | -                  | 732,286          | 4,842,849        |
| <b>Net Liquidity Gap</b>  | <b>(1,252,223)</b> | <b>1,629,551</b> | <b>343,893</b> | <b>(124,164)</b> | <b>(44,058)</b> | <b>62,921</b>      | <b>(615,920)</b> | <b>-</b>         |

(1) Other Assets: The amount of TL 216,674 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 112,493, Intangible Assets amounting to TL 2,356, Assets Held for Sale amounting to TL 6, and Unallocated amounts of Other Assets amounting to TL 24,608.

(2) Other Liabilities: The amount of TL 833,008 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 745,866, Provisions amounting to TL 54,481, Deferred Tax Liability amounting to TL 4,275 and Unallocated amounts of Other Foreign Resources amounting to TL 28,386.

## VI. EXPLANATIONS ON LEVERAGE RATIO

## Leverage Ratio

**Information on subjects that causes difference in leverage ratio between current and prior periods:**

The main difference between the current and prior period are capital and total risk amount. Additionally, Bank has no significant change in portfolio

**Leverage ratio disclosure as follows:**

|    | <b>Balance sheet assets</b>   | <b>Prior Period</b> | <b>Current Period</b> |
|----|---|---------------------|-----------------------|
| 1  | Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties) | 4,704,079           | 4,999,628             |
| 2  | (Assets deducted from main capital)   | (2,674)             | (2,846)               |
| 3  | Total risk amount of the balance sheet assets ( Sum of 1st and 2nd rows)  | 4,701,405           | 4,996,782             |
|    | <b>Derivative financial instruments and credit derivatives</b>  |                     |                       |
| 4  | Replacement cost of derivative financial instruments and credit derivatives                                     | -                   | -                     |
| 5  | Potential credit risk amount of derivative financial instruments and credit derivatives                         | 347                 | 909                   |
| 6  | Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)          | 347                 | 909                   |
|    | <b>Security or secured financing transactions</b>   |                     |                       |
| 7  | Risk amount of security or secured financing transactions ( Except balance sheet)                               | -                   | -                     |
| 8  | Risk amount due to intermediated transactions   | -                   | -                     |
| 9  | Total risk amount of security or secured financing transactions ( Sum of 7th and 8th rows)                      | -                   | -                     |
|    | <b>Off-balance sheet transactions</b>   |                     |                       |
| 10 | Gross nominal amount of off-balance sheet transactions  | 2,490,093           | 2,705,675             |
| 11 | (Adjustment amount resulting from multiplying by credit conversion rates)                                       | -                   | -                     |
| 12 | Risk amount of the off-balance sheet transactions ( Sum of 10th and 11th rows)                                  | 2,490,093           | 2,705,675             |
|    | <b>Equity and total risk</b>  |                     |                       |
| 13 | Main capital  | 633,458             | 679,522               |
| 14 | Total risk amount (Sum of 3th, 6th, 9th and 12th rows)  | 7,191,845           | 7,703,366             |
|    | <b>Leverage ratio</b>   |                     |                       |
| 15 | Leverage ratio  | 8.81%               | 8.82%                 |

Amounts in the table are obtained on the basis of three-month weighted average.

**VII. INFORMATION ON RISK MANAGEMENT****Overview of Risk Weighted Amount**

|    |   | Risk Weighted Amount |                  | Minimum capital Requirement |
|----|---|----------------------|------------------|-----------------------------|
|    |   | Current Period       | Prior Period     | Current Period              |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 3,167,301            | 3,092,040        | 253,384                     |
| 2  | Standardised approach (SA)  | 3,167,301            | 3,092,040        | 253,384                     |
| 3  | Internal rating-based (IRB) approach  | -                    | -                | -                           |
| 4  | Counterparty credit risk  | 51                   | 322              | 4                           |
| 5  | Standardised approach for counterparty credit risk (SA-CCR)                           | 51                   | 322              | 4                           |
| 6  | Internal model method (IMM)   | -                    | -                | -                           |
| 7  | Basic risk weight approach to internal models equity position in the banking account  | -                    | -                | -                           |
| 8  | Investments made in collective investment companies – look-through approach           | -                    | -                | -                           |
| 9  | Investments made in collective investment companies – mandate-based approach          | -                    | -                | -                           |
| 10 | Investments made in collective investment companies - 12.50% weighted risk approach   | -                    | -                | -                           |
| 11 | Settlement risk   | -                    | -                | -                           |
| 12 | Securitization positions in banking accounts  | -                    | -                | -                           |
| 13 | IRB ratings-based approach (RBA)  | -                    | -                | -                           |
| 14 | IRB Supervisory Formula Approach (SFA)  | -                    | -                | -                           |
| 15 | SA/simplified supervisory formula approach (SSFA)                                     | -                    | -                | -                           |
| 16 | Market risk   | 148,263              | 158,800          | 11,861                      |
| 17 | Standardised approach (SA)  | 148,263              | 158,800          | 11,861                      |
| 18 | Internal model approaches (IMM)   | -                    | -                | -                           |
| 19 | Operational Risk  | 315,825              | 268,975          | 25,266                      |
| 20 | Basic Indicator Approach  | 315,825              | 268,975          | 25,266                      |
| 21 | Standart Approach   | -                    | -                | -                           |
| 22 | Advanced measurement approach   | -                    | -                | -                           |
| 23 | The amount of the discount threshold under the equity (subject to a 250% risk weight) | -                    | -                | -                           |
| 24 | Floor adjustment  | -                    | -                | -                           |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>3,631,440</b>     | <b>3,520,137</b> | <b>290,515</b>              |

**RWA flow statements of CCR exposures under Internal Model Method (IMM)**

*None.*

**RWA flow statements of market risk exposures under an IMA**

*None.*



**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**VIII. INFORMATION ON BUSINESS SEGMENTS**

Information on operational segments on 31 March 2017, 31 March 2016 and 31 December 2016 are presented in the table below:

| <b>Current Period</b>             | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury</b> | <b>Unallocated</b> | <b>Total<br/>Operations</b> |
|-----------------------------------|---------------------------|---|-----------------|--------------------|-----------------------------|
| Interest Income (Net)             | (337)                     | 25,536  | 15,105          | -                  | 40,304                      |
| Commission Income (Net)           | -                         | 11,159  | -               | -                  | 11,159                      |
| Unallocated Income/Expenses (Net) | -                         | -   | -               | (27,679)           | (27,679)                    |
| <b>Operating Income</b>           | <b>(337)</b>              | <b>36,695</b>                                   | <b>15,105</b>   | <b>(27,679)</b>    | <b>23,784</b>               |
| <b>Income from Subsidiaries</b>   | -                         | -   | -               | -                  | -                           |
| Income before tax                 | -                         | -   | -               | -                  | 23,784                      |
| <b>Tax Provision</b>              | -                         | -   | -               | -                  | <b>(4,945)</b>              |
| <b>Net Profit for the period</b>  |                           |   |                 |                    | <b>18,839</b>               |

| <b>Current Period</b>       | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury</b>  | <b>Unallocated</b> | <b>Total<br/>Operations</b> |
|-----------------------------|---------------------------|---|------------------|--------------------|-----------------------------|
| Segment Assets              | 363                       | 1,270,937                                       | 3,400,198        | -                  | 4,671,498                   |
| Associates and Subsidiaries | -                         | -   | -                | 77,211             | 77,211                      |
| Unallocated assets          | -                         | -   | -                | 148,626            | 148,626                     |
| <b>Total Assets</b>         | <b>363</b>                | <b>1,270,937</b>                                | <b>3,400,198</b> | <b>225,837</b>     | <b>4,897,335</b>            |
| Segment Liabilities         | 178,704                   | 378,310   | 3,497,009        | -                  | 4,054,023                   |
| Unallocated Liabilities     | -                         | -   | -                | 97,446             | 97,446                      |
| Equity                      | -                         | -   | -                | 745,866            | 745,866                     |
| <b>Total Liabilities</b>    | <b>178,704</b>            | <b>378,310</b>                                  | <b>3,497,009</b> | <b>843,312</b>     | <b>4,897,335</b>            |

| <b>Prior Period</b>               | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury</b> | <b>Unallocated</b> | <b>Total<br/>Operations</b> |
|-----------------------------------|---------------------------|---|-----------------|--------------------|-----------------------------|
| Interest Income (Net)             | (264)                     | 27,807  | 19,279          | -                  | 46,822                      |
| Commission Income (Net)           | -                         | 9,741   | -               | -                  | 9,741                       |
| Unallocated Income/Expenses (Net) | -                         | -   | -               | (35,953)           | (35,953)                    |
| <b>Operating Income</b>           | <b>(264)</b>              | <b>37,548</b>                                   | <b>19,279</b>   | <b>(35,953)</b>    | <b>20,610</b>               |
| <b>Income from Subsidiaries</b>   |                           |   |                 |                    | -                           |
| Income before tax                 | -                         | -   | -               | -                  | 20,610                      |
| <b>Tax Provision</b>              | -                         | -   | -               | -                  | <b>(5,456)</b>              |
| <b>Net Profit for the period</b>  |                           |   |                 |                    | <b>15,154</b>               |

| <b>Prior Period</b>         | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury</b>  | <b>Unallocated</b> | <b>Total<br/>Operations</b> |
|-----------------------------|---------------------------|---|------------------|--------------------|-----------------------------|
| Segment Assets              | 573                       | 1,267,257                                       | 3,445,670        | -                  | 4,713,500                   |
| Associates and Subsidiaries | -                         | -   | -                | 77,211             | 77,211                      |
| Unallocated assets          | -                         | -   | -                | 52,138             | 52,138                      |
| <b>Total Assets</b>         | <b>573</b>                | <b>1,267,257</b>                                | <b>3,445,670</b> | <b>129,349</b>     | <b>4,842,849</b>            |
| Segment Liabilities         | 262,720                   | 288,832   | 3,549,322        | -                  | 4,100,874                   |
| Unallocated Liabilities     | -                         | -   | -                | 101,219            | 101,219                     |
| Equity                      | -                         | -   | -                | 640,756            | 640,756                     |
| <b>Total Liabilities</b>    | <b>262,720</b>            | <b>288,832</b>                                  | <b>3,549,322</b> | <b>741,975</b>     | <b>4,842,849</b>            |

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS**

**1. Information on cash equivalents and Central Bank of Turkey**

**Information on cash equivalents**

|                        | Current Period |                  | Prior Period  |                |
|------------------------|----------------|------------------|---------------|----------------|
|                        | TL             | FC               | TL            | FC             |
| Cash/Effective         | 1,348          | 6,459            | 1,817         | 11,289         |
| Central Bank of Turkey | 4,490          | 1,055,866        | 10,796        | 957,180        |
| Other                  | -              | -                | -             | -              |
| <b>Total</b>           | <b>5,838</b>   | <b>1,062,325</b> | <b>12,613</b> | <b>968,469</b> |

**Information related to the account of Central Bank of Turkey**

|   | Current Period |                  | Prior Period  |                |
|---|----------------|------------------|---------------|----------------|
|   | TL             | FC               | TL            | FC             |
| Unrestricted Demand Deposits <sup>(1)</sup> | 4,490          | -                | 10,796        | -              |
| Unrestricted Time Deposits                  | -              | 338,159          | -             | 265,646        |
| Restricted Time Deposits                    | -              | -                | -             | -              |
| Reserve Deposits                            | -              | 717,707          | -             | 691,534        |
| <b>Total</b>                                | <b>4,490</b>   | <b>1,055,866</b> | <b>10,796</b> | <b>957,180</b> |

<sup>(1)</sup> General reserve amount requirements maintained at CBRT

**Information on Reserve Deposits**

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 4% and 10.5% (31 December 2016: between 4% and 10.5%), and for USD or EUR at the rates of 4% and 24% respectively according to their maturities as per the Communique no.2005/1 “Reserve Deposits “ of the Central Bank of Turkey (31 December 2016: between 4% and 24%). As per the change in the Reserve Deposits Communique which is no of 29588 issued in Official Gazette numbered 2016/2 interest rates of foreign banks deposits subjected to interest rates of other liabilities except the deposits /participation funds other than interest rates of deposits /participation funds in the current application.

**2. Information on financial assets at fair value through profit/loss**

Among financial assets at fair value through profit or loss; there is TL 12,143 marketable securities subjected to repurchase transaction (31 December 2016: None). There is no collateral /blocked financial assets at fair value through profit or loss in the current period (31 December 2016: None).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**

Positive differences related to trading derivative financial assets;

*None.***3. Information on banks**

|                                   | Current Period |                  | Prior Period |                  |
|-----------------------------------|----------------|------------------|--------------|------------------|
|                                   | TL             | FC               | TL           | FC               |
| <b>Banks</b>                      |                |                  |              |                  |
| Domestic banks                    | 3,128          | 1,229,146        | 2,174        | 1,310,654        |
| Foreign banks                     | -              | 31,327           | -            | 54,917           |
| Foreign head offices and branches | -              | -                | -            | -                |
| <b>Total</b>                      | <b>3,128</b>   | <b>1,260,473</b> | <b>2,174</b> | <b>1,365,571</b> |

**4. Information on available for sale financial assets***Information on transaction of repo and collateral/blocked financial assets (Net)**None.**Major types of available for sale financial assets*

Available for sale financial assets are composed shares that are not quoted in the stock market.

*Information on available for sale financial assets*

|                                 | Current period | Prior period |
|---------------------------------|----------------|--------------|
| <b>Debt Securities</b>          | -              | -            |
| Quoted in stock exchange        | -              | -            |
| Not quoted in stock exchange    | -              | -            |
| <b>Share Certificates</b>       | <b>1,679</b>   | <b>1,634</b> |
| Quoted in stock Exchange        | -              | -            |
| Not quoted in stock Exchange    | 1,679          | 1,634        |
| <b>Impairment provision (-)</b> | -              | -            |
| <b>Total</b>                    | <b>1,679</b>   | <b>1,634</b> |

**5. Information on Loans***Information on all types of loans and advances given to shareholders and employees of the Bank*

|   | Current period |               | Prior period |               |
|---|----------------|---------------|--------------|---------------|
|   | Cash           | Non- Cash     | Cash         | Non- Cash     |
| <b>Direct Loans Granted to Shareholders</b>   | <b>3</b>       | <b>24,344</b> | <b>-</b>     | <b>32,850</b> |
| Corporate Shareholders                        | 3              | 24,344        | -            | 32,850        |
| Individual Shareholders                       | -              | -             | -            | -             |
| <b>Indirect Loans Granted to Shareholders</b> | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>-</b>      |
| <b>Loans Granted to the Bank's personnel</b>  | <b>361</b>     | <b>-</b>      | <b>567</b>   | <b>-</b>      |
| <b>Total</b>                                  | <b>364</b>     | <b>24,344</b> | <b>567</b>   | <b>32,850</b> |

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**

**5. Information on Loans (Continued)**

*Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled*

|                                 | Standard Loans and Other Receivables |                             | Loans and Other Receivables Under Close Monitoring |                             |                             |                             |
|---------------------------------|--------------------------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|
|                                 | Total Loans and Other Receivables    | Restructured or Rescheduled | Total Loans and Other Receivables                  |                             | Restructured or Rescheduled |                             |
|                                 |                                      |                             |  | Extended compensation plans | Other                       | Extended compensation plans |
| <b>Cash Loans</b>               |                                      |                             |  |                             |                             |                             |
| <b>Non-specialized loans</b>    | 1,410,883                            | -                           | -  | -                           | 52,214                      | -                           |
| Corporate loans                 | -                                    | -                           | -  | -                           | -                           | -                           |
| Export loans                    | 119,466                              | -                           | -  | -                           | -                           | -                           |
| Import loans                    | -                                    | -                           | -  | -                           | -                           | -                           |
| Loans given to financial sector | 720,642                              | -                           | -  | -                           | -                           | -                           |
| Consumer loans                  | 363                                  | -                           | -  | -                           | -                           | -                           |
| Credit cards                    | -                                    | -                           | -  | -                           | -                           | -                           |
| Other                           | 570,412                              | -                           | -  | -                           | 52,214                      | -                           |
| <b>Specialized loans</b>        | -                                    | -                           | -  | -                           | -                           | -                           |
| <b>Other receivables</b>        | -                                    | -                           | -  | -                           | -                           | -                           |
| <b>Total</b>                    | <b>1,410,883</b>                     | <b>-</b>                    | <b>-</b>   | <b>-</b>                    | <b>52,214</b>               | <b>-</b>                    |

*Number of amendments related to the plan extension of the payment plan*

| <i>Number of Extension</i>    | Standard loans and other receivables | Loans and other receivables under close monitoring |
|-------------------------------|--------------------------------------|--|
| Extended by 1 or 2 times      | -                                    | 52,214   |
| Extended by 3,4 or 5 times    | -                                    | -  |
| Extended by more than 5 times | -                                    | -  |

*The time extended via the amendment on payment plan*

| <i>Extension periods</i> | Standard loans and other receivables | Loans and other receivables under close monitoring |
|--------------------------|--------------------------------------|--|
| 0 - 6 Months             | -                                    | -  |
| 6 - 12 Months            | -                                    | -  |
| 1 - 2 Years              | -                                    | 4,889  |
| 2 - 5 Years              | -                                    | -  |
| 5 Years and over         | -                                    | 47,325   |

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)***Information on consumer loans, credit cards and loans given to employees*

|   | Short Term | Middle and Long Term | Total      |
|---|------------|----------------------|------------|
| <b>Consumer Loans-TL</b>                          | <b>2</b>   | <b>-</b>             | <b>2</b>   |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | 2          | -                    | 2          |
| Other   | -          | -                    | -          |
| <b>Consumer Loans-Indexed to FC</b>               | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | -          | -                    | -          |
| Other   | -          | -                    | -          |
| <b>Consumer Loans-Indexed to FC</b>               | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | -          | -                    | -          |
| Other   | -          | -                    | -          |
| <b>Individual Credit Cards-TL</b>                 | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Installment                                       | -          | -                    | -          |
| Non-Installment                                   | -          | -                    | -          |
| <b>Individual Credit Cards-FC</b>                 | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Installment                                       | -          | -                    | -          |
| Non-Installment                                   | -          | -                    | -          |
| <b>Personnel Loans- TL</b>                        | <b>19</b>  | <b>342</b>           | <b>361</b> |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | 19         | 342                  | 361        |
| Other   | -          | -                    | -          |
| <b>Personnel Loans- Indexed to FC</b>             | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | -          | -                    | -          |
| Other   | -          | -                    | -          |
| <b>Personnel Loans-FC</b>                         | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Real estate loans                                 | -          | -                    | -          |
| Automotive loans                                  | -          | -                    | -          |
| Consumer loans                                    | -          | -                    | -          |
| Other   | -          | -                    | -          |
| <b>Personnel Credit Cards-TL</b>                  | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Installment                                       | -          | -                    | -          |
| Non-Installment                                   | -          | -                    | -          |
| <b>Personnel Credit Cards-FC</b>                  | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| Installment                                       | -          | -                    | -          |
| Non-Installment                                   | -          | -                    | -          |
| <b>Deposits with Credit Limit-TL (Individual)</b> | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| <b>Deposits with Credit Limit-FC (Individual)</b> | <b>-</b>   | <b>-</b>             | <b>-</b>   |
| <b>Total</b>                                      | <b>21</b>  | <b>342</b>           | <b>363</b> |

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)***Information on installment commercial loans and commercial credit cards*

|  | Short Term   | Middle and Long Term | Total        |
|--|--------------|----------------------|--------------|
| <b>Commercial Installment Loans-TL</b>             | <b>1,956</b> | -                    | <b>1,956</b> |
| Mortgage Loans                                     | -            | -                    | -            |
| Automotive Loans                                   | -            | -                    | -            |
| Consumer Loans                                     | 1,956        | -                    | 1,956        |
| Other  | -            | -                    | -            |
| <b>Commercial Installment Loans-Indexed to FC</b>  | -            | -                    | -            |
| Mortgage Loans                                     | -            | -                    | -            |
| Automotive Loans                                   | -            | -                    | -            |
| Consumer Loans                                     | -            | -                    | -            |
| Other  | -            | -                    | -            |
| <b>Commercial Installment Loans -FC</b>            | -            | -                    | -            |
| Mortgage Loans                                     | -            | -                    | -            |
| Automotive Loans                                   | -            | -                    | -            |
| Consumer Loans                                     | -            | -                    | -            |
| Other  | -            | -                    | -            |
| <b>Corporate Credit Cards-TL</b>                   | -            | -                    | -            |
| With Installment                                   | -            | -                    | -            |
| Without Installment                                | -            | -                    | -            |
| <b>Corporate Credit Cards-FC</b>                   | -            | -                    | -            |
| With Installment                                   | -            | -                    | -            |
| Without Installment                                | -            | -                    | -            |
| <b>Credited Deposit Account-TL (Legal Person)</b>  | -            | -                    | -            |
| <b>Credited Deposit Account -FC (Legal Person)</b> | -            | -                    | -            |
| <b>Total</b>                                       | <b>1,956</b> | -                    | <b>1,956</b> |

*Allocation of domestic and foreign loans*

|                | Current Period   | Prior Period     |
|----------------|------------------|------------------|
| Domestic loans | 1,462,006        | 1,405,814        |
| Foreign loans  | 1,091            | 17,182           |
| <b>Total</b>   | <b>1,463,097</b> | <b>1,422,996</b> |

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)***Loans granted to subsidiaries and associates**None.**Specific provisions for loans*

| <b>Specific provisions</b>                       | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Loans and receivables with limited collectibles  | -                     | -                   |
| Loans and receivables with doubtful collectibles | -                     | 2,261               |
| Uncollectible loans and receivables              | 18,879                | 14,488              |
| <b>Total</b>                                     | <b>18,879</b>         | <b>16,749</b>       |

**Information related to non-performing loans***Information on restructured loans of non-performing loans**None.**Information on movement of total non-performing loans*

|  | <b>III. Group<br/>Loans and<br/>receivables with<br/>limited collectibles</b> | <b>IV. Group<br/>Loans and<br/>receivables with<br/>doubtful collectibles</b> | <b>V. Group<br/>Uncollectible<br/>loans and<br/>receivables</b> |
|--|---|---|---|
| <b>Balances at Beginning of Period</b>                     | -   | <b>4,521</b>  | <b>16,528</b>   |
| Additions (+)  | -   | -   | 124   |
| Transfers from other categories of nonperforming loans (+) | -   | -   | 4,521   |
| Transfers to other categories of nonperforming loans (-)   | -   | 4,521   | -   |
| Collections (-)  | -   | -   | 162   |
| Write-offs (-)   | -   | -   | -   |
| Institutional and commercial credits                       | -   | -   | -   |
| Individual credits   | -   | -   | -   |
| Credit cards   | -   | -   | -   |
| Others   | -   | -   | -   |
| <b>Balances at End of the Period</b>                       | -   | -   | <b>21,011</b>   |
| Specific provisions (-)                                    | -   | -   | 18,879  |
| <b>Net Balance on Balance Sheet</b>                        | -   | -   | <b>2,132</b>  |

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)*****Information on foreign currency non-performing loans***

There are non-performing loan receivables in foreign currency amounting TL 6,370 which is followed in Turkish Lira accounts.

***Information on gross and net loans under follow-up according to the borrowers***

|  | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                     |
|--|--|---|---|
|  | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Non-performing<br/>loans and<br/>receivables</b> |
| <b>Current Period (Net)</b>                              | -  | -   | <b>2,132</b>  |
| Loans granted to real persons and legal entities (Gross) | -  | -   | 16,528  |
| Specific provisions (-)                                  | -  | -   | 14,396  |
| Loans granted to real persons and legal entities (Net)   | -  | -   | 2,132   |
| Banks (Gross) <sup>(1)</sup>                             | -  | -   | 4,483   |
| Specific provisions (-)                                  | -  | -   | 4,483   |
| Banks (Net)  | -  | -   | -   |
| Other Loans and receivables (Gross)                      | -  | -   | -   |
| Specific provisions (-)                                  | -  | -   | -   |
| Other Loans and receivables (Net)                        | -  | -   | -   |
| <b>Prior Period (Net)</b>                                | -  | <b>2,260</b>  | <b>2,040</b>  |
| Loans granted to real persons and legal entities (Gross) | -  | -   | 16,428  |
| Specific provisions (-)                                  | -  | -   | 14,388  |
| Loans granted to real persons and legal entities (Net)   | -  | -   | 2,040   |
| Banks (Gross) <sup>(1)</sup>                             | -  | 4,521   | 100   |
| Specific provisions (-)                                  | -  | 2,261   | 100   |
| Banks (Net)  | -  | 2,260   | -   |
| Other Loans and receivables (Gross)                      | -  | -   | -   |
| Specific provisions (-)                                  | -  | -   | -   |
| Other Loans and receivables (Net)                        | -  | -   | -   |

<sup>(1)</sup> Foreign bank

***Collection policy on loans determined as loss and other receivables***

Loans determined as loans and other receivables are collected via legal follow-up and conversion of guarantees to cash.

***Information on write-off policy***

Loans under legal follow-up are classified and are made provision according to “Regulation on Procedures and Principles Concerning Loans and Other Receivable’s Nature Definition and Provisions”. These loans are collected in collaboration with Corporate and Commercial Credits Monitor and Follow-up Department and Legal and Legislation Services Department and other related departments. However if mentioned loans could not be collected in any way, write-off procedure is implemented. This procedure is implemented by getting the opinion of Legal and Legislation Services Department and by obtaining approvals from Corporate and Commercial Credits Monitor and Follow-up Department and the Board of Directors.



**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****6. Information on held to maturity financial assets***Information on transaction of repo and collateral/blocked financial assets (Net)*

As of 31 March 2017, the Bank has TL 7,899 marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2016: 3,365).

As of 31 March December 2017, the Bank has TL 1,850 held on collateral/blocked for guarantee from assets available-for-sale (31 December 2016: 3,085).

*Information on government held to maturity financial assets*

|                    | Current Period |                | Prior Period  |                |
|--------------------|----------------|----------------|---------------|----------------|
|                    | TL             | FC             | TL            | FC             |
| Government bonds   | 10,400         | -              | 12,269        | -              |
| Treasury Bonds     | -              | -              | -             | -              |
| Other Public Bonds | -              | 291,593        | -             | 293,582        |
| <b>Total</b>       | <b>10,400</b>  | <b>291,593</b> | <b>12,269</b> | <b>293,582</b> |

*Information of investments held to maturity*

|                               | Current Period | Prior Period   |
|-------------------------------|----------------|----------------|
| <b>Debt Instruments</b>       | <b>416,463</b> | <b>404,398</b> |
| Quoted at stock exchange      | 306,376        | 310,697        |
| Not-quoted at stock exchange  | 110,087        | 93,701         |
| Impairment loss provision (-) | (4,615)        | (4,855)        |
| <b>Total</b>                  | <b>411,848</b> | <b>399,543</b> |

*Movement of marketable securities held to maturity*

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| Balances at the Beginning of the Period                | 399,543        | 281,558        |
| Foreign Currency Gains / Losses on Monetary assets     | 20,926         | 56,050         |
| Purchases during the Period                            | 21,435         | 254,588        |
| Disposals through sales and redemptions <sup>(1)</sup> | (25,441)       | (187,798)      |
| Impairment loss provision <sup>(2)</sup>               | (4,615)        | (4,855)        |
| <b>Period end balance</b>                              | <b>411,848</b> | <b>399,543</b> |

<sup>(1)</sup> In the current period redemption amounting to TL 25,441 (31 December 2016: TL 187,798) has been realized from the portfolio.

<sup>(2)</sup> Represents provisions allocated for impairment in the current year.

**7. Information on associates**

The Bank does not have an associate.

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****8. Information on subsidiaries (Net)***Information on unconsolidated subsidiaries*

The Bank does not have an unconsolidated subsidiary.

*Information on subsidiaries***Information on shareholder's equity for  
A&T Finansal Kiralama A.Ş.**

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| <b>CORE CAPITAL</b>   |                |               |
| Paid in Capital   | 77,000         | 77,000        |
| Capital Reserves  | 71             | 80            |
| Legal Reserves  | 2,649          | 2,649         |
| Extraordinary Reserves – Legal Reserve per General<br>Legislation | 1              | 1             |
| Profit / Loss   | 12,730         | 10,826        |
| <i>Net Profit</i>   | 1,904          | 8,630         |
| <i>Prior Period Profit/Loss</i>                                   | 10,826         | 2,196         |
| Intangible Assets (-)   | 241            | 268           |
| <b>Total Core Capital</b>   | <b>92,210</b>  | <b>90,288</b> |
| <b>SUPPLEMENTARY CAPITAL</b>                                      | -              | -             |
| <b>CAPITAL</b>  | <b>92,210</b>  | <b>90,288</b> |
| <b>DEDUCTION FROM CAPITAL</b>                                     | -              | -             |
| <b>NET AVAILABLE CAPITAL<sup>(1)</sup></b>                        | <b>92,210</b>  | <b>90,288</b> |

<sup>(1)</sup> There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 92,210.

<sup>(2)</sup> As decided in the Annual General Meeting which is held on 27 March 2017, the capital is increased amount of TL 8,000 and amount of TL 536 have been reserved as legal reserves.

There is no internal capital adequacy assessment approach for the subsidiary. There is no additional requirements in terms of the capital of the subsidiary.

*Summary information on basic features of equity items*

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the third clause of first and second paragraph of 519 and 521 articles of Turkish Commercial Code no. 6102.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**

| Description |                            | Address (City/Country) | Bank’s share percentage-<br>If different voting<br>percentage (%) | Bank’s risk<br>group share<br>percentage (%) |
|-------------|----------------------------|------------------------|---|--|
| 1           | A&T Finansal Kiralama A.Ş. | İstanbul               | 99.98   | 99.98  |

| Total<br>Assets | Shareholders<br>Equity | Total<br>Fixed<br>Assets | Interest<br>Income | Income from<br>marketable<br>securities<br>portfolio | Current Year<br>Profit / Loss | Prior Years<br>Profit / Loss | Fair<br>value <sup>(1)</sup> |
|-----------------|------------------------|--------------------------|--------------------|--|-------------------------------|------------------------------|------------------------------|
| 322,972         | 92,451                 | 4,416                    | 6,464              | -  | 1,904                         | 8,630                        | -                            |

<sup>(1)</sup> The related subsidiary has no fair value as of 31 March 2017.***Movement related to subsidiaries***

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| <b>Balance at the Beginning of the Period</b>                   | <b>77,211</b>  | <b>70,213</b> |
| <b>Movements during the Period</b>                              | <b>-</b>       | <b>6,998</b>  |
| Purchases   | -              | -             |
| Bonus Shares Received   | -              | 6,998         |
| Dividends from Current Year Profit                              | -              | -             |
| Sales   | -              | -             |
| Revaluation Increase, Effect of Inflation and F/X<br>Difference | -              | -             |
| Impairment Provision (+)  | -              | -             |
| <b>Balance at the End of the Period</b>                         | <b>77,211</b>  | <b>77,211</b> |
| <b>Capital Commitments</b>                                      | <b>-</b>       | <b>-</b>      |
| <b>Share Percentage at the end of Period (%)</b>                | <b>99.98</b>   | <b>99.98</b>  |

***Sectoral Information on the subsidiaries***

| Subsidiaries        | Current Period | Prior Period |
|---------------------|----------------|--------------|
| Banks               | -              | -            |
| Insurance Companies | -              | -            |
| Factoring Companies | -              | -            |
| Leasing Companies   | 77,211         | 77,211       |
| Finance Companies   | -              | -            |
| Other Affiliates    | -              | -            |

***Quoted Subsidiaries***

There is no subsidiaries quoted at stock exchange of the bank.

**9. Information on joint ventures**

The Bank has no joint ventures.

**10. Information on Financial Lease Receivables (Net)**

The Bank has no financial lease operation.

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****11. Information on financial derivatives for hedging**

The Bank has no financial derivatives for hedging.

**12. Information on tangible assets**

As a result of the valuations that are carried out by licensed expertise firms, revaluation difference amounting to TL 94,128 recognized under shareholders’ equity. The carrying amount of real estates before valuation was TL 15,700.

**13. Information on investment property**

The Bank has no investment property.

**14. Information on tax assets**

As of 31 March 2017, there is no tax receivable under current tax asset after the deduction of tax liability.

The net amount of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset. Detailed information on net deferred tax asset amounting to TL 4,275 is presented in footnote II-8 in Section Five.

**15. Information about fixed assets held for sale**

|                                    | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Cost                               | 17             | 17           |
| Impairment (-)                     | 9              | 8            |
| Accumulated Depreciation (-)       | -              | -            |
| <b>Prior Period Net Book Value</b> | <b>8</b>       | <b>9</b>     |
| Opening Balance                    | 17             | 17           |
| Additions                          | -              | -            |
| Disposals (-)                      | 4              | -            |
| Accumulated Impairment (-)         | 7              | 8            |
| Impairment (-)                     | -              | 1            |
| Accumulated Depreciation (-)       | -              | -            |
| Depreciation of disposals          | -              | -            |
| Depreciation Expenses (-)          | -              | -            |
| <b>Closing Net Book Value</b>      | <b>6</b>       | <b>8</b>     |

**16. Information on other assets**

Other assets is amounting to TL 24,608 (31 December 2016: TL 11,757) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES**

**1. Information on maturity profile of deposits**

| <b>Current Period</b>            | <b>Demand</b>    | <b>7 Days Notice</b> | <b>Up to 1 Month</b> | <b>1-3 Months</b> | <b>3-6 Months</b> | <b>6 Months- 1 Year</b> | <b>1 Year and over</b> | <b>Accumulating Deposit Accounts</b> | <b>Total</b>     |
|----------------------------------|------------------|----------------------|----------------------|-------------------|-------------------|-------------------------|------------------------|--------------------------------------|------------------|
| <b>Saving Deposits</b>           | 8,445            | -                    | 814                  | 3,177             | 366               | -                       | -                      | -                                    | 12,802           |
| <b>Foreign Currency Deposits</b> | 426,921          | -                    | 6,714                | 12,639            | 24,652            | 1,014                   | 31,719                 | -                                    | 503,659          |
| Residents in Turkey              | 157,422          | -                    | 3,763                | 5,018             | 18,612            | 149                     | 161                    | -                                    | 185,125          |
| Residents Abroad                 | 269,499          | -                    | 2,951                | 7,621             | 6,040             | 865                     | 31,558                 | -                                    | 318,534          |
| <b>Public Sector Deposits</b>    | 1                | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | 1                |
| <b>Commercial Deposits</b>       | 14,982           | -                    | 13                   | 109               | -                 | -                       | -                      | -                                    | 15,104           |
| <b>Other Ins. Deposits</b>       | 1,594            | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | 1,594            |
| <b>Precious Metal Deposits</b>   | -                | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | -                |
| <b>Bank Deposits</b>             | 811,462          | -                    | 248,550              | 637,877           | 207,970           | 372,249                 | 1,127,623              | -                                    | 3,405,731        |
| Central Bank                     | -                | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | -                |
| Domestic Banks                   | 152,194          | -                    | 30,010               | -                 | -                 | -                       | -                      | -                                    | 182,204          |
| Foreign Banks                    | 659,268          | -                    | 218,540              | 637,877           | 207,970           | 372,249                 | 1,127,623              | -                                    | 3,223,527        |
| Special Financial Inst.          | -                | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | -                |
| Other                            | -                | -                    | -                    | -                 | -                 | -                       | -                      | -                                    | -                |
| <b>Total</b>                     | <b>1,263,405</b> | <b>-</b>             | <b>256,091</b>       | <b>653,802</b>    | <b>232,988</b>    | <b>373,263</b>          | <b>1,159,342</b>       | <b>-</b>                             | <b>3,938,891</b> |

| <b>Prior Period</b>              | <b>Demand</b>    | <b>7 Days Notice</b> | <b>Up to 1 Months</b> | <b>1-3 Months</b> | <b>3-6 Months</b> | <b>6 Months- 1 Year</b> | <b>1 Year and over</b> | <b>Accumulating Deposit Accounts</b> | <b>Total</b>     |
|----------------------------------|------------------|----------------------|-----------------------|-------------------|-------------------|-------------------------|------------------------|--------------------------------------|------------------|
| <b>Saving Deposits</b>           | 10,473           | -                    | 2,978                 | 828               | 12                | -                       | -                      | -                                    | 14,291           |
| <b>Foreign Currency Deposits</b> | 462,578          | -                    | 5,809                 | 16,789            | 7,232             | 982                     | 30,586                 | -                                    | 523,976          |
| Residents in Turkey              | 191,496          | -                    | 5,773                 | 6,748             | 938               | 144                     | 156                    | -                                    | 205,255          |
| Residents Abroad                 | 271,082          | -                    | 36                    | 10,041            | 6,294             | 838                     | 30,430                 | -                                    | 318,721          |
| <b>Public Sector Deposits</b>    | -                | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | -                |
| <b>Commercial Deposits</b>       | 9,500            | -                    | 2,878                 | 410               | 3                 | -                       | -                      | -                                    | 12,791           |
| <b>Other Ins. Deposits</b>       | 1,750            | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | 1,750            |
| <b>Precious Metal Deposits</b>   | -                | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | -                |
| <b>Bank Deposits</b>             | 861,691          | -                    | 350,263               | 893,209           | 125,868           | 231,599                 | 1,078,116              | -                                    | 3,540,746        |
| Central Bank                     | -                | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | -                |
| Domestic Banks                   | 40,231           | -                    | 20,167                | 21,687            | -                 | -                       | -                      | -                                    | 82,085           |
| Foreign Banks                    | 821,460          | -                    | 330,096               | 871,522           | 125,868           | 231,599                 | 1,078,116              | -                                    | 3,458,661        |
| Special Financial Inst.          | -                | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | -                |
| Other                            | -                | -                    | -                     | -                 | -                 | -                       | -                      | -                                    | -                |
| <b>Total</b>                     | <b>1,345,992</b> | <b>-</b>             | <b>361,928</b>        | <b>911,236</b>    | <b>133,115</b>    | <b>232,581</b>          | <b>1,108,702</b>       | <b>-</b>                             | <b>4,093,554</b> |

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)*****Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit***

|  | Covered by<br>Deposit Insurance Fund |                 | Not covered by<br>Deposit Insurance Fund |                 |
|--|--------------------------------------|-----------------|--|-----------------|
|  | Current<br>Period                    | Prior<br>Period | Current<br>Period                        | Prior<br>Period |
| Saving Deposits  | 8,915                                | 10,061          | 3,887                                    | 4,230           |
| Foreign Currency Saving Deposits                               | 67,327                               | 66,053          | 174,813                                  | 182,376         |
| Other Saving Deposits  | -                                    | -               | -  | -               |
| Foreign Branches' Deposits Under Foreign<br>Insurance Coverage | -                                    | -               | -  | -               |
| Off-Shore Deposits Under Foreign Insurance<br>Coverage         | -                                    | -               | -  | -               |
| <b>Total</b>   | <b>76,242</b>                        | <b>76,114</b>   | <b>178,700</b>                           | <b>186,606</b>  |

***Amounts not covered by deposit insurance***

Individual deposits not covered by deposit insurance

|   | Current<br>Period | Prior<br>Period |
|---|-------------------|-----------------|
| Deposits and Other Accounts held at Foreign Branches  | -                 | -               |
| Deposits and Other Accounts held by Shareholders and their Relatives  | -                 | -               |
| Deposits and Other Accounts of the Chairman and<br>Members of Board of Directors, Chief Executive Officer, Senior Executive<br>Officers and their Relatives | 1,796             | 1,578           |
| Deposits and Other Accounts held as Assets subject to the Crime defined in the<br>Article 282 of the Turkish Criminal Code no. 5237 dated 26 December 2004  | -                 | -               |
| Deposits at Depositary Banks established for Off-Shore Banking Activities in<br>Turkey  | -                 | -               |
| <b>Total</b>  | <b>1,796</b>      | <b>1,578</b>    |

**2. Information on financial derivatives through profit or loss**

|                      | Current Period |          | Prior Period |          |
|----------------------|----------------|----------|--------------|----------|
|                      | TL             | FC       | TL           | FC       |
| Forward transactions | -              | -        | -            | -        |
| Swap transactions    | 23             | -        | -            | -        |
| Futures transactions | -              | -        | -            | -        |
| Options              | -              | -        | -            | -        |
| Other                | -              | -        | -            | -        |
| <b>Total</b>         | <b>23</b>      | <b>-</b> | <b>-</b>     | <b>-</b> |

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)****3. Information on Funds Borrowed***Information on banks and other financial institutions*

|  | Current Period |               | Prior Period |              |
|--|----------------|---------------|--------------|--------------|
|  | TL             | FC            | TL           | FC           |
| Borrowing from Central Bank                | -              | -             | -            | -            |
| From Domestic Banks and Institutions       | 606            | 3,548         | 1,482        | 2,343        |
| From Foreign Banks, Institutions and Funds | -              | 90,973        | -            | -            |
| <b>Total</b>                               | <b>606</b>     | <b>94,521</b> | <b>1,482</b> | <b>2,343</b> |

*Presentation of funds borrowed based on maturity profile*

|              | Current Period |               | Prior Period |              |
|--------------|----------------|---------------|--------------|--------------|
|              | TL             | FC            | TL           | FC           |
| Short-Term   | 606            | 3,548         | 1,482        | 2,343        |
| Long-Term    | -              | 90,973        | -            | -            |
| <b>Total</b> | <b>606</b>     | <b>94,521</b> | <b>1,482</b> | <b>2,343</b> |

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

Bank's liabilities come from 80% of deposits which mainly come from Libyan Foreign Bank and its subsidiaries.

**4. Information on other foreign resources**

The other external resources is amounting to TL 28,386 (31 December 2016: TL 12,365) and this amount does not exceed 10% of the total balance sheet.

**5. Information on financial lease obligations**

*None.*

**6. Information on liabilities arised from financial derivative transactions for hedging purposes**

The Bank does not have financial derivative instruments for hedging purposes.

**7. Information on provisions***Information on general provisions*

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Provisions for Loans and Receivables in Group I                | 16,756         | 16,784        |
| Additional provisions for the loans with extended payment plan | -              | -             |
| Provisions for Loans and Receivables in Group II               | 2,474          | -             |
| Additional provisions for the loans with extended payment plan | -              | 2,193         |
| Provisions for Non-Cash Loans                                  | 5,178          | 5,139         |
| Other  | -              | -             |
| <b>Total</b>   | <b>24,408</b>  | <b>24,116</b> |

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Provisions for currency exchange gain/loss on foreign currency indexed loans*

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Foreign Exchange Provisions for Foreign Currency Indexed Loans <sup>(1)</sup> | 988                   | 4                   |

<sup>(1)</sup> Foreign exchange differences of foreign currency indexed loans are netted off with loans.

*Special provisions set aside for non-funded and non-cash loans*

As of 31 March 2017, special provisions set aside for non-funded and non-cash loans amounting to TL 2,395 (31 December 2016: TL 2,316).

*Reserve for employee termination benefits*

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves.

As at 31 March 2017 and 31 December 2016, the major actuarial assumptions used in the calculation of the total liability are as follows:

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Discount Rate                          | 3.27%                 | 3.27%               |
| Expected Rate of Salary/Limit Increase | 7.00%                 | 7.00%               |
| Estimated Employee Turnover Rate       | 5.58%                 | 5.56%               |

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2017 is TL 4,426.16 (full TL) (31 December 2016: TL 4,297.21 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Balances at Beginning of Period                       | 7,170                 | 5,968               |
| Provision booked in current period                    | 448                   | 676                 |
| Gains and losses accounted under Shareholder’s equity | 256                   | 830                 |
| Provision paid in current period (-)                  | 499                   | 304                 |
| <b>Balances at End of the Period</b>                  | <b>7,375</b>          | <b>7,170</b>        |

The employee termination benefit liability of the Bank is the amount as at 31 March 2017 is TL 7,375 (31 December 2016: TL 7,170). In addition to this, the unused vacation provision and other employee benefits amount as at 31 March 2017 is TL 4,303 (31 December 2016: TL 4,546).



**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)*****Information on other provisions******Provisions for probable risks***

These financial statements include a free provision that is out of reporting standards, amounting to TL 16,000 thousand provided by the Bank management in the prior years, in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

*In the case of the other provisions, exceeds the 10% of the total provisions, those accounts and balances.*

|                                    | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------------------|-----------------------|---------------------|
| Free provisions for possible risks | 16,000                | 16,000              |
| Provisions for non-cash loans      | 2,395                 | 2,316               |
| Provisions for law suits           | -                     | 37                  |
| <b>Total</b>                       | <b>18,395</b>         | <b>18,353</b>       |

**8. Information on tax payables*****Information on corporate tax liability***

As of 31 March 2017, corporate tax payable after deducting the prepaid tax is TL 3,676 (31 December 2016: TL 3,940)

***Information on tax payables***

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Corporate Tax                            | 3,676                 | 3,940               |
| Banking Insurance Transaction Tax (BITT) | 719                   | 596                 |
| Taxation of Securities                   | 211                   | 3,074               |
| Value added taxes payable                | 23                    | 87                  |
| Corporate tax payable-limited            | 6                     | 9                   |
| Foreign Exchange Legislation Tax         | -                     | -                   |
| Property tax                             | 22                    | 20                  |
| Other                                    | 745                   | 1,244               |
| <b>Total</b>                             | <b>5,402</b>          | <b>8,970</b>        |

***Information on premiums***

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Social Security Premiums - Employee                    | 307                   | 267                 |
| Social Security Premiums - Employer                    | 455                   | 395                 |
| Bank Social Aid Pension Fund Premium - Employee        | -                     | -                   |
| Bank Social Aid Pension Fund Premium - Employer        | -                     | -                   |
| Pension Fund Membership Fees and Provisions - Employee | -                     | -                   |
| Pension Fund Membership Fees and Provisions - Employer | -                     | -                   |
| Unemployment Insurance - Employee share                | 22                    | 19                  |
| Unemployment Insurance - Employer share                | 43                    | 38                  |
| Other  | -                     | -                   |
| <b>Total</b>   | <b>827</b>            | <b>719</b>          |

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Information on deferred tax liability*

The Bank has calculated TL 4,035 deferred tax asset and TL 8,310 deferred tax liability over taxable temporary differences as of 31 March 2017 and recorded the net amount of asset and liability to the financial statement. (31 December 2016: TL 4,873 deferred tax asset and TL 274 deferred tax liability).

The detail of deferred tax asset and liability is as follows:

|  | Current Period                    |                                 | Prior Period                      |                                 |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | Accumulated temporary differences | Deferred tax asset/ (liability) | Accumulated temporary differences | Deferred tax asset/ (liability) |
| Provisions for employee rights                             | 11,678                            | 2,336                           | 11,716                            | 2,343                           |
| Unearned Income  | 3,322                             | 664                             | 3,243                             | 649                             |
| Interest accruals  | 4,050                             | 810                             | 9,065                             | 1,813                           |
| Depreciation difference for tangible and intangible assets | 178                               | 36                              | 297                               | 59                              |
| Derivative financial instruments                           | 23                                | 5                               | -                                 | -                               |
| Other  | 919                               | 184                             | 45                                | 9                               |
| <b>Deferred tax asset</b>                                  | <b>20,170</b>                     | <b>4,035</b>                    | <b>24,366</b>                     | <b>4,873</b>                    |
| Tangible assets revaluation increase                       | 94,128                            | 7,652                           | -                                 | -                               |
| Other  | 3,288                             | 658                             | 1,372                             | 274                             |
| <b>Deferred tax liability</b>                              | <b>97,416</b>                     | <b>8,310</b>                    | <b>1,372</b>                      | <b>274</b>                      |
| <b>Deferred tax asset / (liability), net</b>               |                                   | <b>(4,275)</b>                  |                                   | <b>4,599</b>                    |

The movement of deferred tax asset is as follows:

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Net Book Value at the Beginning of the Period | (4,599)        | (2,830)        |
| Deferred Tax Benefit / (Charge) (Net)         | 1,273          | (1,603)        |
| Deferred Tax Recognized under Equity          | 7,601          | (166)          |
| <b>Net Deferred Tax (Asset)/Liability</b>     | <b>4,275</b>   | <b>(4,599)</b> |

*Information on liabilities of fixed asset held for sale and discontinued operations*

The Bank has no liability related to assets held for sale and discontinued operations.

*Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that loan was borrowed from, and conversation option, if any*

The Banks has no subordinated loans.

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)****9. Information on Shareholders’ Equity***Presentation of Paid-in Capital*

|                 | <b>Current Period</b> | <b>Prior Period</b> |
|-----------------|-----------------------|---------------------|
| Common Stock    | 440,000               | 440,000             |
| Preferred Stock | -                     | -                   |

*Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital*

Registered share capital system is not implemented in the Bank.

*Information on share capital increases and their sources; other information on any increase in capital shares during the current period*

*None.*

*Information on share capital increases from capital reserves*

*None.*

*Capital commitments for current financial year and following period, general purpose of these commitments and estimated resources necessary for these commitments*

No capital commitments have been made to current financial year and following period.

*The impacts of the foresights, which are prospects according to Bank’s prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders’ equity*

*None.*

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)**

***Information on the privileges given to stocks representing the capital***

The share capital can be increased or decreased one or more times. Such an increase may be accomplished through the transfer of monies from the reserves to the capital account and the issuance of “bonus” shares in consequence thereof.

Every shareholder shall have the preferential (pre-emptive) right to subscribe for a proportion of new shares corresponding to the number of shares held by him and such right may be exercised within a period of thirty days from the date of receipt by each shareholder of an invitation to the shareholders to that effect. Such invitation shall be made by registered mail to the address contained in the share register.

These preferential (pre-emptive) rights may only be assigned by approval of the Board of Directors upon the favorable vote of 80% of the members, present or represented.

New shares may not be issued at a price less than the nominal value of the original shares issued.

Fractional shares shall be allocated by the Board of Directors.

The Bank may not finance the acquisition of its own shares whether directly or indirectly.

Arabian shareholders are treated under the same legislation with Turkish citizens. This includes the free transfer of distributed other revenues, guarantees, shares, dividends. And in a similar manner Arabian shareholders are benefited and protected by law No.6224, Foreign Capital Incentive Law.

***Information on marketable securities value increase fund***

The Bank does not have marketable securities value increase fund.

***Information on legal reserve***

As decided in the 39<sup>th</sup> Annual General Meeting which is held on 28 March 2017, in the current period, amount of TL 3,000 have been transferred to legal reserves from profits of previous years according to 519<sup>th</sup> amendment of Turkish Commercial Code no 6102. (31 December 2016: TL 3,473).

***Information on minority shares***

*None.*

**III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS****1. Information on contingent liabilities in the off-balance sheets***Type and amount of irrevocable commitments*

The Bank has TL 4,156 (31 December 2016: TL 38,218) as irrevocable commitments.

*Type and amount of possible losses from off-balance sheet items*

As of the balance sheet date, the Bank has allocated the provision amounting TL 7,573 over total non-cash loans (31 December 2016: TL 7,455).

*Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral*

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 483,088 (31 December 2016: TL 498,103).

*Final guarantees, temporary guarantees, commitments and similar transactions*

The total amount of the Bank's guarantee letters is TL 2,099,591 (31 December 2016: TL 2,031,650).

**2. Total amount of Non-cash loans**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Non-Cash Loans granted for Cash Loan Assurance        | 281,802               | 449,561             |
| Less Than or Equal to One Year with Original Maturity | 124,846               | 266,230             |
| More Than One Year with Original Maturity             | 156,956               | 183,331             |
| Other Non-Cash Loans                                  | 2,300,877             | 2,080,192           |
| <b>Total</b>  | <b>2,582,679</b>      | <b>2,529,753</b>    |

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME****1. Information on interest income***Information on interest income received from loans*

|  | Current Period |              | Prior Period  |              |
|--|----------------|--------------|---------------|--------------|
|  | TL             | FC           | TL            | FC           |
| Interest Received from Loans <sup>(1)</sup>              |                |              |               |              |
| Short- Term Loans  | 20,489         | 2,054        | 22,606        | 2,446        |
| Medium and Long- Term Loans                              | 12             | 4,269        | 210           | 3,384        |
| Interest Received From Non-Performing Loans              | -              | -            | -             | -            |
| Premiums Received From Resource Utilization Support Fund | -              | -            | -             | -            |
| <b>Total</b>   | <b>20,501</b>  | <b>6,323</b> | <b>22,816</b> | <b>5,830</b> |

<sup>(1)</sup> It contains fee and commission income related to cash loans.

*Information on interest income received from banks*

|                                       | Current Period |              | Prior Period |              |
|---------------------------------------|----------------|--------------|--------------|--------------|
|                                       | TL             | FC           | TL           | FC           |
| From Central Bank                     | -              | -            | -            | -            |
| From Domestic Banks                   | 495            | 6,737        | 515          | 4,184        |
| From Foreign Banks                    | -              | 179          | 8            | 68           |
| From Foreign Headquarter and Branches | -              | -            | -            | -            |
| <b>Total</b>                          | <b>495</b>     | <b>6,916</b> | <b>523</b>   | <b>4,252</b> |

*Information on interest income on marketable securities*

|   | Current Period |               | Prior Period |               |
|---|----------------|---------------|--------------|---------------|
|   | TL             | FC            | TL           | FC            |
| Financial assets held for trading   | 227            | 12,190        | 700          | 11,942        |
| Financial assets where fair value change is reflected to income statement | -              | -             | -            | -             |
| Financial assets available for sale                                       | -              | -             | -            | -             |
| Investments held to maturity  | 516            | 4,744         | 665          | 7,455         |
| <b>Total</b>  | <b>743</b>     | <b>16,934</b> | <b>1,365</b> | <b>19,397</b> |

*Information on interest income received from associates and subsidiaries*

None.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)**

**2. Interest Expense**

*Information on interest paid for funds borrowed*

|                           | Current Period |           | Prior Period |          |
|---------------------------|----------------|-----------|--------------|----------|
|                           | TL             | FC        | TL           | FC       |
| <b>Banks</b>              | <b>20</b>      | <b>25</b> | <b>34</b>    | <b>3</b> |
| Central Bank              | -              | -         | -            | -        |
| Domestic Banks            | 20             | 17        | 34           | 3        |
| Foreign Banks             | -              | 8         | -            | -        |
| <b>Other Institutions</b> | -              | -         | -            | -        |
| <b>Total</b>              | <b>20</b>      | <b>25</b> | <b>34</b>    | <b>3</b> |

*Information on interest expense paid to subsidiaries and associates*

None.

*Information on interest expense given on securities issued*

None.

*Maturity structure of the interest expense on deposits*

| Current Period                    | Time Deposit   |               |                |                |              |                  | Cumulative Deposit | Total         |
|-----------------------------------|----------------|---------------|----------------|----------------|--------------|------------------|--------------------|---------------|
|                                   | Demand Deposit | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | More than 1 Year |                    |               |
| <b>Turkish Lira</b>               |                |               |                |                |              |                  |                    |               |
| Interbank deposits                | -              | 882           | -              | -              | -            | -                | -                  | 882           |
| Saving deposits                   | -              | 17            | 50             | 24             | -            | -                | -                  | 91            |
| Public sector deposits            | -              | -             | -              | -              | -            | -                | -                  | -             |
| Commercial deposits               | -              | 13            | 35             | 2              | -            | -                | -                  | 50            |
| Other deposits                    | -              | -             | -              | -              | -            | -                | -                  | -             |
| Deposits with 7 days notification | -              | -             | -              | -              | -            | -                | -                  | -             |
| <b>Total</b>                      | -              | <b>912</b>    | <b>85</b>      | <b>26</b>      | -            | -                | -                  | <b>1,023</b>  |
| <b>Foreign Currency</b>           |                |               |                |                |              |                  |                    |               |
| Foreign currency deposits         | -              | 20            | 52             | 74             | 3            | 191              | -                  | 340           |
| Interbank deposits                | 89             | 930           | 2,624          | 885            | 1,583        | 4,796            | -                  | 10,907        |
| Deposits with 7 days notification | -              | -             | -              | -              | -            | -                | -                  | -             |
| Precious metal deposits           | -              | -             | -              | -              | -            | -                | -                  | -             |
| <b>Total</b>                      | <b>89</b>      | <b>950</b>    | <b>2,676</b>   | <b>959</b>     | <b>1,586</b> | <b>4,987</b>     | -                  | <b>11,247</b> |
| <b>Grand Total</b>                | <b>89</b>      | <b>1,862</b>  | <b>2,761</b>   | <b>985</b>     | <b>1,586</b> | <b>4,987</b>     | -                  | <b>12,270</b> |

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)****3. Information on trading gain/loss**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| <b>Gain</b>                                 | <b>3,860,591</b>      | <b>1,780,328</b>    |
| Gain from money market transactions         | -                     | -                   |
| Gain from financial derivative transactions | 547                   | 910                 |
| Gain from exchange transactions             | 3,860,044             | 1,779,418           |
| <b>Loss (-)</b>                             | <b>(3,859,565)</b>    | <b>(1,780,714)</b>  |
| Loss from money market transactions         | -                     | -                   |
| Loss from financial derivative transactions | (23)                  | (6,086)             |
| Loss from exchange transactions             | (3,859,542)           | (1,774,628)         |
| <b>Net Trading Gain/Loss</b>                | <b>1,026</b>          | <b>(386)</b>        |

**4. Information on income from other operations**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| From Reversal of Provisions of Prior Year | 64                    | 15                  |
| From Communication Income                 | 343                   | 366                 |
| Gain on sales of assets                   | 18                    | -                   |
| Other Income                              | 39                    | 27                  |
| <b>Total</b>                              | <b>464</b>            | <b>408</b>          |

**5. Information on impairment in loans and other receivables**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Specific Provisions on Loans and Other Receivables        | 2,156                 | 26                  |
| <i>Loans and Receivables in Group III</i>                 | -                     | -                   |
| <i>Loans and Receivables in Group IV</i>                  | -                     | -                   |
| <i>Loans and Receivables in Group V</i>                   | 2,156                 | 26                  |
| <i>Doubtful Receivables</i>                               | -                     | -                   |
| General Provision Expenses                                | 292                   | 2,150               |
| Provision for Possible Losses                             | -                     | 4,000               |
| Foreign Exchange Losses on Foreign Currency Indexed Loans | -                     | -                   |
| Impairment Losses on Securities                           | 5,573                 | 7,108               |
| <i>Financial Assets through Profit or Loss</i>            | 5,573                 | 7,108               |
| <i>Investment Securities Available-for-Sale</i>           | -                     | -                   |
| Other Impairment Losses                                   | 433                   | 4,378               |
| <i>Associates</i>   | -                     | -                   |
| <i>Subsidiaries</i>                                       | -                     | -                   |
| <i>Joint Ventures</i>                                     | -                     | -                   |
| <i>Investment Securities Held-to-Maturity</i>             | 433                   | 4,378               |
| Other   | -                     | -                   |
| <b>Total</b>  | <b>8,454</b>          | <b>17,662</b>       |



#### IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME (Continued)

##### 6. Information on other operating expense

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Personnel Expenses   | 14,595         | 12,892        |
| Employee Termination Benefits Expense  | 448            | 218           |
| Tangible Fixed Asset Impairment Expense  | -              | -             |
| Amortization Expenses of Tangible Assets   | 505            | 594           |
| Intangible Fixed Asset Impairment Expense  | -              | -             |
| <i>Goodwill Impairment Expense</i>   | -              | -             |
| Amortization Expenses of Intangible Assets   | 368            | 372           |
| Shareholders Equity Procedure Applied Equity Interest Impairment Expense             | -              | -             |
| Disposable Fixed Asset Impairment Expense  | -              | 1             |
| Amortization Expense of Assets Held for Resale                                       | -              | -             |
| Impairment Expense related to Fixed Assets held for sale and discontinued operations | -              | -             |
| Other Operating Expenses   | 3,169          | 2,865         |
| <i>Operating Lease Expenses</i>  | 413            | 423           |
| <i>Maintenance Expenses</i>  | 792            | 628           |
| <i>Advertisement Expenses</i>  | 104            | 138           |
| <i>Other Expenses</i>  | 1,860          | 1,676         |
| Losses from sales of Assets  | -              | -             |
| Other  | 1,630          | 1,371         |
| <b>Total</b>   | <b>20,715</b>  | <b>18,313</b> |

##### Information on dividend expense

None.

##### 7. Information on profit/loss before taxes including profit/loss from discontinued operations

The pre-tax income amount from continued operations is TL 23,784 (31 March 2016: TL 20,610).

##### 8. Information on tax provision related to continued operations and discontinued operations

###### *Current period taxation benefit or charge and deferred tax benefit or charge*

For the period ended 31 March 2017, taxation charge is TL 3,672 (31 March 2016: TL 6,287 corporate tax income) and deferred tax income is TL 1,273 (31 March 2016: TL 831 as deferred tax income).

###### *Deferred tax charge arising from origination or reversal of temporary differences*

The Bank has TL 1,273 as deferred tax expense arising from origination of temporary differences (31 March 2016: TL 831 deferred tax income).

###### *Deferred tax charge/income represented in the income statement within the context of temporary difference, financial loss and tax reduction.*

The Bank has TL 1,273 as deferred tax expense reflected in the income statement computed over temporary difference and tax deductions and exemptions (31 March 2016: TL 831 deferred tax income).

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)****9. Information on net profit or loss of the period including profit/loss from continued and discontinued operations**

Current period profit from continued operations is TL 18,839 (31 March 2016: TL 15,154).

**10. Information on net profit or loss of the period**

*Information on nature, dimension and frequency rate of income and expense accounts resulting from ordinary banking transactions if they are necessary for explaining the Bank’s current period performance*

*None.*

*Information on the profit or loss effect of a change in an estimation related to financial statements and future period effect of the change in this estimation*

There is no change in accounting estimation related to consolidated financial statements.

*Profit/loss regarding minority rights*

There is no profit/loss regarding minority rights in the accompanying unconsolidated financial statements since the Parent Bank owns 99.98% of the consolidated subsidiary

**11. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement.**

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 5,714 (31 March 2016: TL 4,712) consist of transfer commissions, letter of credit commissions and other.

|                              | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------------|-----------------------|---------------------|
| Letter of Credit Commissions | 4,086                 | 3,812               |
| Transfer Commissions         | 1,399                 | 635                 |
| Other                        | 229                   | 265                 |
| <b>Total</b>                 | <b>5,714</b>          | <b>4,712</b>        |

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**V. INFORMATION ON THE BANK’S RISK GROUP**

**1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period**

*Information on the loans of the Bank’s risk group*

| Current Period   | Associates, Subsidiaries and Joint Ventures |          | Bank’s Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|--|---|----------|---|----------|--------------------------------|----------|
|  | Cash  | Non-cash | Cash                                    | Non-Cash | Cash                           | Non-cash |
|  | Bank’s Risk Group <sup>(1)</sup>            |          |   |          |                                |          |
| <b>Loans and Other Receivables</b>                     |   |          |   |          |                                |          |
| Balance at the beginning of the period                 | -   | 1,002    | -                                       | 32,850   | 151,292                        | 93,085   |
| Balance at the end of the period                       | -   | 1,591    | 3                                       | 24,344   | 151,169                        | 118,125  |
| Interest and Commission Income received <sup>(2)</sup> | -   | -        | -                                       | -        | 936                            | -        |

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

<sup>(2)</sup> Loans given to the Bank’s direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

| Prior Period                            | Associates, Subsidiaries and Joint Ventures |          | Bank’s Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|---|---|----------|---|----------|--------------------------------|----------|
|   | Cash  | Non-cash | Cash                                    | Non-Cash | Cash                           | Non-cash |
|   | Bank’s Risk Group <sup>(1)</sup>            |          |   |          |                                |          |
| <b>Loans and Other Receivables</b>      |   |          |   |          |                                |          |
| Balance at the beginning of the period  | -   | 569      | -                                       | 11,681   | 89,650                         | 127,945  |
| Balance at the end of the period        | -   | 1,002    | -                                       | 32,850   | 151,292                        | 93,085   |
| Interest and Commission Income received | -   | -        | -                                       | -        | 4,108                          | -        |

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

*Information on deposits of the Bank’s risk group*

| Bank’s Risk Group <sup>(1)</sup>       | Associates, Subsidiaries and Joint Ventures |              | Bank’s Direct and Indirect Shareholders |              | Other Components in Risk Group |              |
|--|---|--------------|---|--------------|--------------------------------|--------------|
|  | Current Period                              | Prior Period | Current Period                          | Prior Period | Current Period                 | Prior Period |
|  |   |              |   |              |                                |              |
| <b>Deposits</b>                        |   |              |   |              |                                |              |
| Balance at the beginning of the period | 1,097                                       | 84           | 2,022,582                               | 2,134,349    | 875,385                        | 345,621      |
| Balance at the end of the period       | 39  | 1,098        | 1,791,532                               | 2,022,581    | 1,095,284                      | 875,385      |
| Interest expense on deposits           | -   | -            | 1,278                                   | 2,027        | 1,189                          | 196          |

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

*Information on forward transactions, options and other contracts related to Bank’s risk group*

None.

*Information on benefits provided for top level management:*

For the period ended 31 March 2017, TL 2,879 (31 March 2016: TL 2,342) has been paid to the top level management of the Bank as salaries and fringe benefit.

**VI. SUBSEQUENT EVENTS**

None.

**SECTION SIX**

**LIMITED AUDITOR’S REPORT**

**I. INFORMATION ON LIMITED AUDITOR’S REPORT**

As of 31 March 2017, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative) and Independent Auditor’s Report dated 26 April 2017 is presented preceding the financial statements.

**II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR**

*None.*

**SECTION SEVEN**

**UNCONSOLIDATED INTERIM ACTIVITY REPORT**

**I. Evaluation of the Chairman and General Manager for the Period**

In the first quarter of 2017, global markets focused on signals of the economic policies which will be followed by the new US government and process and timing of interest rate hikes by the US Federal Reserve (FED). In addition, the UK’s Brexit process, elections in the Eurozone, developments in Chinese economy and increase in geopolitical risks were other important topics of the first quarter of 2017.

Since the macroeconomic data in the USA showed that developments on the economy is on progress, the FED raised its policy interest rate by 25 basis points to 0.75-1.00% interval. Two more interest rate hike by the FED are expected for the rest of 2017. On the other hand, the European Central Bank did not make any changes on the policy interest rates in the first quarter and kept its current asset purchase program on hold in parallel with the expectations. China's economy, leading of developing countries, has started the year with a moderate economic growth performance.

Turkish economy recorded a moderate growth performance with 2.9% in 2016 in spite of the extraordinary developments and shocks. Current account deficit rose due to increases in commodity prices and sharp decline in tourism revenues. As of February 2017, the deficit expanded by 3.4% compared to the end of 2016 to twelve months figure of USD 33.7 billion. Meanwhile, annual increase in consumer price index, which was 8.53% at the end of 2016, reached to 11.29% at end-March 2017 as a result of the increasing trend in food prices and the depreciation in Turkish lira. On monetary policy side, the Central Bank of the Republic of Turkey raised the late liquidity interest rate from 10% to 11.75%.

The banking sector continues its moderate growth. At end-February 2017, total assets increased by 3.3% compared to the end of 2016 to TL 2,820 billion. In this period, loans and deposits volumes grew by 3.1% and 2.1%, respectively. In comparison with the same period of the previous year, net term profit climbed by 25% to TL 8.5 billion mainly due to the increase in interest incomes and annual return on equity ratio went up to 15.31%. The sector’s capital adequacy ratio realized as 15.91%.

A&T Bank operates in line with the target of ‘sustainable growth with profitability’. At end-March 2017, total assets and shareholders’ equity of the Bank stood at TL 4.9 billion and TL 745.9 million, respectively. At the same period, cash loans realized as TL 1,463.1 million, while guaranties and suretyships increased to TL 2,582.7 million. On profitability side, net term profit of the Bank increased by 24.3% compared to the same period of the previous year to TL 18.8 million and return on equity ratio stood at 10.85%. Capital adequacy standard ratio maintained its robust outlook by 21.13%.

In the coming period, our primary goal will be providing accurate and accelerated solutions to our customers in all our target markets especially in North Africa, as it was in the past. As A&T Bank, we will continue to contribute in the Turkish economy in the context of being Turkey’s door to this region.

Best regards,

Abdulahkim A. E. KHAMAG  
General Manager

Yılmaz ERTURK  
Chairman

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated. )

**II. Unconsolidated Financial Highlights for the Period**

| <b>Assets (TL Thousand) (1)</b>    | <b>2016/12</b>   | <b>2017/03</b>   |
|------------------------------------|------------------|------------------|
| Cash and Balances with the CBT (2) | 981,082          | 1,068,163        |
| Banks                              | 1,367,745        | 1,263,601        |
| Securities Portfolio (Net) (3)     | 951,994          | 883,668          |
| Loans and Receivables              | 1,427,296        | 1,465,229        |
| Investment in Subsidiaries (Net)   | 77,211           | 77,211           |
| Tangible and Intangible Assets (4) | 21,157           | 114,849          |
| Other Assets (5)                   | 16,364           | 24,614           |
| <b>Total Assets</b>                | <b>4,842,849</b> | <b>4,897,335</b> |

| <b>Liabilities (TL Thousand) (1)</b> | <b>2016/12</b>   | <b>2017/03</b>   |
|--------------------------------------|------------------|------------------|
| Deposits                             | 4,093,554        | 3,938,891        |
| Funds Borrowed                       | 3,825            | 95,127           |
| Interbank Money Market               | 3,495            | 20,005           |
| Other Liabilities (6)                | 101,219          | 97,446           |
| Shareholders' Equity (7)             | 640,756          | 745,866          |
| <b>Total Liabilities</b>             | <b>4,842,849</b> | <b>4,897,335</b> |

| <b>Off-Balance Sheet Commitments (TL Thousand)</b> | <b>2016/12</b>   | <b>2017/03</b>   |
|--|------------------|------------------|
| Guarantees and Suretyships                         | 2,529,753        | 2,582,679        |
| Commitments  | 38,218           | 4,156            |
| Derivative Financial Instruments                   | 35,105           | 51,076           |
| <b>Total Off-Balance Sheet Commitments</b>         | <b>2,603,076</b> | <b>2,637,911</b> |

| <b>Income Statement (TL Thousand)</b>                | <b>2016/03</b> | <b>2017/03</b> |
|--|----------------|----------------|
| Interest Income                                      | 54,813         | 52,851         |
| Interest Expense (-)                                 | 7,991          | 12,547         |
| Net Interest Income                                  | 46,822         | 40,304         |
| Net Fees and Commission Income                       | 9,741          | 11,159         |
| Trading Profit / Loss (+ / -)                        | (386)          | 1,026          |
| Other Operating Income                               | 408            | 464            |
| Total Operating Income                               | 56,585         | 52,953         |
| Provisions for Loans or Other Receivables Losses (-) | 17,662         | 8,454          |
| Other Operating Expenses (-)                         | 18,313         | 20,715         |
| Profit / Loss Before Tax                             | 20,610         | 23,784         |
| Tax Provision (-)                                    | 5,456          | 4,945          |
| <b>Net Profit / Loss</b>                             | <b>15,154</b>  | <b>18,839</b>  |

(1) Rate sensitive assets and liabilities include rediscounts.

(2) Consists of TL and FC Cash, Checks, CBT and Required Reserves.

(3) Consists of Financial Assets where Fair Value Change is Reflected to Income Statement (Net), Investments Held to Maturity (Net) and Financial Assets Available for Sale (Net).

(4) TL 94,128 thousand of quarterly increase in Tangible and Intangible Assets comes from the Real Estate Re-evaluation Differences.

(5) Consists of Assets for Tax, Property and Equipment Held for Sale Purpose and Other Assets.

(6) Consists of Derivatives Financial Liabilities Held for Trading, Miscellaneous Payables, Other External Sources, Provisions, Leasing Transactions Payables and Liabilities for Taxes.

(7) TL 86,476 thousand of quarterly increase in Shareholders' Equity comes from the Real Estate Re-evaluation Differences.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

#### III. Unconsolidated Main Financial Ratios

| (%)                             | 2016/03 | 2016/12 | 2017/03 |
|---------------------------------|---------|---------|---------|
| Return on Assets (8)            | 1.85    | 1.41    | 1.42    |
| Return on Equity (8)            | 12.88   | 10.53   | 10.85   |
| Capital Adequacy Standard Ratio | 19.70   | 18.80   | 21.13   |
| Loans / Total Assets            | 35.84   | 29.47   | 29.92   |
| Deposits / Total Assets         | 82.75   | 84.53   | 80.43   |
| Non-performing loans (net)      | 1.10    | 1.66    | 1.65    |

(8) The ratios are annualized.

#### IV. Evaluation of the Bank's Financial Position and Performance

- In the first quarter of 2017, total assets of the Bank went up by 1.1% compared to 2016 from TL 4,843 million to TL 4,897 million. In the period examined, the most significant investment instruments of the Bank included loans and receivables (29.9%) totaling TL 1,465.2 million, banks (25.8%) totaling TL 1,263.6 million, cash and balances with the CBT (21.8%) totaling TL 1,068.2 million.

As of the end of March-2017, compared to the year-end, the most important increases the Bank recorded in total assets were in tangible and intangible assets by TL 93.7 million, in cash and balances with CBT by TL 87.1 million and in loans and receivables by TL 37.9 million. Meanwhile, the most notable decreases in assets items included in receivables from banks by TL 104.1 million and in marketable securities portfolio by TL 68.3 million.

- External sources constituted 84.8% of the Bank's total liabilities. Total deposits, which was the most significant part of the external sources, realized as TL 3,938.9 million. Shareholders' equity increased by 16.4% (TL 105.1 million) to TL 745.9 million and constituted 15.2% of total liabilities.
- Guaranties and suretyships, which includes letters of guarantee, letters of credit and bank acceptances, went up by 2.1% (TL 52.9 million) to TL 2,582.7 million.
- At end-March 2017, net term profit of A&T Bank stood at TL 18,839 thousand, up by 24.3% from the same period of the previous year. Return on assets and return on equity ratios are 1.42% and 10.85%, respectively.

#### V. Amendments to the Articles of Association

No amendments were made to the Bank's Articles of Association at this period.

#### VI. Changes in the Membership Structure of the Board of Directors

According to the resolution of the Board of Directors dated March 27, 2017 with the resolution no: CRC/306-H/2/17; Mr. Ömer Muzaffer Bakır vacated his position as member of the Board of Directors. Mr. Bilgehan Kuru was appointed to replace him in this post as of the same date.

**VII. Changes in the Membership Structure of the Audit Committee and Managers of the Units responsible for the Internal Systems**

- According to the resolution of the Board of Directors dated March 28, 2017 with the resolution no: 1/306-S/2/17; the chairman and the members of the Audit Committee were determined as follows:

|                    |          |
|--------------------|----------|
| Ahmed M. Benbarka  | Chairman |
| Osman Arslan       | Member   |
| Abdurauf I. Shneba | Member   |
| Bilgehan Kuru      | Member   |

- No changes were made in the membership structure of the Units responsible for the Internal Systems.

**VIII. Changes in the Membership Structure of Other Governance Committees**

- According to the resolution of the Board of Directors dated March 28, 2017 with the resolution no: 17/306/2/17; the membership structures of other governance committees were changed and the chairman and the members of the committees were determined as follows:

**Compensation Committee**

|                             |          |
|-----------------------------|----------|
| Abdulfatah A.Enaami         | Chairman |
| Osman Arslan                | Member   |
| Kemal Şahin                 | Member   |
| Hani Alhmali Allafi Ibrahim | Member   |

**Credit Committee**

|                               |          |
|-------------------------------|----------|
| Osman Arslan                  | Chairman |
| Abdulahkim Ali Emhemed Khamag | Member   |
| Abdulfatah A.Enaami           | Member   |
| Kemal Şahin                   | Member   |

**IX. Other Issues**

- There is no significant changes apart from the above mentioned explanations compared to the 2016 Annual Activity Report of the Bank, which has been prepared according to “the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks”.