

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

Arap Türk Bankası Anonim Şirketi

**Consolidated Financial Statements
As of and For the Nine Month Period Ended 30 September 2017
With Limited Auditors' Report Thereon**
*(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

31 October 2017

*This report contains "Limited Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 76 pages.*



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REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası Anonim Şirketi

Report on the Consolidated Financial Statements

We have reviewed the accompanying statement of financial position of Arap Türk Bankası A.Ş. (the “Bank”) and its financial subsidiaries (together the “Group”) as at 30 September 2017 and the consolidated statements of income, consolidated statement of income and expense items accounted under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period then ended and summary of significant accounting policies and other explanatory information (“interim financial information”). The Bank Management is responsible for the preparation and fair presentation of this interim financial information in accordance with “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 Board 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 review

We conducted our review in accordance with the Standard on Review Engagements (ISRE) 2410, “Limited 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 International Standards on Auditing. 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

As discussed in Section Five Note II, the accompanying consolidated statement of financial position as of 30 September 2017 was prepared comperatively with the 31 December 2016 which included 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 have arisen from any circumstances from any change in economy or market conditions which caused us to qualify our audit opinion on the financial statements relating to the consolidated financial information as at 31 December 2016. General provision total amounting to TL 16,000 thousands was reversed during the nine month period ended 30 September 2017. Due to possible effects of this matter on the comparability of the information of current period and corresponding figures, we express a Qualified Conclusion on this interim consolidated financial information.

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 interim financial information is not presented fairly, in all material respects, the consolidated financial position of Arap Türk Bankası A.Ş. and its financial subsidiaries as of 30 September 2017 and the result of its operations and consolidated cash flows for the nine-month period then ended in accordance with "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 activity report in Section VII, are not consistent with the consolidated 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

31 October 2017
İstanbul, Turkey

Additional Paragraph for convenience translation to English:

As explained in Section 3.1, the accompanying consolidated 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. CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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

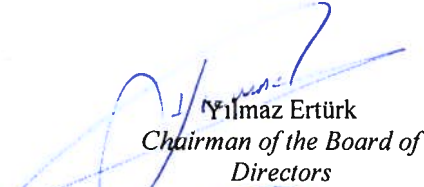
The consolidated interim financial report as of and for the nine month period ended 30 September 2017 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

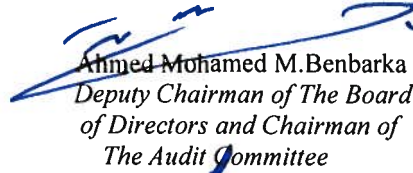
The subsidiaries, associates and jointly controlled companies included in the consolidated interim financial report are as follows:

	Subsidiaries	Associates	Jointly Controlled Companies
1	A&T Finansal Kiralama A.Ş.	-	-

The consolidated 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 consolidated interim financial statements are presented in thousands of Turkish Lira (TL) as of 30 September 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



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



Bilginur Karu
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*



F. Betül Yörel
Manager

Contact information of the personnel for addressing questions regarding this financial report
Name / Title: F. Betül Yörel / Manager
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SECTION ONE**GENERAL INFORMATION ABOUT THE PARENT BANK****I. PARENT 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. PARENT 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 Parent 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 30 September 2017, the Parent Bank's share capital at the balance sheet date as follows:

Shareholders	Current Period		Prior Period	
	Shares	Ownership ⁽¹⁾	Shares	Ownership ⁽¹⁾
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%
Total	440,000	%100	440,000	100%

⁽¹⁾ 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 CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

III. INFORMATION ABOUT THE PARENT 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**

Name	Job Title - Description
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
Abdulkhakim 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
Bilgehan Kuru	Member of the Board of Directors and Audit Committee
Fatma Nur Çetinel	Member of the Board of Directors
Kemal Şahin	Member of the Board of Directors
Wail J. A. Belgasem	Member of the Board of Directors
Hani Alhmalı Allafı İbrahim	Member of the Board of Directors

General Manager and Deputies

Name	Job Title – Description
Abdulkhakim 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 – Department of Treasury and 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 PARENT BANK

Name Surname/Entity Title	Shares	Ownership ⁽¹⁾	Shares	Unpaid Shares
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 PARENT BANK

The Parent 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 PARENT BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES

Immediately transfer of the shareholders' equity between the Parent 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 Parent Bank and its subsidiary. The Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiary.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

Arap Türk Bankası Anonim Şirketi
Consolidated Balance Sheet (Statement of Financial Position)
As of 30 September 2017

(Thousands of Turkish Lira)

ASSETS	Footnotes	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(30/09/2017)	(30/09/2017)	(30/09/2017)	(31/12/2016)	(31/12/2016)	(31/12/2016)
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	7,542	876,102	883,644	12,614	968,469	981,083
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	1,043	374,086	375,129	467	550,350	550,817
2.1 Financial assets held for trading		1,043	374,086	375,129	467	550,350	550,817
2.1.1 Public sector debt securities		-	272,525	272,525	-	430,997	430,997
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		1,043	-	1,043	467	-	467
2.1.4 Other marketable securities		-	101,561	101,561	-	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		-	-	-	-	-	-
III. BANKS	(3)	39,228	902,503	941,731	26,903	1,385,486	1,412,389
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	224	32,991	33,215	224	1,410	1,634
5.1 Securities representing a share in capital		224	1,437	1,661	224	1,410	1,634
5.2 Public sector debt securities		-	31,554	31,554	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	680,341	1,213,041	1,893,382	732,834	694,462	1,427,296
6.1 Loans		678,205	1,213,041	1,891,246	728,534	694,462	1,422,996
6.1.1 Loans granted to the Bank's risk group		-	71,709	71,709	-	151,292	151,292
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		678,205	1,141,332	1,819,537	728,534	543,170	1,271,704
6.2 Loans under follow-up		37,082	-	37,082	21,049	-	21,049
6.3 Specific provisions (-)		34,946	-	34,946	16,749	-	16,749
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	46,062	358,869	404,931	19,060	380,483	399,543
8.1 Public sector debt securities		20,181	286,073	306,254	12,269	293,582	305,851
8.2 Other marketable securities		25,881	72,796	98,677	6,791	86,901	93,692
IX. INVESTMENTS IN ASSOCIATES (Net)	(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		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Financial subsidiaries		-	-	-	-	-	-
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(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		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	68,781	244,809	313,590	61,057	218,900	279,957
12.1 Finance lease receivables		82,469	266,707	349,176	73,656	237,095	310,751
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		13,688	21,898	35,586	12,599	18,195	30,794
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	116,232	-	116,232	22,862	-	22,862
XV. INTANGIBLE ASSETS (Net)		2,250	-	2,250	2,746	-	2,746
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,250	-	2,250	2,746	-	2,746
XVI. INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
XVII. TAX ASSET	(14)	123	-	123	4,626	-	4,626
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		123	-	123	4,626	-	4,626
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(15)	6	-	6	8	-	8
18.1 Held for sale purpose		6	-	6	8	-	8
18.2 Held from discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(16)	8,265	5,619	13,884	9,760	6,066	15,826
TOTAL ASSETS		970,097	4,008,020	4,978,117	893,161	4,205,626	5,098,787

Arap Türk Bankası Anonim Şirketi
Consolidated Balance Sheet (Statement of Financial Position)
As of 30 September 2017

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(30/09/2017)			(31/12/2016)		
	(5-II)	TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		28,965	3,439,023	3,467,988	102,375	3,990,082	4,092,457
1.1 Deposits held by the Bank's risk group	(1)	6,674	2,437,942	2,444,616	54,450	2,843,517	2,897,967
1.2 Other		22,291	1,001,081	1,023,372	47,925	1,146,565	1,194,490
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	11	-	11	-	-	-
III. FUNDS BORROWED	(3)	616	626,831	627,447	1,482	237,153	238,635
IV. INTERBANK MONEY MARKET		-	-	-	3,495	-	3,495
4.1 Interbank money market payables		-	-	-	-	-	-
4.2 İstanbul Stock Exchange money market payables		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		-	-	-	3,495	-	3,495
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		1,969	17,757	19,726	1,523	29,016	30,539
VIII. OTHER EXTERNAL RESOURCES	(4)	5,750	15,347	21,097	7,717	4,648	12,365
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1 Finance leasing payables		-	-	-	-	-	-
10.2 Operational leasing payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	44,745	2,149	46,894	54,001	2,059	56,060
12.1 General provisions		29,053	-	29,053	24,116	-	24,116
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserves for employee benefit		15,290	-	15,290	13,448	-	13,448
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		402	2,149	2,551	16,437	2,059	18,496
XIII. TAX LIABILITY	(8)	12,086	-	12,086	11,147	-	11,147
13.1 Current tax liability		7,533	-	7,533	11,147	-	11,147
13.2 Deferred tax liability		4,553	-	4,553	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Held from discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	782,861	7	782,868	654,089	-	654,089
16.1 Paid-in capital		440,000	-	440,000	440,000	-	440,000
16.2 Supplementary capital		82,831	7	82,838	(2,943)	-	(2,943)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities Value Increase Fund		-	7	7	-	-	-
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		(3,645)	-	(3,645)	(2,943)	-	(2,943)
16.3 Profit reserves		24,855	-	24,855	21,317	-	21,317
16.3.1 Legal reserves		24,852	-	24,852	21,314	-	21,314
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		3	-	3	3	-	3
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		235,175	-	235,175	195,715	-	195,715
16.4.1 Prior years income/loss		170,177	-	170,177	132,486	-	132,486
16.4.2 Current year income/loss		64,998	-	64,998	63,229	-	63,229
16.5 Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES		877,003	4,101,114	4,978,117	835,829	4,262,958	5,098,787

Arap Türk Bankası Anonim Şirketi

Statement of Consolidated Off Balance Sheet Items As of 30 September 2017

(Thousands of Turkish Lira)

	Footnotes (5-III)	Reviewed			Audited		
		CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	TOTAL	TL	FC	TOTAL
A.		273,891	2,724,370	2,998,261	206,219	2,433,463	2,639,682
I.		213,860	2,613,050	2,826,910	176,285	2,353,468	2,529,753
1.1	(1),(2)	205,160	1,857,895	2,063,055	176,285	1,855,365	2,031,650
1.1.1		31,820	203	32,023	110	201	311
1.1.2		45,713	1,619,026	1,664,739	44,154	1,607,539	1,651,693
1.1.3		127,627	238,666	366,293	132,021	247,625	379,646
1.2		-	35,720	35,720	-	4,415	4,415
1.2.1		-	-	-	-	-	-
1.2.2		-	35,720	35,720	-	4,415	4,415
1.3		-	288,623	288,623	-	244,951	244,951
1.3.1		-	-	-	-	-	-
1.3.2		-	288,623	288,623	-	244,951	244,951
1.4		-	-	-	-	-	-
1.5		-	-	-	-	-	-
1.5.1		-	-	-	-	-	-
1.5.2		-	-	-	-	-	-
1.6		-	-	-	-	-	-
1.7		-	-	-	-	-	-
1.8		8,700	430,812	439,512	-	248,737	248,737
1.9		-	-	-	-	-	-
II.		12,698	63,248	75,946	12,488	62,336	74,824
2.1	(1)	4,140	43,708	47,848	10,275	35,472	45,747
2.1.1		-	-	-	5,867	11,132	16,999
2.1.2		-	39,921	39,921	-	16,811	16,811
2.1.3		-	-	-	-	-	-
2.1.4		775	-	775	1,250	-	1,250
2.1.5		-	-	-	-	-	-
2.1.6		-	-	-	-	-	-
2.1.7		3,365	-	3,365	3,158	-	3,158
2.1.8		-	-	-	-	-	-
2.1.9		-	-	-	-	-	-
2.1.10		-	-	-	-	-	-
2.1.11		-	-	-	-	-	-
2.1.12		-	-	-	-	-	-
2.1.13		-	3,787	3,787	-	7,529	7,529
2.2		8,558	19,540	28,098	2,213	26,864	29,077
2.2.1		-	-	-	-	-	-
2.2.2		8,558	19,540	28,098	2,213	26,864	29,077
III.		47,333	48,072	95,405	17,446	17,659	35,105
3.1		-	-	-	-	-	-
3.1.1		-	-	-	-	-	-
3.1.2		-	-	-	-	-	-
3.1.3		-	-	-	-	-	-
3.2		47,333	48,072	95,405	17,446	17,659	35,105
3.2.1		-	-	-	-	-	-
3.2.1.1		-	-	-	-	-	-
3.2.1.2		-	-	-	-	-	-
3.2.2		47,333	48,072	95,405	17,446	17,659	35,105
3.2.2.1		8,809	39,292	48,101	-	17,659	17,659
3.2.2.2		38,524	8,780	47,304	17,446	-	17,446
3.2.2.3		-	-	-	-	-	-
3.2.2.4		-	-	-	-	-	-
3.2.3		-	-	-	-	-	-
3.2.3.1		-	-	-	-	-	-
3.2.3.2		-	-	-	-	-	-
3.2.3.3		-	-	-	-	-	-
3.2.3.4		-	-	-	-	-	-
3.2.3.5		-	-	-	-	-	-
3.2.3.6		-	-	-	-	-	-
3.2.4		-	-	-	-	-	-
3.2.4.1		-	-	-	-	-	-
3.2.4.2		-	-	-	-	-	-
3.2.5		-	-	-	-	-	-
3.2.5.1		-	-	-	-	-	-
3.2.5.2		-	-	-	-	-	-
3.2.6		-	-	-	-	-	-
B.		1,153,028	2,473,369	3,626,397	1,029,994	2,131,831	3,161,825
IV.		307,876	7,591	315,467	262,637	1,867	264,504
4.1		-	-	-	-	-	-
4.2		-	-	-	-	-	-
4.3		307,796	7,591	315,387	261,832	1,867	263,699
4.4		80	-	80	55	-	55
4.5		-	-	-	-	-	-
4.6		-	-	-	-	-	-
4.7		-	-	-	750	-	750
4.8		-	-	-	-	-	-
V.		845,152	2,465,778	3,310,930	767,357	2,129,964	2,897,321
5.1		-	-	-	-	-	-
5.2		78,991	138,250	217,241	94,487	144,873	239,360
5.3		-	-	-	-	-	-
5.4		-	-	-	-	-	-
5.5		24,835	88,587	113,422	27,147	90,061	117,208
5.6		741,326	2,238,941	2,980,267	645,723	1,895,030	2,540,753
5.7		-	-	-	-	-	-
VI.		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		1,426,919	5,197,739	6,624,658	1,236,213	4,565,294	5,801,507

Arap Türk Bankası Anonim Şirketi
Consolidated Income Statement For The Period Ended 30 September 2017

(Thousands of Turkish Lira)

INCOME AND EXPENSES	Footnotes (5-IV)	Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD (01/01/2017-30/09/2017)	CURRENT PERIOD (01/07/2017-30/09/2017)	PRIOR PERIOD (01/01/2016-30/09/2016)	PRIOR PERIOD (01/07/2016-30/09/2016)
I. INTEREST INCOME		185,311	58,396	157,712	44,185
1.1 Interest on loans	(1)	92,725	34,563	81,078	25,896
1.2 Interest received from reserve deposits		4,081	1,669	1,564	440
1.3 Interest received from banks		23,023	7,152	16,414	5,533
1.4 Interest received from money market transactions		22	-	-	-
1.5 Interest received from marketable securities portfolio		48,126	9,074	43,496	7,231
1.5.1 Financial assets held for trading		27,115	3,710	24,293	3,405
1.5.2 Financial assets valued at fair value through profit or loss		-	-	-	-
1.5.3 Financial assets available for sale		214	207	-	-
1.5.4 Investments held to maturity		20,797	5,117	19,203	3,826
1.6 Finance lease income		16,851	5,858	14,751	5,006
1.7 Other interest income		483	120	449	79
II. INTEREST EXPENSE	(2)	45,226	15,387	29,204	10,044
2.1 Interest on deposits		35,811	11,497	24,718	8,550
2.2 Interest on funds borrowed		9,131	3,890	4,190	1,414
2.3 Interest on money market transactions		284	-	209	80
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		-	-	87	-
III. NET INTEREST INCOME/EXPENSE (I - II)		140,085	43,009	128,508	34,141
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		32,568	10,572	27,947	9,382
4.1 Fees and commissions received		33,397	10,843	28,648	9,617
4.1.1 Non-cash loans		17,490	6,337	15,644	5,144
4.1.2 Other	(11)	15,907	4,506	13,004	4,473
4.2 Fees and commissions paid		829	271	701	235
4.2.1 Non-cash loans		-	-	1	1
4.2.2 Other		829	271	700	234
V. DIVIDEND INCOME		118	-	76	-
VI. NET TRADING INCOME/EXPENSE	(3)	1,582	882	908	823
6.1 Profit/losses on trading account securities		178	178	-	-
6.2 Loss/Profit on derivative transactions		644	1,469	(4,903)	283
6.3 Foreign exchange profit/losses		760	(765)	5,811	540
VII. OTHER OPERATING INCOME	(4)	19,957	4,637	1,249	(147)
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		194,310	59,100	158,688	44,199
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	46,359	4,838	35,995	6,620
X. OTHER OPERATING EXPENSES (-)	(6)	69,147	22,411	61,086	20,054
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		78,804	31,851	61,607	17,525
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)	(7)	78,804	31,851	61,607	17,525
XVI. PROVISION FOR TAXES FOR CONTINUING OPERATIONS (±)		(13,806)	(5,546)	(14,570)	(3,484)
16.1 Current tax provision	(8)	(12,228)	(5,049)	(15,872)	(4,260)
16.2 Deferred tax provision		(1,578)	(497)	1,302	776
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV+XVI)	(9)	64,998	26,305	47,037	14,041
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
18.3 Other income from discontinued operations		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Expense on assets held for sale		-	-	-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
19.3 Other expense from discontinued operations		-	-	-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Current tax provision		-	-	-	-
21.2 Deferred tax provision		-	-	-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-	-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)		64,998	26,305	47,037	14,041
23.1 Group's profit/loss		64,998	26,305	47,037	14,041
23.2 Minority shares		-	-	-	-
Earnings/Losses per share		0.0015	0.0006	0.0011	0.0004

Arap Türk Bankası Anonim Şirketi
Statement of Recognized Income and Expense In
Consolidated Shareholders' Equity For the Period Ended 30 September 2017

(Thousands of Turkish Lira)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Reviewed	Reviewed
		CURRENT PERIOD (01/01/2017-30/09/2017)	PRIOR PERIOD (01/01/2016-30/09/2016)
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	9	-
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	(878)	(799)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	(7,478)	160
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	85,781	(639)
XI.	CURRENT PERIOD PROFIT/LOSSES	64,998	47,037
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	64,998	47,037
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	150,779	46,398

Arap Türk Bankası Anonim Şirketi Statement of Changes in Consolidated Shareholders' Equity For the Period Ended 30 September 2017

(Thousands of Turkish Lira)

	Balances at end of prior period (III, IV, V, ... XVIII, XIX, XX)	Fees Paid in Capital	Capital Reserves from Inflation Adjustments to Paid in Capital	Share Premium	Share Cancellation Profits	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Net Profit/Loss	Securities Value Increase/Decrease	Revaluation Surplus on Tangible and Intangible Assets	Homes, Shares of Equity Participations	Hedge Reserves	Accruals on Assets Held for Sale and Assets of Discontinued Ops	Total Shareholders' Equity	Minority Shareholders	Total Shareholders	
																		III
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
PRIOR PERIOD (30/09/2016)																		
I.	Balances at the beginning of the period	440,000	-	-	-	3	(2,260)	72,493	85,838	-	-	-	-	-	613,535	-	613,535	
II.	Corrections made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effects of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of changes in accounting policies (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted balances at the beginning of the period (I-II)	440,000	-	-	-	3	(2,260)	72,493	85,838	-	-	-	-	-	613,535	-	613,535	
Changes within the period																		
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 intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Capital Reserves From Inflation Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX.	Current Period Net Profit	-	-	-	-	-	(639)	47,037	46,648	-	-	-	-	-	(639)	-	(639)	
XX.	Profit distribution	-	-	-	-	-	-	(72,493)	(22,880)	-	-	-	-	-	(22,880)	-	(22,880)	
XXI.	Dividends distributed	-	-	-	-	-	-	-	(22,880)	-	-	-	-	-	(22,880)	-	(22,880)	
XXII.	Transfers to Reserves	-	-	-	-	-	-	(72,493)	68,648	-	-	-	-	-	-	-	-	
20.1	Transfers to Reserves	-	-	-	-	-	-	-	68,648	-	-	-	-	-	-	-	-	
20.2	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balances at end of period (III, IV, V, ... XVIII, XIX, XX)	440,000	-	-	-	3	(2,097)	47,037	132,486	-	-	-	-	-	637,933	-	637,933	
CURRENT PERIOD (30/09/2017)																		
I.	Balances at end of prior period	440,000	-	-	-	3	(2,093)	63,229	132,486	-	-	-	-	-	654,089	-	654,089	
Changes within the period																		
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.	Hedges for Risk Management	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-	7	
4.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Current Period Net Profit	-	-	-	-	-	(702)	64,998	37,691	-	-	-	-	-	(702)	-	(702)	
XVIII.	Profit distribution	-	-	-	-	-	-	(63,229)	(22,880)	-	-	-	-	-	(22,880)	-	(22,880)	
18.1	Dividends distributed	-	-	-	-	-	-	-	(22,880)	-	-	-	-	-	(22,880)	-	(22,880)	
18.2	Transfers to legal reserves	-	-	-	-	-	-	(63,229)	59,691	-	-	-	-	-	-	-	-	
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.4	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Changing balances (I-II, III, ... XVI, XVII, XVIII)	440,000	-	-	-	3	(3,445)	64,998	170,177	-	-	86,476	-	-	782,868	-	782,868	

Arap Türk Bankası Anonim Şirketi
Statement of Consolidated Cash Flow
For The Period Ended 30 September 2017

(Thousands of Turkish Lira)

	Reviewed		
	Footness (5-V1)	Reviewed CURRENT PERIOD (30/09/2017)	Reviewed PRIOR PERIOD (30/09/2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		73,374	49,044
1.1.1 Interests Received		188,680	157,712
1.1.2 Interest Paid		(19,466)	(22,338)
1.1.3 Dividend Received		118	-
1.1.4 Fees and Commissions Received		33,397	28,648
1.1.5 Other Income		4,269	(4,665)
1.1.6 Collections From Previously Written-off Loans and Other Receivables		9,344	25
1.1.7 Payments to Personnel and Service Suppliers		(57,509)	(49,487)
1.1.8 Taxes Paid		(8,364)	(23,105)
1.1.9 Others		(77,095)	(37,746)
1.2 Changes in Operating Assets and Liabilities		(568,137)	(327,425)
1.2.1 Net Decrease in Financial Assets Held For Trading		179,255	(252,531)
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		50,012	(379,997)
1.2.4 Net (Increase) in Loans		(501,595)	(54,257)
1.2.5 Net Decrease in Other Assets		3,060	(9,759)
1.2.6 Net Increase (Decrease) in Bank Deposits		(720,105)	364,681
1.2.7 Net Increase (Decrease) in Other Deposits		40,982	(12,201)
1.2.8 Net Increase (Decrease) in Funds Borrowed		395,019	(6,176)
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		(14,765)	22,815
I. Net Cash Flow From Banking Operations		(494,763)	(278,381)
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net Cash Flow From Investing Activities		(19,043)	(31,828)
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		(2,081)	(1,024)
2.4 Sales of Tangible Assets		1,537	100
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		(35,579)	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		4,451	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		(83,264)	(186,172)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		96,531	155,798
2.9 Others		(638)	(530)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Flows From Financing Activities		(22,000)	(22,000)
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		(22,000)	(22,000)
3.5 Payments For Financial Leases		-	-
3.6 Others		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		11,629	6,531
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(524,177)	(325,678)
VI. Cash and Cash Equivalents at Beginning of Period		1,688,901	1,796,659
VII. Cash and Cash Equivalents at the End of Period		1,164,724	1,470,981

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION AND FOOTNOTES

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and 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").

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", 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.

Consolidated 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 consolidated 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.

There is not any different accounting policy applied while the preparation of the consolidated financial statements.

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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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, security transactions (treasury transactions) together with international banking services. The Parent Bank uses financial instruments intensively because of the nature of the Parent Bank. The main funding resources are deposits, borrowing and equity and these resources are invested in qualified financial assets. The Parent 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 Group's exchange rates prevailing at the balance sheet date in the Parent Bank financial statements, whereas for other associations over CBRT rates subjected to evaluation.

III. INFORMATION ON CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

The accompanying consolidated financial statements are prepared in accordance with "Communiqué on Preparation of Consolidated Financial Statements" which is published in the Official Gazette No. 26340 dated November 8, 2006. The Parent Bank directly owns the shares of A&T Finansal Kiralama A.Ş. and this subsidiary is consolidated accordingly. As of 30 September 2017 and 31 December 2016, the Parent Bank has no associates.

A&T Finansal Kiralama Anonim Şirketi, was founded in 1997 with the aim to provide financial leasing services.

The Parent Bank and its subsidiary A&T Finansal Kiralama A.Ş that is included in consolidation are together referred to as "Group" in the disclosures and footnotes related to the consolidated financial statements.

"Full Consolidation" method has been applied in consolidating the financial statements of the Bank with the financial statements of its subsidiary. In accordance with this method, the financial statements of the Parent Bank and its subsidiary are combined on a line-by-line basis by adding together the all items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated statement of income.

The major principles applied in the consolidation of subsidiaries

The carrying amount of the Parent Bank's net investment in the subsidiary and the Parent Bank's portion of equity of the subsidiary are eliminated.

All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 30 September 2017 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in similar circumstances.

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group 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 Group 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.

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.

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets Available-for-Sale (Continued)

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 Group 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 Group 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. Is collected which is provisioned in the same year, the impairment loss is deducted from loans and other receivables.

If there is objective evidence that certain leasing receivables will not be collected; the Group assess that receivables in accordance with the "Regulation on Identification of and Provision against Non-Performing Receivables of Financial Leasing, Factoring and Financing Companies" published on the Official Gazette No.26588 dated 20 July 2007.

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. For selling probability to be high, relevant management level should plan the sale and should finalize the plan by determining the buyers. Asset should be marketed in line with its fair value.

A discontinued operation is classified as the Group's assets discarded or assets held for sales. Information on discontinued operations is presented separately in consolidated income statement. As at reporting date, the Group 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 Group'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.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

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.

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 expertise 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:

Tangible assets	Estimated useful life (Years)	Depreciation Rate (%)
Buildings	37-50	2-3
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 lessee

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 under "Finance Lease Payables" account in the consolidated 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 Group does not provide financial leasing services as a lessor.

Finance leasing activities as the lessor

The total of minimum rent amounts are recorded at "finance lease receivables" account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at "unearned income" account. As the rents are collected, "finance lease receivables" account is decreased by the rent amount; and the interest component is recorded at consolidated income statement as interest income.

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 employee termination benefits

In accordance with existing Turkish Labor Law, the Group 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 30 September 2017 is TL 4,732.48 (full TL) (31 December 2016: TL 4,297.21 (full TL)).

The Group reserved for employee severance indemnities in the accompanying consolidated 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 retained earnings.

Other benefits to employees

The Group 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 consolidated 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 Group 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. 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 Group calculates and accounts deferred tax assets and liabilities in accordance with the "TAS 12 - Income Taxes"; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the consolidated 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 Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

XIX. INFORMATION ON SHARE ISSUANCES

The Group 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

The Group has no government incentives.

XXII. INFORMATION ON SEGMENT REPORTING

Operating segment is the unit that operates in only one product or service of the Group 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 VIII of Fourth Section.

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

Retained earnings as per the statutory consolidated financial statements 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 Parent 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 consolidated 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.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

SECTION FOUR

INFORMATION ON THE CONSOLIDATED FINANCIAL POSITION OF THE GROUP

I. INFORMATION ON SHAREHOLDER'S EQUITY

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	780,571	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	436,362	
Share issue premiums	-	
Reserves	24,855	
Gains recognized in equity as per TAS	86,476	
Profit	235,175	
Current Period Profit	64,998	
Prior Period Profit	170,177	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	782,868	
Deductions from Common Equity Tier 1 Capital	2,297	2,747
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	497	497
Goodwill (net of related tax liability)	1,800	2,250
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	-	
Total Deductions From Common Equity Tier 1 Capital	2,297	
Total Common Equity Tier 1 Capital	780,571	

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Deductions from Additional Tier I Capital		
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	-	-
Transition from the Core Capital to Continue to deduce Components	450	-
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(-)	450	-
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 (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	780,121	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	29,053	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	-	-
Tier II Capital Before Deductions	29,053	-
Deductions From Tier II Capital		
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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	29,053	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	809,174	-
Deductions from Total Capital	809,174	-
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 (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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 (-)	-	-
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 (-)	-	-
TOTAL CAPITAL	809,168	809,168
Total Capital	809.168	809.168
Total risk weighted amounts	4.618.178	4.618.178
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	17.90	-
Tier I Capital Adequacy Ratio (%)	17.89	-
Capital Adequacy Ratio (%)	17.52	17.52
BUFFERS		
Total buffer requirement	1.368	-
Capital conservation buffer requirement (%)	1.250	-
Bank specific counter-cyclical buffer requirement (%)	0.118	-
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	13.74	-
Amounts below the Excess Limits as per the Deduction Principles		
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	-	-
Limits related to provisions considered in Tier II calculation	29,053	29,053
General provisions for standard based receivables (before tenthousandtwenty five limitation)	29.053	29.053
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022		
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

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Informations on addition debt instruments to shareholders' equity calculating	Current Period
Exporter	-
Code of debt instrument (CUSIP, ISIN etc.)	-
Legislation of debt instrument	-
Attention Situation of Shareholders' Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
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	-
Interest/Dividend Payments	
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	-
Feature of being convertible bonds	
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	-
Feature of value reduction	
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 th and 8 th articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-

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

II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK

Whether the Group 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 Group complies with net general position-shareholders' 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 Parent 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 Parent 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 Group 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 Parent Bank are as follows

Date	US Dollars	EUR
24 September 2017	TL 3.5090	TL 4.1775
25 September 2017	TL 3.4862	TL 4.1763
26 September 2017	TL 3.5162	TL 4.1818
27 September 2017	TL 3.5344	TL 4.1747
28 September 2017	TL 3.5657	TL 4.1891
30 September 2017	TL 3.5720	TL 4.2023

The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days

The basic arithmetical average of the Parent Bank's foreign exchange bid rate for September 2017 is TL 3.466 for USD and TL 4.1383 for EUR.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)

Information on currency risk of the Group

Current Period	Euro	US Dollars	Other	Total
Assets				
Cash (Cash in Vault. Foreign currencies. Cash in Transit. Cheques Purchased) and Balances with the Central Bank of Turkey	445.849	430.057	196	876.102
Banks	307.299	588.958	6.246	902.503
Financial Assets through Profit or Loss	182.357	191.729	-	374.086
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	97	32.894	-	32.991
Loans ⁽¹⁾	854.413	425.627	-	1.280.040
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	155.799	203.070	-	358.869
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	221.400	29.028	-	250.428
Total Assets	2,167,214	1,901,363	6,442	4,075,019
Liabilities				
Bank Deposits	1.676.462	1.189.387	2.166	2.868.015
Foreign Currency Deposits	260.450	306.657	3.901	571.008
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	206.963	419.868	-	626.831
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	11.684	6.067	6	17.757
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	2.698	14.527	271	17.496
Total Liabilities	2,158,257	1,936,506	6,344	4,101,107
Net Balance Sheet Position	8,957	(35,143)	98	(26,088)
Net Off Balance Sheet Position	(5,416)	35,928	-	30,512
Financial Derivatives (Assets)	-	39.292	-	39.292
Financial Derivatives (Liabilities)	(5.416)	(3.364)	-	(8.780)
Non-Cash Loans	856.615	1.262.493	493.942	2.613.050
Prior Period				
Total Assets	2.568.922	1.672.656	11.897	4.253.475
Total Liabilities	2.564.892	1.693.882	4.184	4.262.958
Balance Sheet Position. net	4.030	(21.226)	7.713	(9.483)
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

⁽¹⁾ As of 30 September 2017 loan balance includes foreign currency indexed loans amounting to TL 66.999 (31 December 2016: TL 47.849).

(2) In accordance with the principles of the "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis". Shareholders' Equity amounting to TL 7 in liabilities are not taken into consideration in the currency risk measurement.

(3) In accordance with the principles of the "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis". Derivative Financial Liabilities Held for Trading amounting to TL 11 in liabilities are not taken into consideration in the currency risk measurement.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. INFORMATION ON CONSOLIDATED 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% of TL against currencies mentioned below as of 30 September 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% appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity ⁽¹⁾	Income Statement	Shareholder's Equity ⁽¹⁾
Euro	(354)	(354)	436	436
US Dollar	(79)	(79)	109	109
Other Currencies	(10)	(10)	(780)	(780)
Total	(443)	(443)	(235)	(235)

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

Assuming 10% depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity ⁽¹⁾	Income Statement	Shareholder's Equity ⁽¹⁾
Euro	354	354	(436)	(436)
US Dollar	79	79	(109)	(109)
Other Currencies	10	10	780	780
Total	443	443	235	235

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

III. INFORMATION ON CONSOLIDATED 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 Parent 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 Parent 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 Parent 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/ shareholders' 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.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

The precautions taken for the interest rate risk the Parent 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 has a limited negative effect on the Parent Bank's financial position, the Parent Bank's Equity structure is able to confront the negative effects of possible fluctuations in the interest rates.

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	430.861	-	-	-	-	452.783	883.644
Banks	796.579	143.768	-	-	-	1.384	941.731
Financial assets at fair value through Profit or Loss	1.155	62.476	95.083	216.415	-	-	375.129
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	31.554	-	1.661	33.215
Loans	628.416	206.548	946.217	60.007	50.058	2.136	1.893.382
Investment securities held-to-maturity	9.687	61.883	83.664	232.327	17.370	-	404.931
Other assets ⁽¹⁾	32.768	28.060	73.457	179.366	-	132.434	446.085
Total assets	1,899,466	502,735	1,198,421	719,669	67,428	590,398	4,978,117
Liabilities							
Bank deposits	1.016.062	829.607	1.028.708	-	-	300	2.874.677
Other deposits	100.721	10.709	1.973	-	-	479.908	593.311
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	19.726	19.726
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	8.877	115.454	485.354	17.762	-	-	627.447
Other liabilities ⁽²⁾	11	-	-	-	-	862.945	862.956
Total liabilities	1,125,671	955,770	1,516,035	17,762	-	1,362,879	4,978,117
Long Position in the Balance Sheet	773.795	-	-	701.907	67.428	-	1.543.130
Short Position in the Balance Sheet	-	(453.035)	(317.614)	-	-	(772.481)	(1.543.130)
Long Position in the Off-balance Sheet	48.101	-	-	-	-	-	48.101
Short Position in the Off-balance Sheet	(47.304)	-	-	-	-	-	(47.304)
Total Position	774,592	(453,035)	(317,614)	701,907	67,428	(772,481)	797

⁽¹⁾ Other Assets: The amount of TL 132.434 in the Non-Interest Bearing column includes: Tangible Assets amounting to TL 116.232, Intangible Assets amounting to TL 2.250, Deferred Tax Assets amounting to TL 123, Assets Held for Sale amounting to TL 6 and Non-Interest Bearing amount of Other Assets amounting to TL 13.823.

⁽²⁾ Other Liabilities: The amount of TL 862.945 in the Non-Interest Bearing Column includes: Shareholders Equity amounting to TL 782.868, Provisions amounting to TL 46.894, Tax, Duty and Premium Payable amounting to TL 12.086 and Non-Interest Bearing amount of Other Foreign Resources amounting to TL 21.097.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	403.429	-	-	-	-	577.654	981.083
Banks	1.216.817	167.603	11.115	-	-	16.854	1.412.389
Financial assets at fair value through profit or loss	368	120.949	139.324	290.176	-	-	550.817
Interbank money market placements	-	-	-	-	-	-	-
Investment securities 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 ⁽¹⁾	44.167	19.992	72.691	143.303	-	45.872	326.025
Total Asset	2,268,563	790,019	525,179	805,791	62,921	646,314	5,098,787
Liabilities							
Bank deposits	1.881.979	348.332	603.889	706.546	-	-	3.540.746
Other deposits	26.664	10.746	31.097	-	-	483.204	551.711
Money market borrowings	3.495	-	-	-	-	-	3.495
Miscellaneous payables	-	-	-	-	-	30.539	30.539
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	37.662	127.426	29.132	44.415	-	-	238.635
Other liabilities ⁽²⁾	-	-	-	-	-	733.661	733.661
Total Liabilities	1,949,800	486,504	664,118	750,961	-	1,247,404	5,098,787
Balance Sheet Long Position	318.763	303.515	-	54.830	62.921	-	740.029
Balance Sheet Short Position	-	-	(138.939)	-	-	(601.090)	(740.029)
Off Balance Sheet Long Position	-	17.659	-	-	-	-	17.659
Off Balance Sheet Short Position	-	(17.446)	-	-	-	-	(17.446)
Total Position	318,763	303,728	(138,939)	54,830	62,921	(601,090)	213

⁽¹⁾ Other Assets: The amount of TL 45.872 in the Non-Interest Bearing column includes: Tangible Assets amounting TL 22.862, Intangible Assets amounting to TL 2.746, Deferred Tax Assets amounting to TL 4.626, Assets Held for Sale amounting to TL 8, Other Assets amounting to TL 15.630.

⁽²⁾ Other Liabilities: The amount of TL 733.661 in the Non-Interest Bearing Column includes: Shareholders Equity amounting to TL 654.089, Provisions amounting to TL 56.060, Tax, Duty and Premium Payable amounting to TL 11.147 and Other Foreign Resources amounting to TL 12.365.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

Current Period	EURO	USD	YEN	TL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	1.05	-	4.00
Banks	1.89	3.36	-	12.91
Financial assets at fair value through profit or loss	2.28	4.12	-	-
Money market placement	-	-	-	-
Financial assets available-for-sale	-	2.83	-	-
Loans	3.60	4.88	-	14.42
Investment securities held-to-maturity	-	-	-	13.21
Financial Lease Receivables	6.32	7.24	-	15.18
Liabilities				
Interbank deposits	0.70	2.70	-	-
Other deposits	1.19	1.78	-	9.08
Money market borrowings	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2.45	3.44	-	6.59
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	0.49	-	3.36
Banks	2.05	2.83	-	11.48
Financial assets at fair value through profit or loss	1.57	3.88	-	-
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	3.23	4.05	-	11.88
Investment securities held-to-maturity	2.80	5.79	-	10.03
Financial Lease Receivables	6.49	7.36	-	14.84
Liabilities				
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	2.45	4.04	-	6.72

IV. INFORMATION ON STOCK POSITION RISK**Equity investment risk due from banking book**

The Parent 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.

IV. INFORMATION ON STOCK POSITION RISK (Continued)

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. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT

Information on liquidity risk management regarding risk capacity of the Parent Bank, responsibilities and structure of the liquidity risk management, reporting of the liquidity risk in the Parent 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 Parent 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.

One of the important components of liquidity management is management information system which is created to offer information about the liquidity position of the Parent 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 Parent 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.

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(Continued)**

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Parent 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 35% of total liabilities. On the other hand, funds received from the Bank's risk group have a 56% share in liabilities.

Information on the Parent Bank's funding strategy including the policies regarding diversification of funding sources and periods

The Parent 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 Parent Bank's liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks. 55% of these funds are USD and 50% are Euro.

Information regarding to the liquidity risk mitigation techniques used

The Parent 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.

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 Parent 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;

- The Parent 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 Parent 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.

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(Continued)****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.

Lowest and highest values for the last three months including the reporting period of consolidated foreign currency and total liquidity coverage ratio by months are as following:

	Month	FC	FC+TL
Lowest	July	81	107
Highest	August	105	140

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(Continued)**

The monthly simple arithmetic average calculated consolidated liquidity coverage ratio of the last three months average is as following.

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	2,054,648	2,027,943	1,487,316	1,460,610
CASH OUTFLOWS				
2 Real person deposits and retail deposits	272.584	262.740	27.350	26.724
3 Stable deposit	8.973	-	449	-
4 Deposit with low stability	263.611	262.740	26.901	26.724
5 Unsecured debts except real person deposits and retail deposits	2.717.104	2.620.560	2.428.603	2.343.779
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2.623.222	2.598.011	2.334.721	2.321.230
8 Other unsecured debts	93.882	22.549	93.882	22.549
9 Secured debts	-	-	-	-
10 Other cash outflows	2.769.381	2.569.978	159.532	130.296
11 Derivative liabilities and margin obligations	295	295	295	295
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	2.769.086	2.569.683	159.237	130.001
16 TOTAL CASH OUTFLOW	5,759,069	5,453,278	2,615,485	2,500,799
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1.584.178	954.052	1.394.941	935.796
19 Other cash inflows	12.998	1.625	12.998	1.625
20 TOTAL CASH INFLOWS	1,597,176	955,677	1,407,939	937,421
				Upper limit applied amounts
21 TOTAL HQLA STOCK			1,487,316	1,460,610
22 TOTAL NET CASH OUTFLOWS			1,207,546	1,563,378
23 LIQUIDITY COVERAGE RATIO (%)			123.17	93.43

⁽¹⁾ 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

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**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(Continued)**

Prior Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,651,075	1,630,296	1,302,802	1,282,022
CASH OUTFLOWS				
2 Real person deposits and retail deposits	262.580	247.283	22.461	24.728
3 Stable deposit	75.947	-	3.797	-
4 Deposit with low stability	186.633	247.283	18.664	24.728
5 Unsecured debts except real person deposits and retail deposits	3.133.171	2.936.925	2.856.821	2.700.350
6 Operational deposit	-	-	-	-
7 Non-operating deposits	3.020.547	2.905.973	2.744.197	2.669.398
8 Other unsecured debts	112.624	30.952	112.624	30.952
9 Secured debts	8.406	-	-	-
10 Other cash outflows	2.477.658	2.289.828	145.392	120.928
11 Derivative liabilities and margin obligations	34	34	34	34
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	2.477.624	2.289.794	145.358	120.894
16 TOTAL CASH OUTFLOW	5,881,815	5,474,036	3,024,674	2,846,006
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1.719.371	1.136.061	1.520.986	1.107.468
19 Other cash inflows	9.168	908	9.168	908
20 TOTAL CASH INFLOWS	1,728,539	1,136,969	1,530,154	1,108,376
				Upper limit applied amounts
21 TOTAL HQLA STOCK			1,302,802	1,282,022
22 TOTAL NET CASH OUTFLOWS			1,494,519	1,737,630
23 LIQUIDITY COVERAGE RATIO (%)			87.17	73.78

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(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 Parent 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 58% of high-quality liquid assets of the Parent Bank, while 41% 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. 69% of the total liabilities are deposits received. 83% of these deposits are deposits obtained from banks.

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

Cash outflows arising from derivative product balances are occurred when the derivative products liabilities are higher than the receivables. As of 30 September 2017, Bank's derivative transactions include foreign currency swap. Net of derivative assets and liabilities amounts arised has TL 295 thousand cash outflow.

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

A significant part of the funding sources are comprised of deposits received. 69% of the liability is deposits and 83% 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 Parent Bank's liquidity transfer and liquidity risk exposure

The Parent 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.

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**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT
(Continued)**

Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	11,015	872,629	-	-	-	-	-	883,644
Banks	35,439	762,523	143,769	-	-	-	-	941,731
Financial Assets at Fair Value through Profit or Loss	-	1,155	62,476	95,083	216,415	-	-	375,129
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	31,554	-	1,661	33,215
Loans	-	628,416	182,123	972,778	60,007	50,058	-	1,893,382
Investment securities held-to-maturity	-	9,687	61,883	83,666	232,325	17,370	-	404,931
Other assets ⁽¹⁾	3,267	32,768	26,642	74,875	179,366	-	129,167	446,085
Total Assets	49,721	2,307,178	476,893	1,226,402	719,667	67,428	130,828	4,978,117
Liabilities								
Interbank Deposits	416,060	600,302	829,607	1,028,708	-	-	-	2,874,677
Other Deposits	479,908	100,721	10,709	1,973	-	-	-	593,311
Funds provided from other financial institutions	-	1,240	986	484,054	141,167	-	-	627,447
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	19,726	19,726
Other liabilities ⁽²⁾	-	2,484	5,049	-	-	-	855,423	862,956
Total Liabilities	895,968	704,747	846,351	1,514,735	141,167	-	875,149	4,978,117
Liquidity Gap	(846,247)	1,602,431	(369,458)	(288,333)	578,500	67,428	(744,321)	-
Prior Period								
Total Assets	114,105	2,752,446	729,615	588,594	803,600	62,921	47,506	5,098,787
Total Liabilities	1,344,895	1,078,828	368,388	667,828	885,747	-	753,101	5,098,787
Net Liquidity Gap	(1,230,790)	1,673,618	361,227	(79,234)	(82,147)	62,921	(705,595)	-

⁽¹⁾ Other assets amounting TL 129.167 at the undistributed part: Tangible Assets amounting TL 116.232, Intangible Assets amounting TL 2.250, Deferred Tax Asset amounting TL 123, Asset Held for Sale amounting TL 6 and Unallocated amount of Other Assets amounting to TL 10.556

⁽²⁾ Other liabilities amounting TL 855.423 at the undistributed part consists of Shareholders Equity amounting TL 782.868, Provisions amounting TL 46.894 and Unallocated amount of Other Foreign Resources TL 25.661.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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VI. INFORMATION ON LEVERAGE RATIO**Information on matters that create difference between current and previous period leverage ratio**

The main factors which cause the difference between periods are core capital and total risk amounts, no significant change occurred regarding portfolio structure.

Summarized comparative table of total asset amount in financial statements which is prepared according to TAS and total risk amount

	Prior Period⁽²⁾	Current Period⁽²⁾
Total asset amount in financial statements which is prepared according to TAS ⁽¹⁾	3.033	2.977
Difference between total asset amount in financial statements which is prepared according to TAS and Communiqué on Preparation of Financial Statements of Banks	-	-
Difference between derivative instruments and credit derivatives amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	83.390	80.188
Difference between Security or secured financing transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	298.752	288.020
Difference between off-balance sheet transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	111.924	108.304
Difference between amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	-	-
Total risk amount	497,099	479,489

⁽¹⁾ Related amounts are calculated from consolidated financial statements according to BRSA Accounting and Reporting Legislation.

⁽²⁾ The arithmetic average of the last nine months in the related periods.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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VI. INFORMATION ON LEVERAGE RATIO (Continued)

	Balance sheet assets	Prior Period	Current Period⁽¹⁾
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	4.210.260	5.103.384
2	(Assets deducted from main capital)	(3.754)	(2.865)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	4.206.506	5.100.519
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	463	724
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	463	724
	Security or secured financing transactions		
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)	-	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	2.451.795	2.840.646
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)	2.451.795	2.840.646
	Equity and total risk		
13	Main capital	608.429	772.036
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	6.658.764	7.941.889
	Leverage ratio		
15	Leverage ratio	9.14%	9.73%

⁽¹⁾Three months average values

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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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)	4.133.772	3.321.706	330.702
2 Standardised approach (SA)	4.133.772	3.321.706	330.702
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	305	322	24
5 Standardised approach for counterparty credit risk (SA-CCR)	305	322	24
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	136.263	169.525	10.901
17 Standardised approach (SA)	136.263	169.525	10.901
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	347.838	295.438	27.827
20 Basic Indicator Approach	347.838	295.438	27.827
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 Total (1+4+7+8+9+10+11+12+16+19+23+24)	4,618,178	3,786,991	369,454

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

None.

RWA flow statements of market risk exposures under an IMA

None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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VIII. INFORMATION ON CONSOLIDATED BUSINESS SEGMENTS

Information on operational segments on 30 September 2017, 30 September 2016 and 31 December 2016 are presented in the table below:

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income	(1.013)	87.651	38.376	15.071	-	140.085
Commission Income	-	32.159	-	409	-	32.568
Unallocated Income/Expense (Net)	-	-	-	-	(93.849)	(93.849)
Operating Income	(1,013)	119,810	38,376	15,480	(93,849)	78,804
<i>Income from Subsidiaries</i>						-
<i>Income before tax</i>						78.804
<i>Tax Provision</i>						(13.806)
Net Profit for the year						64,998

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	609	1.804.524	2.696.153	341.722	-	4.843.008
Unallocated assets	-	-	-	-	135.109	135.109
Total Assets	609	1,804,524	2,696,153	341,722	135,109	4,978,117
Segment Liabilities	276.559	318.983	3.272.981	244.971	-	4.113.494
Unallocated Liabilities	-	-	-	-	81.755	81.755
Equity	-	-	-	-	782.868	782.868
Total Liabilities	276,559	318,983	3,272,981	244,971	864,623	4,978,117

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income	(791)	77.253	38.645	13.401	-	128.508
Commission Income	-	27.688	-	259	-	27.947
Unallocated Income/Expense (Net)	-	-	-	-	(94.848)	(94.848)
Operating Income	(791)	104,941	38,645	13,660	(94,848)	61,607
<i>Income from Subsidiaries</i>						-
<i>Income before tax</i>						61.607
<i>Tax Provision</i>						(14.570)
Net Profit for the year						47,037

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	573	1.267.257	3.445.670	334.263	-	5.047.763
Unallocated assets	-	-	-	-	51.024	51.024
Total Assets	573	1,267,257	3,445,670	334,263	51,024	5,098,787
Segment Liabilities	262.720	287.735	3.549.322	243.702	-	4.343.479
Unallocated Liabilities	-	-	-	-	101.219	101.219
Equity	-	-	-	-	654.089	654.089
Total Liabilities	262,720	287,735	3,549,322	243,702	755,308	5,098,787

SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF
CONSOLIDATED 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	2,043	8,972	1,818	11,289
Central Bank of Turkey	5,499	867,130	10,796	957,180
Other	-	-	-	-
Total	7,542	876,102	12,614	968,469

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	5,499	-	10,796	-
Unrestricted Time Deposits	-	208,335	-	265,646
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	658,795	-	691,534
Total	5,499	867,130	10,796	957,180

⁽¹⁾ 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

Positive differences on derivative financial assets held for trading showed as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	1,043	-	467	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,043	-	467	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**3. Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	39,228	869,841	26,903	1,330,569
Foreign banks	-	32,662	-	54,917
Foreign head offices and branches	-	-	-	-
Total	39,228	902,503	26,903	1,385,486

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
Debt Securities	31,554	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	31.554	-
Share Certificates	1,661	1,634
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	1.661	1.634
Impairment provision (-)	-	-
Total	33,215	1,634

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

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	8	9,524	-	32,850
Corporate Shareholders	8	9.524	-	32.850
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank's personnel	609	-	567	-
Total	617	9,524	567	32,850

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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	
	Loans and other receivables (Total)	Amendments on Conditions of Contract	Loans and other receivables (Total)	Amendments on Conditions of Contract
		Amendments related to the extension of the payment plans		Amendments related to the extension of the payment plan
Cash Loans		plans	Other	plan
Non-specialized loans	1,839,733	-	-	51,513
Corporation loans	-	-	-	-
Export loans	167,314	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	805,206	-	-	-
Consumer loans	609	-	-	-
Credit cards	-	-	-	-
Other	866,604	-	-	51,513
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,839,733	-	-	51,513

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

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times,	-	51,513
Extended by 3.4 or 5 times	-	-
Extended by more than 5 times	-	-

The time extended via the amendment on payment plan

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	1,455
2 - 5 Years	-	-
5 Years and over	-	50,058

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	81	528	609
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	81	528	609
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	81	528	609

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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
Commercial Installment Loans-TL	529	-	529
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	529	-	529
Other	-	-	-
Commercial Installment Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans -FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credited Deposit Account-TL (Legal Person)	-	-	-
Credited Deposit Account -FC (Legal Person)	-	-	-
Total	529	-	529

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	1.887.628	1.405.814
Foreign loans	3.618	17.182
Total	1,891,246	1,422,996

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	2.261
Uncollectible loans and receivables	34.946	14.488
Total	34,946	16,749

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

	III. Group	IV. Group	V. Group
	<i>Loans and receivables with limited collectibles</i>	<i>Loans and receivables with doubtful collectibles</i>	<i>Uncollectible loans and receivables</i>
Balances at Beginning of Period	-	4,521	16,528
Additions (+)	-	8.062	17.315
Transfers from other categories of nonperforming loans (+)	-	-	12.445
Transfers to other categories of nonperforming loans (-)	-	12.445	-
Collections (-)	-	138	9.206
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	37,082
Specific provisions (-)	-	-	34.946
Net Balance on Balance Sheet	-	-	2,136

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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 5,755 which is followed in Turkish Lira accounts.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
Current Period (Net)	-	-	2,136
Loans granted to real persons and legal entities (Gross)	-	-	33.218
Specific provisions (-)	-	-	31.082
Loans granted to real persons and legal entities (Net)	-	-	2.136
Banks (Gross) ⁽¹⁾	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	3.764
Specific provisions (-)	-	-	3.764
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	2,260	2,040
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) ¹	-	4,521	100
Specific provisions (-)	-	2.261	100
Banks (Net)	-	2,260	-
Other Loans and receivables (Gross)K	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

⁽¹⁾ 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.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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 30 September 2017, the Bank has no marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2016: TL 3,365).

As of 30 September 2017, the Bank has TL 1,945 held on collateral/blocked for guarantee from assets available-for-sale (31 December 2015: TL 3,085).

Information on government held to maturity financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	20,181	-	12,269	-
Treasury Bonds	-	-	-	-
Other Public Bonds	-	286,073	-	293,582
Total	20,181	286,073	12,269	293,582

Information of investments held to maturity

	Current Period	Prior Period
Debt Instruments	414,183	404,398
<i>Quoted at stock exchange</i>	315,399	310,697
<i>Not-quoted at stock exchange</i>	98,784	93,701
Impairment loss provision (-)	(9,252)	(4,855)
Total	404,931	399,543

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	27,907	56,050
Purchases during the Period	83,264	254,588
Disposals through sales and redemptions ⁽¹⁾	(96,531)	(187,798)
Impairment loss provision ⁽²⁾	(9,252)	(4,855)
Period end balance	404,931	399,543

⁽¹⁾ In the current period amounting to TL 96.531 (31 December 2016: TL 187.798) redemption has been realized.

⁽²⁾ Represents provisions allocated for impairment in the current year.

7. Information on Associates

The Group does not have an associate.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

The Parent Bank does not have an unconsolidated subsidiary.

Information on subsidiaries**Information on Shareholders' Equity for A&T Finansal Kiralama A.Ş.**

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	85,000	77,000
Effect of Inflation Adjustment on Paid in Capital	55	80
Legal Reserves	3,185	2,649
Extraordinary Reserves - Legal Reserve per General Legislation	1	1
Profit / Loss	8,503	10,826
<i>Net Profit</i>	6,213	8,630
<i>Prior Period Profit/Loss⁽²⁾</i>	2,290	2,196
Intangible Assets (-)	186	268
Total Core Capital	96,558	90,288
SUPPLEMENTARY CAPITAL	-	-
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL⁽¹⁾	96,558	90,288

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 96,558.

⁽²⁾ 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.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

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 466 and 519 articles of Turkish Commercial Code no. 6102.

Description	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
A&T Finansal Kiralama A.Ş.	İstanbul	99.98	99.98

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value ⁽¹⁾
341.722	96.744	4.305	19.805	-	6.213	8.630	-

⁽¹⁾ The related subsidiary has no fair value as of 30 September 2017.

Movement related to consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	77,211	70,213
Movements during the Period	7,999	6,998
Purchases	-	-
Bonus Shares Received	7.999	6.998
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	85,210	77,211
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Valuation methods of investments in subsidiaries

The method used in the accounting of subsidiaries is explained in Section Three.

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	85.210	77.211
Finance Companies	-	-
Other Subsidiaries	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

The Parent Bank does not have a subsidiary that is quoted.

Subsidiaries sold in the current year

None.

Subsidiaries acquired in the current year

None.

9. Information on joint ventures of the Parent Bank

The Parent Bank does not have joint ventures.

10. Information on Financial Lease Receivables (Net)***Information on net financial lease investments***

	Current Period	Prior Period
Gross Financial Lease Investment	349.176	310.751
Earned Financial Lease Income (-)	35.586	30.794
Cancelled Leasing Amounts	-	-
Net Investment on Leases	313,590	279,957

Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	150.657	134.224	150.107	135.364
Between 1-4 years	198.519	179.366	160.331	144.289
Over 4 years	-	-	313	304
Total	349,176	313,590	310,751	279,957

There is a provision amount of TL 1,643 for doubtful financial lease receivables in net financial lease investments (31 December 2016: TL 1,005).

The movement of doubtful receivables is as follows:

	Current Period	Prior Period
Opening Balance	1.005	1.642
Provisions	727	234
Collections	(89)	(871)
Ending Balance	1,643	1,005

11. Information on financial derivatives for hedging

The Group does not have any financial derivatives for hedging.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**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 Group has no investment property.

14. Information on tax assets

As of 30 September 2017, there is no tax receivable under current tax asset after the deduction of tax liability (31 December 2016: None).

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 TL 123 deferred tax asset (31 December 2016: TL 4,626 deferred tax asset) and TL 4,553 deferred tax liability (31 December 2016: None). Detailed information on net deferred tax asset amounting to TL 4,430 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 (-)	-	-
Prior Period Net Book Value	8	9
Opening Balance	17	17
Additions	-	-
Disposals (-).net	4	-
Accumulated Impairment (-)	7	8
Impairment (-)	-	1
Accumulated Depreciation (-)	-	-
Depreciation	-	-
Depreciation Expenses (-)	-	-
Closing Net Book Value	6	8

16. Information on other assets

Other assets is amounting to TL 13,884 (31 December 2016: TL 15,826) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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

Current Period	Demand	7 Days	Up to 1	1-3	3-6	6 Months-	1 Year	Accumulating Deposit Accounts	Total
		Notice	Month	Months	Months	1 Year	and over		
Saving Deposits	4,803	-	94	3,211	296	-	-	-	8,404
Foreign Currency Deposits	461,375	-	11,271	17,695	25,692	2,258	52,717	-	571,008
Residents in Turkey	161,294	-	10,734	7,201	20,140	253	159	-	199,781
Residents Abroad	300,081	-	537	10,494	5,552	2,005	52,558	-	371,227
Public Sector Deposits	1	-	-	-	-	-	-	-	1
Commercial Deposits	9,230	-	-	169	-	-	-	-	9,399
Other Ins. Deposits	4,499	-	-	-	-	-	-	-	4,499
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	416,060	-	167,139	627,189	94,038	117,863	1,452,388	-	2,874,677
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	125,108	-	-	-	-	-	125,108
Foreign Banks	416,060	-	42,031	627,189	94,038	117,863	1,452,388	-	2,749,569
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	895,968	-	178,504	648,264	120,026	120,121	1,505,105	-	3,467,988

Prior Period	Demand	7 Days	Up to 1	1-3	3-6	6 Months-	1 Year	Accumulating Deposit Accounts	Total
		Notice	Month	Months	Months	1 Year	and over		
Saving Deposits	10,473	-	2,978	828	12	-	-	-	14,291
Foreign Currency Deposits	462,484	-	5,809	16,789	7,232	982	30,586	-	523,882
Residents in Turkey	191,402	-	5,773	6,748	938	144	156	-	205,161
Residents Abroad	271,082	-	36	10,041	6,294	838	30,430	-	318,721
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	8,497	-	2,878	410	3	-	-	-	11,788
Other Ins. Deposits	1,750	-	-	-	-	-	-	-	1,750
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	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	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,344,895	-	361,928	911,236	133,115	232,581	1,108,702	-	4,092,457

Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	5.940	10.061	2.464	4.230
Foreign Currency Saving Deposits	74.342	66.053	193.813	182.376
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	80,282	76,114	196,277	186,606

Saving deposits not covered by deposit insurance

There are no foreign or off-shore branches of the Parent Bank. The real persons who are out of scope of Savings and Deposits Insurance Fund have not any current or participation account.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***The deposits that are covered in foreign branches of the Bank's that headquarters located in abroad***

The Parent Bank's headquarter is located in Turkey.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior 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 Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	1,344	1,578
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	1,344	1,578

2. Information on financial derivatives through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	11	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	11	-	-	-

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	616	46,452	1,482	78,997
From Foreign Banks, Institutions and Funds	-	580,379	-	158,156
Total	616	626,831	1,482	237,153

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)*Presentation of funds borrowed based on maturity profile*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	616	88,386	1,482	57,952
Medium and Long-Term	-	538,445	-	179,201
Total	616	626,831	1,482	237,153

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

Group's liabilities come from %70 of deposits, deposits which mainly are from Libyan Foreign Bank and its subsidiaries.

4. Information on other foreign resources

The other external resources is amounting to TL 21,097 (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 Group 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	20,943	16,784
Additional provisions for the loans with extended payment plan	-	-
Provisions for Loans and Receivables in Group II	-	-
Additional provisions for the loans with extended payment plan	2,360	2,193
Provisions for Non-Cash Loans	5,750	5,139
Other	-	-
Total	29,053	24,116

Provisions for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans ⁽¹⁾	1,528	4

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Special provisions set aside for non-funded and non-cash loans***

As of 30 September 2017, special provisions set aside for non-funded and non-cash loans are TL 2,408 (31 December 2016: TL 2,316).

Reserve for employee termination benefits

The Group reserved for employee severance indemnities in the accompanying consolidated 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 30 September 2017 and 31 December 2016, the major actuarial assumptions used in the calculation of the total liability are as follows:

The Parent Bank	Current Period	Prior Period
Discount Rate	3.27%	3.27%
Expected Rate of Salary/Limit Increase	7.00%	7.00%
Estimated Employee Turnover Rate	5.58%	5.56%

Subsidiary	Current Period	Prior Period
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 Parent Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Parent 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 30 September 2017 is TL 4,732.48 (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:

	Current Period	Prior Period
Balances at Beginning of period	7,794	6,465
Provision booked in current period	1,020	803
Actiarial Loss/Gain	846	830
Provision paid in current period (-)	1,075	304
Balances at End of the Period	8,585	7,794

The employee termination benefit liability of the Group is the amount as at 30 September 2017 is TL 8,585 (31 December 2016: TL 7,794). In addition to this, the unused vacation provision and other employee benefits amount as at 30 September 2017 is TL 6,705 (31 December 2016: TL 5,654).

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

None.

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

	Current Period	Prior Period
Free provisions for possible risks	-	16,000
Provisions for non-cash loans	2,408	2,316
Provisions for law suits	143	180
Total	2,551	18,496

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

As of 30 September 2017, corporate tax payable after deducting the prepaid tax is TL 5,049 (31 December 2016: TL 4,639).

Information on tax payables

	Current Period	Prior Period
Corporate Tax	5,049	4,639
Banking Insurance Transaction Tax (BITT)	737	596
Taxation of Securities	466	3,074
Value added taxes payable	26	451
Corporate tax payable-limited	9	9
Foreign Exchange Legislation Tax	-	-
Property tax	17	20
Other	384	1,566
Total	6,688	10,355

Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee	318	299
Social Security Premiums - Employer	458	430
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	24	21
Unemployment Insurance - Employer share	45	42
Other	-	-
Total	845	792

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

The Bank has calculated TL 4,767 deferred tax asset and TL 9,194 deferred tax liability over taxable temporary differences as of 30 September 2017 and recorded the net amount of asset and liability to the financial statement (31 December 2016: TL 5,646 deferred tax asset and TL 1,020 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	15,290	3,058	13,448	2,690
Unearned Income	2,624	525	9,065	1,813
Interest accruals	1,409	282	3,243	649
Depreciation difference for tangible and intangible assets	-	-	297	59
Derivative financial instruments	-	-	-	-
Other	4,511	902	2,177	435
Deferred tax asset	23,834	4,767	28,230	5,646
Tangible assets revaluation increase	94,128	7,652	-	-
Interest accruals	3,692	738	2,514	503
Other	4,020	807	2,588	517
Deferred tax liability	101,840	9,197	5,102	1,020
Deferred tax asset / (liability), net		(4,430)		4,626

The movement of deferred tax asset is as follows:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	(4,626)	(2,940)
Deferred Tax Benefit / (Charge) (Net)	1,578	(1,517)
Deferred Tax Recognized under Equity	7,478	(169)
Net Deferred Tax (Asset)/Liability	4,430	(4,626)

Information on liabilities for assets held for sale and discontinued operation

The Parent Bank has not any liability for assets held for sale and discontinued operation.

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 Parent Bank has no subordinated loans.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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

	Current Period	Prior Period
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 Parent 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 prophesied according to Group's prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders' equity

None.

Information on dividend expense

Based on the decision taken at General Assembly meeting of the Bank held on 28 March 2017, dividend amounting to TL 22,000 is distributed to shareholders from the net profit for the year ended on 31 December 2016. The dividends paid on 27 April 2017.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Information on the privileges given to stocks representing the capital***

According to the master agreement, 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 Parent 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

	Current Period		Prior Period	
	TP	YP	TP	YP
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Difference	-	7	-	-
Exchange rate differences	-	-	-	-
Total	-	7	-	-

Information on legal reserve

In the current period there is TL 3,538 transferred to legal reserves from retained earnings. (31 December 2016: TL 3,473).

Information on Minority Shares

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

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 Group has TL 47,848 (31 December 2016: TL 45,747) as irrevocable commitments.

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

As of 30 September 2017, the Group has allocated the provision amounting TL 8,158 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 763,855 (31 December 2016: TL 498,103).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group's guarantee letters is TL 2,063,055 (31 December 2016: TL 2,031,650).

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	614,858	449,561
Less Than or Equal to One Year with Original Maturity	455,424	266,230
More Than One Year with Original Maturity	159,434	183,331
Other Non-Cash Loans	2,212,052	2,080,192
Total	2,826,910	2,529,753

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 ⁽¹⁾				
Short- Term Loans	66.013	7.734	61.399	8.712
Medium and Long- Term Loans	38	18.940	256	10.671
Interest Received From Non-Performing Loans	-	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	66,051	26,674	61,655	19,383

⁽¹⁾ 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	3,564	19,119	4,052	12,119
From Foreign Banks	-	340	8	235
From Foreign Headquarter and Branches	-	-	-	-
Total	3,564	19,459	4,060	12,354

Information on interest income received from marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	903	26,212	974	23,319
Financial Assets Where Fair Value Change is Reflected to Income Statement	-	-	-	-
Financial Assets Available for Sale	-	214	-	-
Investments Held to Maturity	3,185	17,612	2,163	17,040
Total	4,088	44,038	3,137	40,359

Information on interest income received from associates and subsidiaries

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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
Banks	50	9,081	94	4,096
Central Bank	-	-	-	-
Domestic Banks	50	1.863	94	1.471
Foreign Banks	-	7.218	-	2.625
Other Institutions	-	-	-	-
Total	50	9,081	94	4,096

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						More than 1 Year	Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
Turkish Lira									
Interbank deposits	9	1.528	-	-	-	-	-	1.537	
Saving deposits	-	34	189	41	-	-	-	264	
Public sector deposits	-	-	-	-	-	-	-	-	
Commercial deposits	-	15	38	5	-	-	-	58	
Other deposits	-	-	-	-	-	-	-	-	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Total	9	1.577	227	46	-	-	-	1.859	
Foreign Currency									
Foreign currency deposits	-	93	221	236	21	564	-	1.135	
Interbank deposits	303	586	8.739	1.310	1.642	20.237	-	32.817	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	303	679	8.960	1.546	1.663	20.801	-	33.952	
Grand Total	312	2.256	9.187	1.592	1.663	20.801	-	35.811	

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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

	Current Period	Prior Period
Gain	8,539,937	4,725,954
Gain from money market transactions	178	-
Gain from financial derivative transactions	3.027	1.202
Gain from exchange transactions	8.536.732	4.724.752
Loss (-)	(8,538,355)	(4,725,046)
Loss from money market transactions	-	-
Loss from financial derivative transactions	(2.383)	(6.105)
Loss from exchange transactions	(8.535.972)	(4.718.941)
Net Trading Gain/Loss	1,582	908

4. Information on income from other operations

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	18.744	260
From Communication Income	946	885
Gain on sales of assets	81	8
Other Income	186	96
Total	19,957	1,249

5. Information on impairment in loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	20.882	3.689
<i>Loans and Receivables in Group III</i>	-	-
<i>Loans and Receivables in Group IV</i>	-	-
<i>Loans and Receivables in Group V</i>	20.882	3.689
<i>Doubtful Receivables</i>	-	-
General Provision Expenses	4.937	2.936
Provision for Possible Losses	-	7.000
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	13.626	15.008
<i>Financial Assets through Profit or Loss</i>	13.626	15.008
<i>Investment Securities Available-for-Sale</i>	-	-
Other Impairment Losses	6.267	7.047
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	6.267	7.047
Other	647	315
Total	46,359	35,995

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

6. Information on other operating expense

	Current Period	Prior Period
Personnel Expenses	48.085	42.127
Employee Termination Benefits Expense	989	618
Tangible Fixed Asset Impairment Expense	-	-
Intangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	1.320	1.883
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	1.134	1.127
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	11.532	10.158
<i>Operating Lease Expenses</i>	1.255	1.393
<i>Maintenance Expenses</i>	2.723	2.055
<i>Advertisement Expenses</i>	292	314
<i>Other Expenses</i>	7.262	6.396
Losses from sales of Assets	19	15
Other	6.068	5.157
Total	69,147	61,086

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

The pre-tax income amount from continued operations is TL 78.804 (31 September 2016: TL 61.607).

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 30 September 2017, taxation charge is TL 12.228 (30 September 2016: TL 15.872 tax expense) and deferred tax expense is TL 1.578 (30 September 2016: TL 1.302 deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The Group has TL 1.578 as deferred tax expense arising from origination of temporary differences (30 September 2016: TL 1.302 deferred tax income).

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

The Group has TL 1.578 as deferred tax expense reflected in the income statement computed over temporary difference and tax deductions and exemptions (30 September 2016: TL 1.302 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 64.998 (30 September 2016: TL 47.037).

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 year 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 consolidated 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 15,907 (30 September 2016: TL 13,004) consist of transfer commissions, letter of credit commissions and other .

	Current Period	Prior Period
Letter of Credit Commissions	11,321	9,072
Transfer Commissions	3,506	2,800
Other	1,080	1,132
Total	15,907	13,004

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

V. INFORMATION ON THE GROUP'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 Group's risk group

Current Period

Bank's Risk Group ⁽¹⁾	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
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	32.850	151.292	93.085
Balance at the end of the period	-	-	8	9.524	71.701	139.561
Interest and Commission Income received ⁽²⁾	-	-	-	-	3.854	-

⁽¹⁾ Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.

⁽²⁾ Loans given to the Parent 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

Bank's Risk Group ⁽¹⁾	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
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	11.681	89.650	127.945
Balance at the end of the period	-	-	-	32.850	151.292	93.085
Interest and Commission Income received	-	-	-	-	2.559	-

⁽¹⁾ 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 ⁽¹⁾	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
Deposits						
Balance at the beginning of the period	-	-	2.022.582	2.134.348	875.385	345.621
Balance at the end of the period	-	-	1.981.813	2.022.581	462.803	875.385
Interest expense on deposits	-	-	4.388	5.356	5.468	687

⁽¹⁾ Stated at the 2nd clause of the 49 the article of the Law No. 5411 of Bank's Act.

V. INFORMATION ON THE GROUP'S RISK GROUP (Continued)

Information on forward transactions, options and other contracts related to Group's risk group

None.

Information on forward transactions, options and other contracts related to the Parent Bank's risk group

None.

Information on benefits provided for top level management:

30 September 2017, TL 8,959 (30 September 2016: TL 7,010) has been paid to the top level management of the Bank as salaries and fringe benefit.

VI. SUBSEQUENT EVENTS

None.

SECTION SIX

AUDITOR'S REVIEW REPORT

I. EXPLANATION ON AUDITOR'S REVIEW REPORT

As of 30 September 2017, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited 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 31 October 2017 is presented preceding the financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Evaluation of the Parent Bank's Chairman and General Manager for the Period

Global economic growth continued to improve in the third quarter of the year. Euro Area continues to have positive prospects for a higher economic growth thanks to completed elections process, improving conditions in labor market, historically low levels of interest rates and the recovery in loan growth. Considering the improvement in growth outlook and the decline in the risks, the European Central Bank gives signals that monetary policy will begin to normalize. Despite the US Federal Reserve (FED) undertakings to run off its \$4.5 trillion balance sheet in October, recent weakened inflation path in US continues to support the global risk mood. In a conjuncture where the uncertainties are relatively diminished, the portfolio inflows have continued towards the emerging markets' economies.

On the back of the gains in the economic activity adding up to the payoffs of the stimulus and strong growth in industrial production, the Turkish economy managed to grow by 5.1% in the first half of this year. However, on the inflation side realizations remained above the targets. Annual increase of consumer price index realized as 11.20% at end-September 2017 which was 8.53% at the end of 2016. Inflation expectations for the next 12 month and 24 month maintained their upward trends in the remaining period of this year. On monetary policy side, the Central Bank of the Republic of Turkey underlined that the tight monetary policy stance would be preserved. The Central Bank also left its interest rate corridor unchanged Monetary Policy Committee meeting in September and the average funding rate continued to hover around 11.9%. As of August 2017, the current account deficit, one of the vulnerable parts of the economy, expanded by 13.3% compared to the end of 2016 to twelve months figure of USD 37 billion. While relatively low oil prices and the recovery in tourism sector are evaluated as positive developments for the current account deficit, strong domestic demand and rapid credit expansion have been increasing pressure on the current account balance.

The banking sector maintained its robust outlook. At end-August 2017, total assets increased by 9.5% compared to the end of 2016 to TL 2,990 billion. In this period, loans and deposits volumes grew by 12.7% and 10.2%, respectively. Non-performing loans (gross) / total cash loans ratio realized as 3.12%. Profitability and capitalization indicators of the sector continued to show positive trends. In comparison with the same period of the previous year, net term profit climbed by 25.3% to TL 33.3 billion mainly due to the increase in interest incomes and annualized return on equity ratio went up to 15.2%. The sector's capital adequacy ratio realized as 17.2%.

Our Group operates in line with the target of 'sustainable growth with profitability'. At end-September 2017, consolidated total assets and shareholders' equity of our Group stood at TL 5 billion and TL 783 million, respectively. At the same period, total of loans and lease receivables increased to TL 2,207 million, while guaranties and suretyships realized as TL 2,827 million. Net term profit of the Group increased by 38.2% compared to the same period of the previous year to TL 65 million. Consolidated capital adequacy standard ratio maintained its robust outlook by 17.52%.

Our Group will continue to meet the banking needs of our customers and to play an active role in Turkey's sustainable development process in the coming period with its improving service quality, highly competent workforce and niche operating approach, thereby clearly making difference in all markets where we operate.

Best regards,

Abdulahkim A. E. KHAMAG Yılmaz ERTÜRK
General Manager Chairman

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017**

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

II. Financial Highlights of the Group

Assets (TL Thousand) (1)	2016/12	2017/03	2017/06	2017/09
Cash and Balances with the CBT	981,083	1,068,164	1,104,107	883,644
Banks	1,412,389	1,306,982	995,955	941,731
Securities Portfolio (Net) (2)	951,994	883,668	854,621	813,275
Loans and Receivables	1,427,296	1,465,229	1,950,301	1,893,382
Lease Receivables	279,957	271,054	281,456	313,590
Tangible and Intangible Assets (3)	25,608	119,265	118,805	118,482
Other Assets (4)	20,460	28,678	42,104	14,013
Total Assets	5,098,787	5,143,040	5,347,349	4,978,117

Liabilities (TL Thousand) (1)	2016/12	2017/03	2017/06	2017/09
Deposits	4,092,457	3,938,852	4,003,860	3,467,988
Funds Borrowed	238,635	316,528	479,615	627,447
Interbank Money Market	3,495	20,005	-	-
Other Liabilities (5)	110,111	106,561	106,878	99,814
Shareholders' Equity (3)	654,089	761,094	756,996	782,868
Total Liabilities	5,098,787	5,143,040	5,347,349	4,978,117

Off-Balance Sheet Commitments (TL Thousand)	2016/12	2017/03	2017/06	2017/09
Guarantees and Warranties	2,529,753	2,582,679	2,605,255	2,826,910
Commitments	74,824	35,188	140,339	75,946
Derivative Financial Instruments	35,105	51,076	147,459	95,405
Total Off-Balance Sheet Commitments	2,639,682	2,668,943	2,893,053	2,998,261

Income Statement (TL Thousand)	2016/09	2017/09
Interest Income	157,712	185,311
Interest Expense (-)	29,204	45,226
Net Interest Income	128,508	140,085
Net Fees and Commission Income	27,947	32,568
Dividend Income	76	118
Trading Profit / Loss (+ / -)	908	1,582
Other Operating Income	1,249	19,957
Total Operating Income	158,688	194,310
Provisions for Loans or Other Receivables Losses (-)	35,995	46,359
Other Operating Expenses (-)	61,086	69,147
Profit / Loss Before Tax	61,607	78,804
Tax Provision (-)	14,570	13,806
Net Profit / Loss	47,037	64,998

(1) Rate sensitive assets and liabilities include rediscounts.

(2) 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).

(3) Increases in Tangible & Intangible Assets and in Shareholders' Equity come from the Real Estate Re-evaluation Differences compared to the year-end.

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

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2017

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

III. Evaluation of the Group's Financial Position and Performance

- In the first nine months of 2017, total assets of the Group went down by 2.4% compared to 2016 to TL 4,978 million. In the period examined, the most significant investment instruments in consolidated assets included loans and receivables (38%) totaling TL 1,893 million, banks (18.9%) totaling TL 942 million and cash and balances with the CBT (17.8%) totaling TL 884 million. Lease receivables totaling TL 314 million constituted 6.3% of consolidated assets.

As of the end of September 2017, compared to the year-end, the most important increases the Group recorded in total assets were in loans and receivables by TL 466 million and in tangible and intangible assets by TL 93 million. Meanwhile, the most notable decreases in assets items included in receivables from banks by TL 471 million, in marketable securities portfolio by TL 139 million and in cash and balances with CBT by TL 97 million.

- At end-September 2017, external sources constituted 84.3% of consolidated liabilities. Total deposits which was the most significant part of the external sources, realized as TL 3,468 million. Shareholders' equity increased by 19.7% (TL 129 million) to TL 783 million and constituted 15.7% of consolidated liabilities.
- Guaranties and suretyships, which includes letters of guarantee, letters of credit and bank acceptances, went up by 11.7% (TL 297 million) to TL 2,827 million.
- At end-September 2017, net term profit of the Group increased to TL 64,998 thousand, up by 38.2% from the same period of the previous year.

IV. Information on Subsidiary Subject to Consolidation

- The Parent Bank has a subsidiary that operates in the field of financial leasing.
- A&T Finansal Kiralama A.Ş was established to conduct domestic and foreign financial leasing operations regarding to the permission of Undersecretariat of Treasury and Foreign Trade pursuant to Law No. 3226 with the publication of the Articles of Association in the Turkish Trade Registry Gazette on 4 July, 1997.
- Arap Türk Bankası A.Ş. is the main shareholder of the company by 99.98% share. Operations of the company includes leasing transactions of construction equipment, machinery and real estate.
- The company carries out its leasing activities mainly in Turkey.

V. 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".