

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

# **Arap Türk Bankası Anonim Şirketi**

**Unconsolidated Financial Statements  
As of and For The Nine-Month Period Ended 30 September 2020  
With Auditor's Review Report Thereon**  
*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

6 November 2020

*This report contains "Independent Auditor's Review  
Report" comprising 2 pages and; "Unconsolidated  
Financial Statements and Related Disclosures and  
Footnotes" comprising 87 pages.*



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Convenience Translation of the Independent Auditor's Review Report Originally  
Prepared and Issued in Turkish to English (See Note I in Section Three)

## REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası A.Ş.;

### *Introduction*

We have reviewed the accompanying unconsolidated balance sheet of Arap Türk Bankası A.Ş. (the "Bank") as at 30 September 2020 and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in shareholders' equity, the unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of review*

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



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not present fairly, in all material respects, the financial position of Arap Türk Bankası A.Ş. at 30 September 2020, and its financial performance and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial 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 interim financial information provided in the accompanying interim activity report in section seven, are not consistent with the reviewed unconsolidated interim financial statements and disclosures in all material respects.

## Additional paragraph for convenience translation to English

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM  
Partner

6 November 2020  
Istanbul, Turkey

**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED INTERIM FINANCIAL REPORT  
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

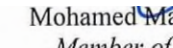
**Address of the Bank's Headquarters :** Valikonağı Caddesi No:10, 34367 – ŞİŞLİ/İSTANBUL  
**Telephone and Fax Numbers :** Tel : 0 212 225 05 00 Faks: 0 212 225 05 26  
**Website of the Bank :** http://www.atbank.com.tr  
**E-mail address of the Bank :** corp@atbank.com.tr


The unconsolidated interim financial report as of and for the nine month period ended 30 September 2020 prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:


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


The unconsolidated financial statements for the nine-month period 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 and the related statements and guidances, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

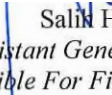
  
**Turgut Güldihan**  
*Chairman of The Board of  
Directors*

  
**Mohamed Masoud A. Aldrogi**  
*Member of The Board of  
Directors and Chairman of The  
Audit Committee*

  
**Salah Bandi**  
*Member of The Board of  
Directors and The Audit  
Committee*

  
**Dr. Sinan Şahin**  
*Member of The Board of  
Directors and The Audit  
Committee*

  
**Wail J. A. Belgasem**  
*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

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

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## ARAP TÜRK BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

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

#### SECTION ONE

##### GENERAL INFORMATION ABOUT THE BANK

#### I. BANK’S DATE OF ESTABLISHMENT, BEGINNING STATUTE, ITS HISTORY REGARDING CHANGES ON ITS STATUTE

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

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

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

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

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

As of 30 September 2020, the Bank’s share capital at the balance sheet date as follows:

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

<sup>(1)</sup> Emek İnşaat ve İşletme A.Ş. has 0,0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2019: 0,0000014% share and TL 6.20 (full digit in TL)).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020**

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

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

<b>Name</b>	<b>Job Title – Description</b>
Turgut Gülcihan	Chairman of the Board of Directors
Aflah Omar Magsi	Deputy Chairman of the Board of Directors
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Dr. Mohamed Masoud A. Aldrogi	Member of the Board of Directors and Chairman of Audit Committee
Salah Bandi	Member of the Board of Directors and Audit Committee
Dr. Sinan Şahin	Member of the Board of Directors and Audit Committee
Abdulahkim A. E. Khamag	Member of the Board of Directors
Volkan Kublay	Member of the Board of Directors
Tülin İnhan	Member of the Board of Directors

**General Manager and Deputies**

<b>Name</b>	<b>Job Title – Description</b>
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager - Financial Management and Planning Division
Ahmed Fraj Abdullah Ferjani	Assistant General Manager - Information Technologies and Operations Division
Emel Güneş Atagün	Assistant General Manager - Treasury & Economic Research Division

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

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

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK (Continued)**

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

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

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

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

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

None.



## **SECTION TWO**

### **Unconsolidated Financial Statements**

- I. Balance Sheet-Assets
- II. Balance Sheet-Equity and Liabilities
- III. Off-balance Sheet Commitments
- IV. Statement of Profit or Loss
- V. Statement of Profit or Loss and Other Comprehensive Income
- VI. Statement of Changes in Shareholders' Equity
- VII. Statement of Cash Flows

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AT 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

ASSETS	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2020			31.12.2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (Net)</b>		<b>461,528</b>	<b>2,170,481</b>	<b>2,632,009</b>	<b>541,497</b>	<b>2,035,262</b>	<b>2,576,759</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>1</b>	<b>431,516</b>	<b>1,432,360</b>	<b>1,863,876</b>	<b>538,193</b>	<b>1,695,244</b>	<b>2,233,437</b>
1.1.1 Cash and Balances with Central Bank		4,436	821,814	826,250	4,575	561,989	566,564
1.1.2 Banks	<b>3</b>	464	610,546	611,010	476	1,133,255	1,133,731
1.1.3 Money Markets		427,640	-	427,640	535,166	-	535,166
1.1.4 Expected Credit Loss (-)		1,024	-	1,024	2,024	-	2,024
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>	<b>2</b>	<b>16,388</b>	<b>-</b>	<b>16,388</b>	<b>-</b>	<b>94,252</b>	<b>94,252</b>
1.2.1 Government Securities		16,388	-	16,388	-	94,252	94,252
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	<b>4</b>	<b>13,624</b>	<b>738,121</b>	<b>751,745</b>	<b>3,304</b>	<b>245,766</b>	<b>249,070</b>
1.3.1 Government Securities		13,400	374,354	387,754	3,079	104,587	107,666
1.3.2 Equity Securities		224	3,139	3,363	225	2,381	2,606
1.3.3 Other Financial Assets		-	360,628	360,628	-	138,798	138,798
<b>1.4 Derivative Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>508,779</b>	<b>2,543,713</b>	<b>3,052,492</b>	<b>361,870</b>	<b>1,750,911</b>	<b>2,112,781</b>
<b>2.1 Loans</b>	<b>5</b>	<b>518,539</b>	<b>1,327,811</b>	<b>1,846,350</b>	<b>456,747</b>	<b>1,273,496</b>	<b>1,730,243</b>
2.2 Lease Receivables		-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>6</b>	<b>7,587</b>	<b>1,215,902</b>	<b>1,223,489</b>	<b>1,322</b>	<b>477,415</b>	<b>478,737</b>
2.4.1 Government Securities		7,587	774,983	782,570	1,322	329,700	331,022
2.4.2 Other Financial Assets		-	440,919	440,919	-	147,715	147,715
2.5 Expected Credit Loss (-)	<b>5</b>	<b>17,347</b>	<b>-</b>	<b>17,347</b>	<b>96,199</b>	<b>-</b>	<b>96,199</b>
<b>III. ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>1,210</b>	<b>-</b>	<b>1,210</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
3.1 Held for Sale Purpose		1,210	-	1,210	1,000	-	1,000
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>116,204</b>	<b>-</b>	<b>116,204</b>	<b>108,205</b>	<b>-</b>	<b>108,205</b>
<b>4.1 Associations (Net)</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>8</b>	<b>116,204</b>	<b>-</b>	<b>116,204</b>	<b>108,205</b>	<b>-</b>	<b>108,205</b>
4.2.1 Unconsolidated Financial Subsidiaries		116,204	-	116,204	108,205	-	108,205
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>144,203</b>	<b>-</b>	<b>144,203</b>	<b>136,265</b>	<b>-</b>	<b>136,265</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>4,366</b>	<b>-</b>	<b>4,366</b>	<b>6,153</b>	<b>-</b>	<b>6,153</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		4,366	-	4,366	6,153	-	6,153
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>13</b>	<b>2,291</b>	<b>-</b>	<b>2,291</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. OTHER ASSETS (Net)</b>	<b>15</b>	<b>19,193</b>	<b>8,001</b>	<b>27,194</b>	<b>11,970</b>	<b>4,861</b>	<b>16,831</b>
<b>TOTAL ASSETS</b>		<b>1,257,774</b>	<b>4,722,195</b>	<b>5,979,969</b>	<b>1,166,960</b>	<b>3,791,034</b>	<b>4,957,994</b>

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AT 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

LIABILITIES	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2020			31.12.2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	<b>1</b>	<b>50,218</b>	<b>3,195,138</b>	<b>3,245,356</b>	<b>49,534</b>	<b>2,406,632</b>	<b>2,456,166</b>
<b>II. FUNDS BORROWED</b>	<b>3</b>	-	<b>1,492,079</b>	<b>1,492,079</b>	-	<b>1,353,190</b>	<b>1,353,190</b>
<b>III. MONEY MARKETS</b>		-	-	-	-	-	-
<b>IV. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>2</b>	-	-	-	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>5</b>	<b>7,519</b>	<b>479</b>	<b>7,998</b>	<b>1,040</b>	<b>786</b>	<b>1,826</b>
<b>X. PROVISIONS</b>	<b>7</b>	<b>54,636</b>	<b>1,126</b>	<b>55,762</b>	<b>55,008</b>	<b>267</b>	<b>55,275</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		22,678	-	22,678	17,959	-	17,959
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		31,958	1,126	33,084	37,049	267	37,316
<b>XI. CURRENT TAX LIABILITY</b>	<b>8</b>	<b>11,728</b>	-	<b>11,728</b>	<b>9,528</b>	-	<b>9,528</b>
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	<b>1,719</b>	-	<b>1,719</b>
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	<b>4</b>	<b>17,121</b>	<b>28,828</b>	<b>45,949</b>	<b>9,870</b>	<b>17,503</b>	<b>27,373</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>9</b>	<b>1,123,126</b>	<b>(2,029)</b>	<b>1,121,097</b>	<b>1,048,231</b>	<b>4,686</b>	<b>1,052,917</b>
16.1 Paid-in capital		440,000	-	440,000	440,000	-	440,000
16.2 Capital Reserves		-	-	-	-	-	-
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		94,055	-	94,055	94,382	-	94,382
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		2,494	(2,029)	465	381	4,686	5,067
16.5 Profit Reserves		38,880	-	38,880	30,632	-	30,632
16.5.1 Legal Reserves		38,880	-	38,880	30,632	-	30,632
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		-	-	-	-	-	-
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or (Loss)		547,697	-	547,697	482,836	-	482,836
16.6.1 Prior Periods' Profit or (Loss)		474,588	-	474,588	316,409	-	316,409
16.6.2 Current Period Profit or (Loss)		73,109	-	73,109	166,427	-	166,427
16.7 Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>1,264,348</b>	<b>4,715,621</b>	<b>5,979,969</b>	<b>1,174,930</b>	<b>3,783,064</b>	<b>4,957,994</b>

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS**  
**AT 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2020			31.12.2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>106,649</b>	<b>4,778,320</b>	<b>4,884,969</b>	<b>215,573</b>	<b>3,870,529</b>	<b>4,086,102</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>2</b>	<b>104,540</b>	<b>4,776,494</b>	<b>4,881,034</b>	<b>207,270</b>	<b>3,860,951</b>	<b>4,068,221</b>
1.1. Letters of Guarantee		104,540	3,826,205	3,930,745	207,270	2,948,876	3,156,146
1.1.1. Guarantees Subject to State Tender Law		27,329	-	27,329	7,415	-	7,415
1.1.2. Guarantees Given for Foreign Trade Operations		655	3,821,839	3,822,494	1,150	2,941,666	2,942,816
1.1.3. Other Letters of Guarantee		76,556	4,366	80,922	198,705	7,210	205,915
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	583,842	583,842	-	450,008	450,008
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	583,842	583,842	-	450,008	450,008
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	366,447	366,447	-	462,067	462,067
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>1</b>	<b>2,109</b>	<b>1,826</b>	<b>3,935</b>	<b>8,303</b>	<b>9,578</b>	<b>17,881</b>
2.1. Irrevocable Commitments		2,109	1,826	3,935	8,303	9,578	17,881
2.1.1. Asset Purchase and Sale Commitments		1,832	1,826	3,658	7,993	9,578	17,571
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		277	-	277	310	-	310
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>300,588</b>	<b>371,315</b>	<b>671,903</b>	<b>284,072</b>	<b>285,929</b>	<b>570,001</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2,399</b>	-	<b>2,399</b>	<b>2,755</b>	-	<b>2,755</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		2,399	-	2,399	2,755	-	2,755
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>298,189</b>	<b>371,315</b>	<b>669,504</b>	<b>281,317</b>	<b>285,929</b>	<b>567,246</b>
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		58,012	174,281	232,293	73,062	137,029	210,091
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		17,894	193,638	211,532	20,059	147,317	167,376
5.6. Other Pledged Items		222,283	3,396	225,679	188,196	1,583	189,779
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>407,237</b>	<b>5,149,635</b>	<b>5,556,872</b>	<b>499,645</b>	<b>4,156,458</b>	<b>4,656,103</b>

The accompanying explanations and notes form an integral part of these financial statements.

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

STATEMENT OF PROFIT OR LOSS	Note	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD (01/01/2020-30/09/2020)	CURRENT PERIOD (01/07/2020-30/09/2020)	PRIOR PERIOD (01/01/2019-30/09/2019)	PRIOR PERIOD (01/07/2019-30/09/2019)
<b>I. INTEREST INCOME</b>	<b>1</b>	<b>177,280</b>	<b>59,305</b>	<b>250,562</b>	<b>70,269</b>
1.1 Interest on Loans		85,505	29,183	120,006	29,497
1.2 Interest on Reserve Requirements		-	-	6,264	1,330
1.3 Interest on Banks		3,621	264	13,776	4,230
1.4 Interest on Money Market Transactions		31,553	9,908	65,837	27,439
1.5 Interest on Marketable Securities Portfolio		56,598	19,949	40,239	7,772
1.5.1 Fair Value Through Profit or Loss		7,063	827	14,239	-
1.5.2 Fair Value Through Other Comprehensive Income		20,130	6,275	8,528	1,933
1.5.3 Measured at Amortised Cost		29,405	12,847	17,572	5,839
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		3	1	4,340	1
<b>II. INTEREST EXPENSE (-)</b>	<b>2</b>	<b>26,865</b>	<b>9,385</b>	<b>35,982</b>	<b>10,786</b>
2.1 Interest on Deposits		7,280	3,138	17,502	4,428
2.2 Interest on Funds Borrowed		16,702	5,266	18,190	6,274
2.3 Interest Expense on Money Market Transactions		-	-	-	-
2.4 Interest on Securities Issued		-	-	-	-
2.5 Lease Interest Expenses		256	98	290	84
2.6 Other Interest Expenses		2,627	883	-	-
<b>III. NET INTEREST INCOME (I - II)</b>		<b>150,415</b>	<b>49,920</b>	<b>214,580</b>	<b>59,483</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>43,209</b>	<b>13,309</b>	<b>55,298</b>	<b>16,446</b>
4.1 Fees and Commissions Received		45,722	14,161	57,142	17,338
4.1.1 Non-cash Loans		15,688	2,899	28,633	9,407
4.1.2 Other	11	30,034	11,262	28,509	7,931
4.2 Fees and Commissions Paid		2,513	852	1,844	892
4.2.1 Non-cash Loans		7	3	6	2
4.2.2 Other		2,506	849	1,838	890
<b>V. DIVIDEND INCOME</b>		<b>8,031</b>	<b>-</b>	<b>12,513</b>	<b>-</b>
<b>VI. TRADING INCOME /(LOSS) (Net)</b>	<b>3</b>	<b>4,767</b>	<b>964</b>	<b>4,329</b>	<b>13,542</b>
6.1 Trading Gains / (Losses) on Securities		(62)	(336)	-	13,940
6.2 Gains / (Losses) on Derivative Financial Transactions		-	-	-	-
6.3 Foreign Exchange Gains / (Losses)		4,829	1,300	4,329	(398)
<b>VII. OTHER OPERATING INCOME</b>	<b>4</b>	<b>8,177</b>	<b>5,823</b>	<b>5,165</b>	<b>2,888</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>214,599</b>	<b>70,016</b>	<b>291,885</b>	<b>92,359</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>5</b>	<b>709</b>	<b>(4,568)</b>	<b>22</b>	<b>(845)</b>
<b>X. OTHER PROVISION EXPENSE (-)</b>	<b>6</b>	<b>9,479</b>	<b>(815)</b>	<b>12,176</b>	<b>12,075</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>79,649</b>	<b>25,608</b>	<b>63,369</b>	<b>21,870</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>7</b>	<b>33,079</b>	<b>10,913</b>	<b>29,601</b>	<b>8,376</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>91,683</b>	<b>38,878</b>	<b>186,717</b>	<b>50,883</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>8</b>	<b>91,683</b>	<b>38,878</b>	<b>186,717</b>	<b>50,883</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (€)</b>	<b>9</b>	<b>(18,574)</b>	<b>(8,408)</b>	<b>(37,332)</b>	<b>(11,027)</b>
18.1 Current Tax Provision		(20,998)	(7,986)	(36,680)	(10,981)
18.2 Deferred Tax Income Effect (+)		6,105	2,706	6,167	889
18.3 Deferred Tax Expense Effect (-)		8,529	2,284	5,515	843
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>10</b>	<b>73,109</b>	<b>30,470</b>	<b>149,385</b>	<b>39,856</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (€)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>11</b>	<b>73,109</b>	<b>30,470</b>	<b>149,385</b>	<b>39,856</b>
Earning/(Loss) per share (in TL full)		0.001662	0.000693	0.003395	0.000906

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2020-30/09/2020)	(01/01/2019-30/09/2019)
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	73,109	149,385
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	(4,929)	1,258
<b>2.1</b>	<b>Not Reclassified to Profit or Loss</b>	(327)	(1,835)
2.1.1	Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(409)	(2,293)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	82	458
<b>2.2</b>	<b>Reclassified to Profit or Loss</b>	(4,602)	3,093
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(6,106)	3,843
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1,504	(750)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>68,180</b>	<b>150,643</b>

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reserves	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss		Other Comprehensive Income/ Expense Items to be Recycled to Profit or Loss			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity Before Minority Interest	Minority Interest	Total Equity
					Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)						
<b>PRIOR PERIOD</b>															
30.09.2019															
I. Balance at the beginning of the period	440,000	-	-	-	82,751	3,504	-	-	500	25,676	220,387	100,978	866,788	-	866,788
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	440,000	-	-	-	82,751	3,504	-	-	500	25,676	220,387	100,978	866,788	-	866,788
IV. Total comprehensive income (loss)	-	-	-	-	-	1,835	-	-	3,093	-	-	149,385	150,643	-	150,643
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	4,956	96,022	100,978	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	4,956	96,022	100,978	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances (III+IV+.....+X+XI)</b>	<b>440,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,751</b>	<b>(5,339)</b>	<b>-</b>	<b>-</b>	<b>3,593</b>	<b>30,632</b>	<b>316,409</b>	<b>149,385</b>	<b>1,017,431</b>	<b>-</b>	<b>1,017,431</b>
<b>CURRENT PERIOD</b>															
30.09.2020															
I. Balance at the beginning of the period	440,000	-	-	-	99,699	(5,317)	-	-	5,067	30,632	316,409	166,427	1,052,917	-	1,052,917
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	440,000	-	-	-	99,699	(5,317)	-	-	5,067	30,632	316,409	166,427	1,052,917	-	1,052,917
IV. Total comprehensive income (loss)	-	-	-	-	-	(327)	-	-	(4,602)	-	-	73,109	68,180	-	68,180
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	8,248	158,179	(166,427)	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	8,248	158,179	(166,427)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances (III+IV+.....+X+XI)</b>	<b>440,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,699</b>	<b>(5,644)</b>	<b>-</b>	<b>-</b>	<b>465</b>	<b>38,880</b>	<b>474,588</b>	<b>73,109</b>	<b>1,121,097</b>	<b>-</b>	<b>1,121,097</b>

**ARAP TÜRK BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2020-30/09/2020)	PRIOR PERIOD (01/01/2019-30/09/2019)
	Notes		
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>286,596</b>	<b>174,356</b>
1.1.1	Interest Received	173,841	263,791
1.1.2	Interest Paid	(22,063)	(22,363)
1.1.3	Dividend Received	-	16
1.1.4	Fees and Commissions Received	45,722	57,142
1.1.5	Other Income	8,712	8,907
1.1.6	Collections from Previously Written-off Loans and Other Receivables	3,167	1,197
1.1.7	Payments to Personnel and Service Suppliers	(92,444)	(76,479)
1.1.8	Taxes Paid	(20,384)	(40,131)
1.1.9	Other	190,045	(17,724)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>(374,379)</b>	<b>(406,329)</b>
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(51,615)	200,981
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3	Net (increase) / decrease in loans	161,136	949,775
1.2.4	Net (increase) / decrease in other assets	(10,582)	(2,928)
1.2.5	Net increase / (decrease) in bank deposits	(51,458)	(1,581,969)
1.2.6	Net increase / (decrease) in other deposits	(2,729)	(130,788)
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	(310,711)	(10,052)
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(108,420)	168,652
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>(87,783)</b>	<b>(231,973)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(709,277)</b>	<b>(29,084)</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3	Purchases of tangible assets	(9,549)	(2,589)
2.4	Disposals of tangible assets	-	13
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(327,736)	(177,778)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	117,899	72,592
2.7	Purchase of Financial Assets Measured at Amortised Cost	(748,875)	(60,146)
2.8	Sale of Financial Assets Measured at Amortised Cost	260,947	140,197
2.9	Other	(1,963)	(1,373)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>(256)</b>	<b>(290)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Equity Instruments	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(256)	(290)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>301,711</b>	<b>74,409</b>
<b>V.</b>	<b>Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(495,605)</b>	<b>(186,938)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>1,928,353</b>	<b>2,473,727</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>1,432,748</b>	<b>2,286,789</b>

The accompanying explanations and notes form an integral part of these financial statements.



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

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

#### SECTION THREE

##### EXPLANATIONS ON ACCOUNTING POLICIES

#### I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

Unconsolidated financial statements, other than property financial assets and liabilities that are presented with fair values, are prepared with cost value approach.

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

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

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on the financial statements, financial performance and on the Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank’s accounting policies.

#### **Other**

A new type of coronavirus (Covid-19) first emerging in China, has been classified as a pandemic among countries where the World Health Organization was global on 11 March 2020. The Covid-19 pandemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and remain uncertain about the future. These effects are regularly monitored by the Bank's equity management and capital adequacy, credit quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk under bank account values, and the Bank's Management.

While preparing the interim financial statements dated 30 September 2020, the Bank reflected the possible effects of the Covid-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

The transactions in foreign currency are recorded in accordance with “TAS 21 - Effects of Exchange Rate Changes” Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions are translated into Turkish Lira over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly.

At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Bank’s exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

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

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

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

Derivative financial instruments of the Bank are classified under “TFRS 9 Financial Instruments” (“TFRS 9”), “Derivative Financial Assets Designated at Fair Value through Profit or Loss”.

Derivatives are initially recorded at their purchase costs 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 trading derivative financial assets 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 statement of profit or loss. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**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**

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the group if the Parent Bank is a legal party to these instruments.

The Bank categorizes its financial assets as “Fair Value Through Profit/Loss”, “Fair Value Through Other Comprehensive Income” or “Measured at Amortized Cost”. Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

“Financial assets at fair value through profit/loss” are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

Government bonds and treasury bills included in Financial Assets at Fair Value through Profit or Loss and Financial Assets at Fair Value Through Other Comprehensive Income portfolios traded in BIST are carried at weighted average exchange rates of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at other valuation models. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

**b. Financial Assets at Fair Value Through Other Comprehensive Income**

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. “Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the shareholders' equity are reflected to the statement of profit or loss.

Subsequent amendments to the values of investments in equity instruments are not reflected in the statement of profit or loss except for the dividend.

At initial recognition, it can be made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which TFRS 3 applies.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**b. Financial Assets at Fair Value Through Other Comprehensive Income (Continued)**

The subsequent measurement of financial assets at fair value through other comprehensive income is based on fair value. However, securities that do not have a quoted market price in an active market, the fair value for the floating rate securities is measured at the amortized cost using the most probable effective interest method; for fixed interest securities, fair value pricing models or discounted cash flow techniques are used.

**c. Financial Assets Measured at Amortized Cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

**d. Loans**

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate Method”.

Bank loans and receivables are initially carried at cost value. Bank loans are measured at amortized cost with internal rate of return. Fees paid for the assets received as collateral against loans, transaction costs and other costs such as transaction costs, it is a part of and charged to the customer.

Bank’s loans are recorded under the “Measured at Amortized Cost” account.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment**

The Bank recognizes an Impairment for financial assets measured at amortized cost and at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. Expected loss estimate is unbiased, weighted by probabilities and includes supportable information about estimates of past events, current conditions and future economic conditions.

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- 1) Probability-weighted and neutral amount determined by taking into account possible outcomes,
- 2) Time value of money,
- 3) Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

The expected 12 monthly credit loss values are part of the life expectancy loss calculation (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months).

The main theme of the expected credit loss model can reflect the deterioration of the quality of financial instruments or the general view of recovery. The amount of expected credit loss, known as loss allowance or allowance, depends on the degree of credit deterioration. There are two measurements according to the general approach:

12-Month Expected Loss (1st Stage) is valid for all assets unless there is a significant deterioration in the quality of the loan.

Lifetime Expected Loss (2nd and 3rd Stage) is applied when a significant increase in credit risk occurs.

The following parameters are used in the calculation of expected credit loss;

Probability of Default: It denotes the possibility of default of the loan in the related term. The Bank's internal ratings are used in the calculation of the probability of default.

Loss in case of default refers to the expected loss rate from the loan in case of default

Default Amount: refers to the risk balance for cash loans and the risk balance calculated by using the credit conversion rate for non-cash loans.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment For Expected Loss (Continued)**

*Individual Evaluation*

A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected EIR (Effective Interest Rate) value and discounted cash flows. When cash flows are estimated, the following conditions are taken into account.

- a) All contractual terms of the financial intermediary during the expected lifetime of the financial instrument.
- b) Cash flows from collateral sales

*Definition of Default*

The debtor can be considered as the Stage 3 under conditions where the debtor fails to pay his obligations regardless of past due and the guarantees the debtor has.

These conditions have stated below:

- 1) To have a past due more than 90 days.
- 2) The decision taken for bankruptcy or concordatum registration.
- 3) To have a loan classified as standard receivable by restructuring while monitored as non-performing loan and to have a past due more than 30 days of principal and/or interest payment delayed within the 1 year monitoring period or to have a loan restructured once more during this monitoring period.
- 4) Other neutral criteria deemed appropriate by management

*Significant increase in credit risk definition*

Loans are designated as the First Group (Standard loans), the Second Group (loans under close monitoring), the Third Group (loans with limited collection), the Fourth Group (loans in suspicious cases where the loss is expected) and the fifth group (Losses).

In this context, in the criteria applied for the loans classified in the first Group; the issue of future payment issues is not expected and the credit worthiness of the borrower of the loan has not weakened. In accordance with TFRS 9, loans subject to 12-month credit impairment are classified under the First Group (Stage 1).

The criteria applied for the credits classified in the Stage 2 are; unfavourable developments in debt payment or cash flows of debtors are observed or anticipated, problems arises in principal and / or interest payments in accordance with the terms of the loan agreement and the credit risk of the borrower is considerably increased. In accordance with TFRS 9, loans classified in the Stage 2 are subject to the provision of an expected lifetime loan loss provision.

The conditions for the loans classified in the stage 2 are stated below;

1. Past due more than 30 days,
- 2.The subject of in-bank restructuring,
3. Bankruptcy / concordatum registration
4. High level negative investigation
5. Restructured

Loans classified as third, fourth and fifth groups are considered as non-performing loans. In accordance with TFRS 9, these loans, which are subject to a lifetime impairment application, are classified under the Stage 3.

The relevant Staging criteria and default definitions are set out in accordance with TFRS 9 regulation and specified in the monitoring policies.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment For Expected Loss (Continued)**

Under the contractual cash flows, the cash flows from the sale of the collateral and the cash flows from the credit are also taken into account.

In accordance with TFRS 9, probability-weighted scenarios are taken into account over the expected life of the financial instrument in order to estimate the expected losses. The assessment consists of an assessment of the possible outcomes, including the amount and timing of cash flows for certain outputs and the identification of possible scenarios that indicate the estimated likelihood of that outcome.

The Bank's loans have been evaluated and classified as of 30 September 2020 in line with the Regulation on the Classification of Loans and the Procedures and Principles Regarding Provisions to be Reserved for them and taking into account the effects of Covid-19; accordingly, a provision has been set aside.

The Bank has possibilities in accordance with the BRSA Decisions on Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020, starting from 17 March 2020, due to the disruptions in economic and commercial activities as a result of the Covid-19 pandemic;

As of 30 September 2020, the Bank does not have any loans in the framework of the above circular.

**VIII. 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.

**IX. 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.

As of the balance sheet date, there is no security lending transactions.



**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**X. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS**

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (“TFRS 5”)”.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers. The amount in the securities portfolio of the bank is very low. In addition, the asset should be actively marketed at a price that is consistent with the true value.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Bank does not have any discontinued operations.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

The Bank’s intangible assets consist of software.

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

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

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

**XII. 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.

While the Bank is using the cost model under the TAS 16 “Property, Plant and Equipment” for the valuation of the property under tangible assets, the current year has been changed to the revaluation model in the valuation of the property in use. The property value in the appraisal report prepared by the appraisal company and the net book value the positive difference is monitored in equity accounts.

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 statement of profit or loss of the period.

**ARAP TÜRK BANKASI A.Ş.**

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. INFORMATION ON TANGIBLE ASSETS (Continued)**

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

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

<b>Tangible Assets</b>	<b>Estimated Useful Life (Years)</b>	<b>Depreciation Rate (%)</b>
Buildings	37-44	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.

**XIII. INFORMATION ON LEASING ACTIVITIES**

*Finance leasing activities as the lessor*

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. INFORMATION ON LEASING ACTIVITIES (Continued)**

*Operational leases*

Based on TFRS 16, at the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the alternative borrowing interest rate. After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. After the commencement date, the lease liability is remeasured to reflect changes to the lease payments. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate, if either there is a change in the lease term or there is a change in the assessment of an option to purchase the underlying asset.

The carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

**XIV. 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.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

*Reserve for other benefits to employees*

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 2020 is TL 7,117,17 (full TL) (31 December 2019: TL 6,379.86 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

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

The vacation pay obligation is calculated on the cumulative sum of the number of unused leave days that are deducted from the legally granted leave each year.

*Other benefits to employees*

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

## **ARAP TÜRK BANKASI A.Ş.**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

#### **SECTION THREE**

#### **EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

#### **XVI. INFORMATION ON TAX APPLICATIONS**

##### **Corporate tax**

As per the regulation of Law numbered 7061 on "The Amendments of Certain Taxes and Laws and Other Acts" published in the official gazette numbered 30261 on 5 December 2017, the rate for corporate income tax is set to be 22% for fiscal years 2018, 2019, 2020 whereas the rate was 20% effective from 1 January 2016 previously. Also the council of ministers is authorized to reduce the 22% rate to a rate as low as 20%.

In Turkey, corporate income is subject to corporate tax at 22%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

The liabilities of subsidiaries, founding shares and preferential rights of the institutions, which have been legally borrowed or owed to the SDIF due to the bank borrowing 5 December 2017 and their possessors and mortgage holders, all of the profits from the sale of the proceeds from the transfer to the bank or from this Fund that are used in the liquidation of these debts and 75% of the gains from the sale of the securities in such a manner so obtained by the banks are exempted from the corporation tax.

75% of the profits arising from the sale of founders' shares, usufruct shares and preferential rights that the institutions hold for at least two full years in the assets due to 5 December 2017, the immovables they own in the same period as the participation shares; is exempted from the corporation tax as long as it is kept in a special fund account until the end of the fifth year following the year in which the sale is made and collected until the end of the second calendar year.

On the other side, according to the regulation of 7061 numbered "Law on Amendments to Certain Tax Laws and Other Certain Other Laws", the tax exemption rate mentioned above is: As of 5 December 2017, 50% is applied for the gains derived from the sale of immovables and 75% for gains derived from the sale of the others.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Deferred taxes**

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

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. 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.

**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.

**XVII. ADDITIONAL INFORMATION ON BORROWINGS**

The Bank accounts for its borrowing instruments in accordance with TFRS 9 “Financial Instruments” standard and evaluates all its financial liabilities with the “effective interest rate” method in subsequent periods. There are no borrowings required to apply the hedging techniques in respect of the accounting and valuation methods of borrowing instruments and liabilities that represent borrowing.

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

**XVIII. INFORMATION ON SHARE ISSUANCES**

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

**XIX. 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.

**XX. INFORMATION ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Bank as of 30 September 2020 and 31 December 2019.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXI. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

**XXII. INFORMATION ON SEGMENT REPORTING**

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

**XXIII. OTHER DISCLOSURES**

**Profit reserves and profit distribution**

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

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

**Related parties**

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



**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK**

**I. INFORMATION ON SHAREHOLDER’S EQUITY**

**Information about Total Capital (Current Period)**

	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014<sup>(1)</sup></b>
<b>TIER II CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,121,097	
Share issue premiums	440,000	
Reserves	-	
Reserves	38,880	
Gains recognized in equity as per TAS	94,520	
Profit	547,697	
Current Period Profit	73,109	
Prior Period Profit	474,588	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,121,097</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
	<b>4,536</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	170	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,366	4,366
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>4,536</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>1,116,561</b>	

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-	
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,116,561</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	30,041	
<b>Tier II Capital Before Deductions</b>	<b>30,041</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>30,041</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>1,146,602</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>1,146,602</b>	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovable 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	-	
Other items to be defined by the BRSA (-)	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

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

### SECTION FOUR

#### INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
<b>TOTAL CAPITAL</b>	<b>1,146,602</b>	
Total Capital	1,146,602	
Total risk weighted amounts	4,255,506	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	26.27	
Tier 1 Capital Adequacy Ratio (%)	26.27	
Capital Adequacy Ratio (%) <sup>(2)</sup>	26.98	
<b>BUFFERS</b>		
Total buffer requirement	2.720	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.220	
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	21.77	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	30,041	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	30,041	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

<sup>(1)</sup> The amounts of items in accordance with transition provisions.

<sup>(2)</sup> Calculated based on the measures contained in the announcement of 23 March 2020.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

**Information about Total Capital (Prior Period)**

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>TIER II CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,052,917	
Share issue premiums	440,000	
Reserves	-	
Reserves	30,632	
Gains recognized in equity as per TAS	99,449	
Profit	482,836	
Current Period Profit	166,427	
Prior Period Profit	316,409	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,052,917</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>6,450</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	297	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	6,153	6,153
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>6,450</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>1,046,467</b>	

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-	
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,046,467</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	35,653	
<b>Tier II Capital Before Deductions</b>	<b>35,653</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>35,653</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>1,082,120</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovable 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	-	
Other items to be defined by the BRSA (-)	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
<b>TOTAL CAPITAL</b>	<b>1,082,120</b>	
Total Capital	1,082,120	
Total risk weighted amounts	5,026,481	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	20.82	
Tier 1 Capital Adequacy Ratio (%)	20.82	
Capital Adequacy Ratio (%)	21.53	
<b>BUFFERS</b>		
Total buffer requirement	2.673	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.173	
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	16.32	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	35,653	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	35,653	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

<sup>(1)</sup> The amounts of items in accordance with transition provisions.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****I. INFORMATION ON SHAREHOLDER’S EQUITY (Continued)**

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

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

**Information Related to the Components which Subject to Temporary Implementation in the Calculation of Equity**

None.

**Necessary Explanations in order to Reach an Agreement Between the Statement of Shareholders’s Equity and Balance-Sheet Amounts**

<b>Current Period</b>	<b>Balance sheet value</b>	<b>Amount of adjustment</b>	<b>Value at capital report</b>
Paid-in capital	440,000	-	440,000
Other Capital Reserves	-	-	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures	-	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-	-	-
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	94,055	-	94,055
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	465	-	465
Profit Reserves	38,880	-	38,880
Profit or Loss	547,697	-	547,697
Prior Periods’ Profit/Loss	474,588	-	474,588
Current Period Net Profit/Loss	73,109	-	73,109
Deductions from Common Equity Tier I Capital (*)	-	4,536	(4,536)
<b>Common Equity Tier 1 capital</b>	-	-	1,116,561
Tier 1 capital	-	-	1,116,561
Provisions	-	(30,041)	30,041
<b>Tier 2 capital (**)</b>	-	(30,041)	30,041
Shareholders’ Equity Adjustments (***)	-	-	-
<b>Total Shareholders’ Equity</b>	<b>1,121,097</b>	<b>(25,505)</b>	<b>1,146,602</b>

(\*) The regulations cover Common Equity Tier 1 capital adjustments within the framework of paragraphs 9-1-b and c.

(\*\*) The regulations cover general loan provisions included in Tier 2 capital within the framework of paragraphs 8-1-a.

(\*\*\*) The regulations cover Shareholders’ Equity adjustments within the framework of paragraphs 9-8-ç.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

**II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK**

**Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the Bank sets limits for positions that are monitored daily**

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

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

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

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

**Foreign exchange risk management policy**

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

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

<b>Date</b>	<b>US Dollars</b>	<b>Euro</b>
23 September 2020	7.6251 TL	8.9553 TL
24 September 2020	7.6570 TL	8.9590 TL
25 September 2020	7.6630 TL	8.9277 TL
28 September 2020	7.5546 TL	8.8050 TL
29 September 2020	7.7507 TL	9.0268 TL
30 September 2020	7.8080 TL	9.1281 TL

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

The basic arithmetical average of the Bank’s foreign exchange bid rate for September 2020 is TL 7.5079 for USD, TL 8.8551 for EURO.



**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

**Information on Currency Risk**

<b>Current Period</b>	<b>Euro</b>	<b>USD Dollars</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	552,121	269,204	489	821,814
Banks	175,233	420,576	14,737	610,546
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	398,009	340,112	-	738,121
Loans	1,147,784	180,027	-	1,327,811
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	701,234	514,668	-	1,215,902
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	4,746	3,255	-	8,001
<b>Total Assets</b>	<b>2,979,127</b>	<b>1,727,842</b>	<b>15,226</b>	<b>4,722,195</b>
<b>Liabilities</b>				
Bank Deposits	1,066,678	624,173	2,319	1,693,170
Foreign Currency Deposits	797,129	692,868	11,971	1,501,968
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	1,100,437	391,642	-	1,492,079
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	11,982	17,989	462	30,433
<b>Total Liabilities <sup>(1)</sup></b>	<b>2,976,226</b>	<b>1,726,672</b>	<b>14,752</b>	<b>4,717,650</b>
<b>Net Balance Sheet Position</b>	<b>2,901</b>	<b>1,170</b>	<b>474</b>	<b>4,545</b>
<b>Net Off Balance Sheet Position</b>	<b>(1,824)</b>	<b>-</b>	<b>-</b>	<b>(1,824)</b>
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	(1,824)	-	-	(1,824)
Non-Cash Loans	1,829,345	1,875,302	1,071,847	4,776,494
<b>Prior Period</b>				
Total Assets	2,252,682	1,528,547	9,805	3,791,034
Total Liabilities	2,242,998	1,525,104	10,276	3,778,378
Balance Sheet Position, net	9,684	3,443	(471)	12,656
Off Balance Sheet Position, net	(8,779)	799	-	(7,980)
Financial Derivatives (Assets)	-	799	-	799
Financial Derivatives (Liabilities)	(8,779)	-	-	(8,779)
Non-cash Loans	1,486,014	1,567,267	807,670	3,860,951

<sup>(1)</sup> In accordance with the provisions of the "Regulation on the Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio in Banks' Consolidated and Non-Consolidated Basis"; Equity has not been taken into consideration in calculating the risk of exchange rate amounting to TL (2,029).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)****Exposed currency risk**

The possible increases or decreases in the shareholders’ equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 30 September 2020 and 31 December 2019 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Statement of Profit or Loss</b>	<b>Shareholders’ Equity <sup>(1)</sup></b>	<b>Statement of Profit or Loss</b>	<b>Shareholders’ Equity <sup>(1)</sup></b>
Euro	(108)	69	(91)	(91)
US Dollar	(117)	(91)	(424)	(424)
Other Currencies	(47)	(47)	47	47
<b>Total</b>	<b>(272)</b>	<b>(69)</b>	<b>(468)</b>	<b>(468)</b>

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

Assuming 10 percent depreciation of TL;

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Statement of Profit or Loss</b>	<b>Shareholders’ Equity <sup>(1)</sup></b>	<b>Statement of Profit or Loss</b>	<b>Shareholders’ Equity <sup>(1)</sup></b>
Euro	108	(69)	91	91
US Dollar	117	91	424	424
Other Currencies	47	47	(47)	(47)
<b>Total</b>	<b>272</b>	<b>69</b>	<b>468</b>	<b>468</b>

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

**III. INFORMATION ON INTEREST RATE RISK**

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

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

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

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

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

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

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

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

**Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items**

*Based on re-pricing dates*

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	826,250	826,250
Banks	611,010	-	-	-	-	-	611,010
Financial assets at fair value through Profit or Loss	-	-	16,388	-	-	-	16,388
Interbank Money Market Placements	427,640	-	-	-	-	-	427,640
Financial Assets at Fair Value Through Other Comprehensive Income	708	4,591	310,812	432,271	-	3,363	751,745
Loans	623,936	189,243	326,390	701,648	-	5,133	1,846,350
Financial Assets Measured at Amortized Cost	2,123	3,594	68,152	1,149,620	-	-	1,223,489
Other assets <sup>(1)</sup>	-	-	-	-	-	277,097	277,097
<b>Total assets</b>	<b>1,665,417</b>	<b>197,428</b>	<b>721,742</b>	<b>2,283,539</b>	<b>-</b>	<b>1,111,843</b>	<b>5,979,969</b>
<b>Liabilities</b>							
Bank Deposits	896,074	71,471	728,461	-	-	134	1,696,140
Other Deposits	39,117	42,273	7,320	141	-	1,460,365	1,549,216
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	-	457,346	761,427	273,306	-	-	1,492,079
Other Liabilities <sup>(2)</sup>	202	408	1,346	6,042	-	1,234,536	1,242,534
<b>Total liabilities</b>	<b>935,393</b>	<b>571,498</b>	<b>1,498,554</b>	<b>279,489</b>	<b>-</b>	<b>2,695,035</b>	<b>5,979,969</b>
Long Position in the Balance Sheet	730,024	-	-	2,004,050	-	-	2,734,074
Short Position in the Balance Sheet	-	(374,070)	(776,812)	-	-	(1,583,192)	(2,734,074)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>730,024</b>	<b>(374,070)</b>	<b>(776,812)</b>	<b>2,004,050</b>	<b>-</b>	<b>(1,583,192)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 277,097 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 144,203, Subsidiaries amounting to TL 116,204, Expected Credit Loss amounting to TL 18,371, Intangible Assets amounting to TL 4,366, Deferred Tax Asset amounting to TL 2,291, Other Assets amounting to TL 27,194 and Available for Sale Financial Assets amounting to TL 1,210 of other undistributed amounts.

<sup>(2)</sup> Other Liabilities: The amount of TL 1,234,536 in the Non-Interest Bearing Column is composed of Shareholders’ Equity amounting to TL 1,121,097, Provisions amounting to TL 55,762, Current Tax Liability amounting to TL 11,728 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 45,949.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	566,564	566,564
Banks	1,133,731	-	-	-	-	-	1,133,731
Financial assets at fair value through Profit or Loss	-	-	94,252	-	-	-	94,252
Interbank Money Market Placements	535,166	-	-	-	-	-	535,166
Financial Assets at Fair Value Through Other Comprehensive Income	9,077	5,518	87,147	144,723	-	2,605	249,070
Loans	407,128	184,573	576,461	475,889	-	86,192	1,730,243
Financial Assets Measured at Amortized Cost	8,965	33,508	196,342	211,036	28,886	-	478,737
Other assets <sup>(1)</sup>	-	-	-	-	-	170,231	170,231
<b>Total assets</b>	<b>2,094,067</b>	<b>223,599</b>	<b>954,202</b>	<b>831,648</b>	<b>28,886</b>	<b>825,592</b>	<b>4,957,994</b>
<b>Liabilities</b>							
Bank deposits	1,027,216	59,608	187,265	17,844	-	-	1,291,933
Other deposits	123,973	22,803	8,508	83	-	1,008,866	1,164,233
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	-	154,854	865,731	332,605	-	-	1,353,190
Other liabilities <sup>(2)</sup>	75	94	69	464	1,124	1,146,812	1,148,638
<b>Total liabilities</b>	<b>1,151,264</b>	<b>237,359</b>	<b>1,061,573</b>	<b>350,996</b>	<b>1,124</b>	<b>2,155,678</b>	<b>4,957,994</b>
Long Position in the Balance Sheet	942,803	-	-	480,652	27,762	-	1,451,217
Short Position in the Balance Sheet	-	(13,760)	(107,371)	-	-	(1,330,086)	(1,451,217)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>942,803</b>	<b>(13,760)</b>	<b>(107,371)</b>	<b>480,652</b>	<b>27,762</b>	<b>(1,330,086)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 170,231 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 136,265, Subsidiaries amounting to TL 108,205, Expected Credit Loss amounting to TL 98,223, Intangible Assets amounting to TL 6,153, Other Assets amounting to TL 16,831 and Available for Sale Financial Assets amounting to TL 1,000 of other undistributed amounts.

<sup>(2)</sup> Other Liabilities: The amount of TL 1,146,812 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,052,917, Provisions amounting to TL 55,275, Current Tax Liability amounting to TL 9,528, Deferred Tax Liability amounting to TL 1,719 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 27,373.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****III. INFORMATION ON INTEREST RATE RISK (Continued)****Average interest rates applied to monetary financial instruments (%)**

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	-
Banks	0.02	0.20	-
Financial assets at fair value through profit or loss	-	-	10.83
Money Market Placements	-	-	12.00
Financial Assets at Fair Value Through Other Comprehensive Income	2.90	5.98	9.86
Loans	3.65	4.64	13.96
Financial Assets Measured at Amortized Cost	3.16	6.68	11.36
<b>Liabilities</b>			
Interbank Deposits	1.00	2.87	-
Other Deposits	0.33	0.56	8.70
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	0.83	3.25	-
<b>Prior Period</b>			
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	1.83	12.21
Banks	0.01	1.69	-
Financial assets at fair value through profit or loss	2.52	-	-
Money Market Placements	-	-	11.34
Financial Assets at Fair Value Through Other Comprehensive Income	3.38	6.91	25.08
Loans	3.74	6.19	14.52
Financial Assets Measured at Amortized Cost	2.84	7.40	21.46
<b>Liabilities</b>			
Interbank Deposits	0.75	2.41	-
Other Deposits	0.34	1.81	10.34
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	0.81	4.07	-

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

IV. INFORMATION ON STOCK POSITION RISK

**Equity investment risk due from banking book**

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

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

None.

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

None.

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

None.

V. INFORMATION ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

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

One of the important aspects of liquidity management is making assumptions on prospective funding needs. Although final cash inflows and outflows can be easily calculated or estimated, the Bank also makes short-term and long-term assumptions. Another important consideration is that the Bank's reputation plays an important role in reaching the funds it needs in a reasonable amount of time.

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

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

The Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has the Bank. Funds received from the Bank's risk group have a 30% share in liabilities.

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

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

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

A large portion of the Bank's liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 52% of these funds are USD and 48% are EUR.

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

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

**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.



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

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

#### SECTION FOUR

##### INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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

The Liquidity Emergency Action Plan prepared by the Bank’s Assets and Liabilities Committee was presented to the Board of Directors and approved by Council Decision No. CRC / 316-A/6/18 at 5 October 2018. Decisions on the plan;

- Bank-specific crisis and general market crisis has been described,
- The decision of proportional and structural changes of assets and liabilities in the balance sheet is delegated to Assets and Liabilities Committee,
- Agreed that the Liquidity Dashboard which includes available and accessible liquidity sources of the Bank, asset sales, loan repayments and liquidity usage submitted periodically to Assets and Liabilities Committee 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 Assets and Liabilities Committee.

The Bank keeps liquidity buffer in high level by periods when the liquidity risk may increase. With this approach, the effect of volatility in the markets due to the adverse effects of Covid-19 outbreak on the Bank’s liquidity need is in minimum level. Measures have been taken by the Bank for the provision and stable management of liquidity in an emergency.

##### Liquidity coverage ratio

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

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

	Week	FC	Week
Lowest	04 September 2020	128	04 September 2020
Highest	10 July 2020	215	10 July 2020

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

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

Current Period	Consideration Ratio Not Applied Total Value <sup>(1)</sup>		Consideration Ratio Applied Total Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	2,827,955	2,426,439	2,305,275	1,903,760
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	571,102	531,255	55,163	53,125
3 Stable deposit	38,955	-	1,948	-
4 Deposit with low stability	532,147	531,255	53,215	53,125
5 Unsecured debts except real person deposits and retail deposits	2,141,941	2,022,746	1,518,473	1,405,393
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,001,854	1,987,668	1,378,386	1,370,315
8 Other unsecured debts	140,087	35,078	140,087	35,078
9 Secured debts	-	-	-	-
10 Other cash outflows	-	-	-	-
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	4,682,258	4,571,476	257,923	241,403
<b>16 TOTAL CASH OUTFLOW</b>	<b>7,395,301</b>	<b>7,125,477</b>	<b>1,831,559</b>	<b>1,699,921</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	952,723	591,279	824,708	579,393
19 Other cash inflows	2,622	2,622	2,622	2,622
<b>20 TOTAL CASH INFLOWS</b>	<b>955,345</b>	<b>593,901</b>	<b>827,330</b>	<b>582,015</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA STOCK</b>			<b>2,305,275</b>	<b>1,903,760</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>1,004,228</b>	<b>1,117,906</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>229.56</b>	<b>170.30</b>

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

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

Prior Period	Consideration Ratio Not Applied Total Value <sup>(1)</sup>		Consideration Ratio Applied Total Value <sup>(1)</sup>	
	TL+FC	FC	TC+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	2,467,170	1,921,542	2,075,871	1,530,243
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	447,958	413,177	43,106	41,318
3 Stable deposit	33,786	-	1,689	-
4 Deposit with low stability	414,172	413,177	41,417	41,318
5 Unsecured debts except real person deposits and retail deposits	2,135,443	2,020,115	1,780,669	1,670,716
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,009,117	1,994,742	1,654,343	1,645,343
8 Other unsecured debts	126,326	25,373	126,326	25,373
9 Secured debts	-	-	-	-
10 Other cash outflows	-	-	-	-
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	3,967,177	3,715,665	253,077	196,253
<b>16 TOTAL CASH OUTFLOW</b>	<b>6,550,578</b>	<b>6,148,957</b>	<b>2,076,852</b>	<b>1,908,287</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,193,355	955,004	1,058,282	918,972
19 Other cash inflows	12,959	12,959	12,959	12,959
<b>20 TOTAL CASH INFLOWS</b>	<b>1,206,314</b>	<b>967,963</b>	<b>1,071,241</b>	<b>931,931</b>
			Upper limit applied amounts	
<b>21 TOTAL HQLA STOCK</b>			<b>2,075,871</b>	<b>1,530,243</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>1,009,726</b>	<b>979,032</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>205.59</b>	<b>156.30</b>

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

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

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

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

High-quality liquid assets consist of cash, effectives, debt instruments issued by CBRT and treasury, debt instruments with a credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 38% of high-quality liquid assets of the Bank, while 61% 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. 54% of the total liabilities are deposits received. 52% of these deposits are deposits obtained from banks.

**Information on cash outflows arising from derivative transactions and transactions that are subject to collateralization**

Cash outflows due to derivative contracts occur during periods when the bank's derivative liabilities exceed its derivative receivables. 30 September 2020, the bank has no derivative transactions. Therefore, there is no net cash outflow arising from derivative transactions.

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

A significant part of the funding sources are comprised of deposits received. 54% of the liability is deposits and 52% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

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

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Year and Over</b>	<b>Unallocated</b>	<b>Total</b>
<b>Assets</b>								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	36,316	789,934	-	-	-	-	-	826,250
Banks	150,112	460,898	-	-	-	-	-	611,010
Financial Assets at Fair Value through Profit or Loss	-	-	-	16,388	-	-	-	16,388
Money Market Placements	-	427,640	-	-	-	-	-	427,640
Financial Assets at Fair Value through Other Comprehensive Inc.	-	-	-	206,488	541,894	-	3,363	751,745
Loans	-	623,935	169,832	345,802	701,648	-	5,133	1,846,350
Financial Assets Measured at Amortized Cost	-	-	2	36,666	1,186,821	-	-	1,223,489
Other assets <sup>(1)</sup>	-	-	-	-	-	-	277,097	277,097
<b>Total Assets</b>	<b>186,428</b>	<b>2,302,407</b>	<b>169,834</b>	<b>605,344</b>	<b>2,430,363</b>	<b>-</b>	<b>285,593</b>	<b>5,979,969</b>
<b>Liabilities</b>								
Interbank Deposits	596,357	299,851	71,471	728,461	-	-	-	1,696,140
Other Deposits	1,460,365	39,117	42,273	7,320	141	-	-	1,549,216
Money market borrowings	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	-	457,346	761,427	273,306	-	-	1,492,079
Other liabilities <sup>(2)</sup>	-	202	408	1,346	6,042	-	1,234,536	1,242,534
<b>Total Liabilities</b>	<b>2,056,722</b>	<b>339,170</b>	<b>571,498</b>	<b>1,498,554</b>	<b>279,489</b>	<b>-</b>	<b>1,234,536</b>	<b>5,979,969</b>
<b>Net Liquidity Gap</b>	<b>(1,870,294)</b>	<b>1,963,237</b>	<b>(401,664)</b>	<b>(893,210)</b>	<b>2,150,874</b>	<b>-</b>	<b>(948,943)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	79,876	2,580,754	213,791	964,012	831,647	28,886	259,028	4,957,994
Total Liabilities	1,642,093	518,037	237,358	1,061,574	350,996	1,124	1,146,812	4,957,994
<b>Net Liquidity Gap</b>	<b>(1,562,217)</b>	<b>2,062,717</b>	<b>(23,567)</b>	<b>(97,562)</b>	<b>480,651</b>	<b>27,762</b>	<b>(887,784)</b>	<b>-</b>

1) Other Assets: The amount of TL 277,097 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 144,203, Subsidiaries amounting to TL 116,204, Intangible Assets amounting to TL 4,949, Expected Credit Loss amounting to TL 18,371, Deferred Tax Asset amounting to TL 2,291, Other Assets amounting to TL 27,194 and Available for Sale Financial Assets amounting to TL 1,210 of other undistributed amounts.

2) Other Liabilities: The amount of TL 1,234,536 in the Non-Interest Bearing Column is composed of Shareholders’ Equity amounting to TL 1,121,097, Provisions amounting to TL 55,762, Current Tax Liability amounting to TL 11,728 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 45,949.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****VI. EXPLANATIONS ON LEVERAGE RATIO****Leverage Ratio**

Explanations on leverage ratio is calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks” published in the Official Gazette numbered 28812, dated 5 November 2013.

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

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

**Leverage ratio disclosure as follows**

	<b>Current Period <sup>(1)</sup></b>	<b>Prior Period <sup>(1)</sup></b>
<b>Balance sheet assets</b>		
1 Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	5,701,679	4,765,304
2 (Assets deducted from main capital)	(4,768)	(5,149)
3 Total risk amount of the balance sheet assets ( Sum of 1st and 2nd rows)	5,696,911	4,760,155
<b>Derivative financial instruments and credit derivatives</b>		
4 Replacement cost of derivative financial instruments and credit derivatives	-	-
5 Potential credit risk amount of derivative financial instruments and credit derivatives	-	-
6 Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	-
<b>Security or secured financing transactions</b>		
7 Risk amount of security or secured financing transactions (Except balance sheet)	15,984	40,456
8 Risk amount due to intermediated transactions	-	-
9 Total risk amount of security or secured financing transactions ( Sum of 7th and 8th rows)	15,984	40,456
<b>Off-balance sheet transactions</b>		
10 Gross nominal amount of off-balance sheet transactions	4,720,585	3,986,307
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)	4,720,585	3,986,307
<b>Equity and total risk</b>		
13 Main capital	1,105,374	1,033,259
14 Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	10,433,480	8,786,918
<b>Leverage ratio</b>		
15 Leverage ratio	10.59%	11.77%

<sup>(1)</sup> Amounts in the table are obtained on the basis of three-month weighted average.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****VII. INFORMATION ON RISK MANAGEMENT****Overview of Risk Weighted Amount (Current Period)**

	Risk Weighted Amount		Minimum capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	3,533,638	4,531,546	282,691
2 Standardised approach (SA)	3,533,638	4,531,546	282,691
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	493	672	39
5 Standardised approach for counterparty credit risk (SA-CCR)	493	672	39
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	189,550	68,700	15,164
17 Standardised approach (SA)	189,550	68,700	15,164
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	531,825	425,563	42,546
20 Basic Indicator Approach	531,825	425,563	42,546
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>4,255,506</b>	<b>5,026,481</b>	<b>340,440</b>

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

None.

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

None.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**

**VIII. INFORMATION ON OPERATING SEGMENTS**

The operating segments of the Bank are determined in accordance with the organizational and internal reporting structure and TFRS 8 “Operating Segments”.

The Bank operates in the areas of retail banking, Corporate and Commercial Banking, treasury.

Information on operational segments on 30 September 2020, 30 September 2019 and 31 December 2019 are presented in the table below:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Interest Income (Net)	(521)	80,090	70,846	-	150,415
Commission Income (Net)	-	43,209	-	-	43,209
Unallocated Income/Expenses (Net)	-	-	-	(109,939)	(109,939)
<b>Operating Income</b>	<b>(521)</b>	<b>123,299</b>	<b>70,846</b>	<b>(109,939)</b>	<b>83,685</b>
<b>Income from Subsidiaries</b>	-	-	-	<b>7,998</b>	<b>7,998</b>
Income before tax	-	-	-	91,683	91,683
<b>Tax Provision</b>	-	-	-	<b>(18,574)</b>	<b>(18,574)</b>
<b>Net Profit for the period</b>	-	-	-	<b>73,109</b>	<b>73,109</b>

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Segment Assets	1,883	980,484	4,066,762	-	5,049,129
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	930,840	930,840
<b>Total Assets</b>	<b>1,883</b>	<b>980,484</b>	<b>4,066,762</b>	<b>930,840</b>	<b>5,979,969</b>
Segment Liabilities	582,687	965,679	3,189,069	-	4,737,435
Unallocated Liabilities	-	-	-	121,437	121,437
Equity	-	-	-	1,121,097	1,121,097
<b>Total Liabilities</b>	<b>582,687</b>	<b>965,679</b>	<b>3,189,069</b>	<b>1,242,534</b>	<b>5,979,969</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Interest Income (Net)	(1,706)	117,530	98,756	-	214,580
Commission Income (Net)	-	55,298	-	-	55,298
Unallocated Income/Expenses (Net)	-	-	-	(95,659)	(95,659)
<b>Operating Income</b>	<b>(1,706)</b>	<b>172,828</b>	<b>98,756</b>	<b>(95,659)</b>	<b>174,219</b>
<b>Income from Subsidiaries</b>	-	-	-	<b>12,498</b>	<b>12,498</b>
Income before tax	-	-	-	186,717	186,717
<b>Tax Provision</b>	-	-	-	<b>(37,332)</b>	<b>(37,332)</b>
<b>Net Profit for the period</b>	-	-	-	<b>149,385</b>	<b>149,385</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Segment Assets	1,074	107,685	3,421,390	-	3,530,149
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	1,427,845	1,427,845
<b>Total Assets</b>	<b>1,074</b>	<b>107,685</b>	<b>3,421,390</b>	<b>1,427,845</b>	<b>4,957,994</b>
Segment Liabilities	464,664	700,981	2,643,711	-	3,809,356
Unallocated Liabilities	-	-	-	95,721	95,721
Equity	-	-	-	1,052,917	1,052,917
<b>Total Liabilities</b>	<b>464,664</b>	<b>700,981</b>	<b>2,643,711</b>	<b>1,148,638</b>	<b>4,957,994</b>



**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS****1. Information on cash equivalents and Central Bank of Turkey****Information on cash equivalents**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,452	31,880	1,330	15,426
Central Bank of Turkey	2,984	789,934	3,245	546,563
Other	-	-	-	-
<b>Total</b>	<b>4,436</b>	<b>821,814</b>	<b>4,575</b>	<b>561,989</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	2,984	-	3,245	-
Unrestricted Time Deposits	-	357,924	-	239,743
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	432,010	-	306,820
<b>Total</b>	<b>2,984</b>	<b>789,934</b>	<b>3,245</b>	<b>546,563</b>

<sup>(1)</sup> General reserve amount requirements maintained at CBRT**Information on Reserve Deposits**

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 1% and 7% (31 December 2019: rates between 1% and 7%) , and for USD or EUR at the rates of 5% and 21% respectively ( 31 December 2019: rates between 5% and 21%) according to their maturities as per the Communique no.2005/1 “Reserve Deposits“ of the Central Bank of Turkey.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS****2. Information on financial assets at fair value through profit or loss**

As of the current period, TL 3,525 (31 December 2019: None) are given as collateral/blocked from financial assets at fair value through profit or loss and there are no financial assets that are subject to repo transactions (31 December 2019: None).

**Positive differences related to derivative financial assets;**

None.

**3. Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	464	468,211	476	1,079,064
Foreign banks	-	142,335	-	54,191
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>464</b>	<b>610,546</b>	<b>476</b>	<b>1,133,255</b>

**Information on Expected Loss Provisions**

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,024	-	-	2,024
Additions during the Period (+)	1,004	-	-	1,004
Disposal (-)	(2,004)	-	-	(2,004)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>1,024</b>	<b>-</b>	<b>-</b>	<b>1,024</b>

Prior period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,225	-	-	2,225
Additions during the Period (+)	2,002	-	-	2,002
Disposal (-)	(2,203)	-	-	(2,203)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>2,024</b>	<b>-</b>	<b>-</b>	<b>2,024</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****4. Information on financial assets at fair value through other comprehensive income***Information on transaction of repo and collateral/blocked financial assets (Net)*

As of 30 September 2020, the Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions. (31 December 2019: None).

As of 30 September 2020, the Bank does not have any financial assets at fair value through other comprehensive income, which are given as collateral / blocked from assets (31 December 2019: TL 2,566).

*Major types of financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are composed of shares that are not quoted in the stock market, certificates of rent and other securities.

*Information on financial assets at fair value through other comprehensive income*

	<b>Current period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>752,498</b>	<b>247,566</b>
Quoted in stock exchange	752,498	247,566
Not quoted in stock exchange	-	-
<b>Share Certificates</b>	<b>3,363</b>	<b>2,606</b>
Quoted in stock exchange	-	-
Not quoted in stock exchange	3,363	2,606
<b>Impairment provision (-)</b>	<b>4,116</b>	<b>1,102</b>
<b>Total</b>	<b>751,745</b>	<b>249,070</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans***Information on all types of loans and advances given to shareholders and employees of the Bank*

	Current period		Prior Period	
	Cash	Non- Cash	Cash	Non- Cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>41,010</b>	<b>59,486</b>	<b>11,700</b>
Corporate Shareholders	-	41,010	59,486	11,700
Individual Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to the Bank’s personnel</b>	<b>1,883</b>	<b>140</b>	<b>1,074</b>	<b>106</b>
<b>Total</b>	<b>1,883</b>	<b>41,150</b>	<b>60,560</b>	<b>11,806</b>

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

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>1,841,217</b>	-	-	-
Commercial Loans	-	-	-	-
Export Loans	81,427	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	893,682	-	-	-
Consumer Loans	1,883	-	-	-
Credit Cards	-	-	-	-
Other	864,225	-	-	-
<b>Specialized Lending</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>1,841,217</b>	-	-	-

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	8,701	-
Significant increase in credit risk	-	-

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

*Information on consumer loans, credit cards and loans given to employees*

	Short Term	Middle and Long Term	Total
<b>Consumer Loans-TL</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Loans- TL</b>	355	1,528	1,883
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	355	1,528	1,883
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Deposits with Credit Limit-TL (Individual)</b>	-	-	-
<b>Deposits with Credit Limit-FC (Individual)</b>	-	-	-
<b>Total</b>	<b>355</b>	<b>1,528</b>	<b>1,883</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)***Information on installment commercial loans and commercial credit cards*

	Short-Term	Medium and Long-Term	Total
<b>Commercial Installment Loans-TL</b>	-	<b>43,234</b>	<b>43,234</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	43,234	43,234
Other	-	-	-
<b>Commercial Installment Loans- Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Commercial Installment Loans - FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	-	-	-
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total</b>	-	<b>43,234</b>	<b>43,234</b>

*Allocation of domestic and foreign loans*

	Current Period	Prior Period
Domestic loans	1,787,649	1,708,210
Foreign loans	58,701	22,033
<b>Total</b>	<b>1,846,350</b>	<b>1,730,243</b>

*Loans granted to subsidiaries and associates*

None.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

*Specific provisions for loans*

<b>Specific provisions</b>	<b>Current Period</b>	<b>Prior Period</b>
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	5,133	84,219
<b>Total</b>	<b>5,133</b>	<b>84,219</b>

**Information related to non-performing loans**

*Information on restructured loans of non-performing loans*

*None.*

*Information on movement of total non-performing loans*

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectibles</b>	<b>Loans and receivables with doubtful collectibles</b>	<b>Uncollectible loans and receivables</b>
<b>Balances at Beginning of Period</b>	-	-	<b>86,192</b>
Additions (+)	-	-	709
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	3,167
Write-offs (-)	-	-	<b>78,601</b>
Institutional and commercial credits	-	-	78,601
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
<b>Balances at End of the Period</b>	-	-	<b>5,133</b>
Specific provisions (-)	-	-	5,133
<b>Net Balance on Balance Sheet</b>	-	-	-

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)***Information on foreign currency non-performing loans*

There are non-performing loan receivables in foreign currency amounting TL 1,263 which is followed in Turkish Lira accounts (31 December 2019: TL 26,712).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>receivables with doubtful collectability</b>	<b>Non-performing Loans and receivables</b>
<b>Current Period (Net)</b>	-	-	-
Loans granted to real persons and legal entities(Gross)	-	-	5,133
Specific provisions (-)	-	-	5,133
Loans granted to real persons and legal entities(Net)	-	-	-
Banks (Gross) <sup>(1)</sup>	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	-	-	<b>1,973</b>
Loans granted to real persons and legal entities(Gross)	-	-	86,092
Specific provisions (-)	-	-	84,119
Loans granted to real persons and legal entities(Net)	-	-	1,973
Banks (Gross) <sup>(1)</sup>	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross) <sup>(2)</sup>	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

<sup>(1)</sup> Contains Foreign Banks.



**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)***Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9*

None.

*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*

The bank is in the effort to provide collections from loans under legal follow-up under the leadership of Corporate and Commercial Credits Monitor and Follow-up Department and Legal and Legislation Services Department and other related departments. However the absence of reasonable collection ability in any condition and manner regarding the recovery of the mentioned loans, determined as loss in which the bank monitors by allocate 100% provision under 5th group (3rd group in TFRS) in accordance with TFRS 9 and the “Regulation on Procedures and Principles Concerning Classification of Loans and Provision” are written-off by presenting to Board of Directors’ approval upon gathering the opinion of Legal and Legislation Services Department and by obtaining approvals from Corporate and Commercial Credits Monitor and Follow-up Department.

The write-off of the uncollectible receivables is an accounting policy, it does not result in the right to waive.

Within the scope of TFRS 9, the Bank has written off loans amounting to TL 78,601 (31 December 2019: TL 4,417), and its effect on NPL ratio is 4.26% (31 December 2019: 0.22%).

**Expected credit loss for loans**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	10,700	-	84,219	94,919
Additions during the Period	5,170	-	-	5,170
Disposal	(7,169)	-	(485)	(7,654)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	(78,601)	(78,601)
<b>Balances at End of Period</b>	<b>8,701</b>	<b>-</b>	<b>5,133</b>	<b>13,834</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	6,770	-	89,106	95,876
Additions during the Period	7,251	-	22	7,273
Disposal	(3,321)	-	(1,179)	(4,500)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	(3,730)	(3,730)
<b>Balances at End of Period</b>	<b>10,700</b>	<b>-</b>	<b>84,219</b>	<b>94,919</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****6. Information on financial assets measured at amortised cost***Information on transaction of repo and collateral/blocked financial assets (Net)*

None.

*Information on government financial assets measured at amortised cost*

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	7,587	774,982	1,322	329,700
Treasury Bonds	-	-	-	-
Other Public Bonds	-	440,920	-	147,715
<b>Total</b>	<b>7,587</b>	<b>1,215,902</b>	<b>1,322</b>	<b>477,415</b>

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Debt Instruments</b>	<b>1,223,489</b>		<b>478,737</b>	
Quoted at stock exchange	1,223,489		478,737	
Not-quoted at stock exchange	-		-	
Impairment loss provision (-)	-		-	
<b>Total</b>	<b>1,223,489</b>		<b>478,737</b>	

*Movement of financial assets measured at amortised cost*

	Current Period	Prior Period
Balances at the beginning of the period	478,737	484,323
Foreign currency gains / losses on monetary assets	256,824	48,586
Purchases during the period	748,875	145,427
Disposals through sales and redemptions <sup>(1)</sup>	(260,947)	(199,599)
Impairment loss provision	-	-
<b>Period end balance</b>	<b>1,223,489</b>	<b>478,737</b>

<sup>(1)</sup> In the current period redemption amounting to TL 260,947 has been realized from the portfolio (31 December 2019: TL 199,599).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****Expected credit loss for financial assets measured at amortised cost**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	1,280	-	-	1,280
Additions during the Period	2,508	-	-	2,508
Disposal	(275)	-	-	(275)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>3,513</b>	<b>-</b>	<b>-</b>	<b>3,513</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	1,300	-	-	1,300
Additions during the Period	624	-	-	624
Disposal	(644)	-	-	(644)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>1,280</b>	<b>-</b>	<b>-</b>	<b>1,280</b>

**7. Information on associates**

The Bank does not have an associate.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****8. Information on subsidiaries (Net)***Information on subsidiaries*

<b>Information on Shareholder’s Equity for A&amp;T Finansal Kiralama A.Ş.</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid in Capital	116,000	108,000
Capital Reserves	228	228
Legal Reserves	5,293	4,643
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	9,957	10,107
<i>Net Profit</i>	8,500	10,580
<i>Prior Period Profit/Loss <sup>(1)</sup></i>	1,457	(473)
Intangible Assets (-)	158	197
<b>Total Core Capital</b>	<b>131,321</b>	<b>122,782</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>131,321</b>	<b>122,782</b>
<b>DEDUCTION FROM CAPITAL</b>	-	-
<b>NET AVAILABLE CAPITAL <sup>(1)</sup></b>	<b>131,321</b>	<b>122,782</b>

<sup>(1)</sup> There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 131,321.

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

*Summary information on basic features of equity items*

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

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

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

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

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**8. Information on subsidiaries (Net) (Continued)**

*Summary information on basic features of equity items (Continued)*

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period		Prior Period	Fair value <sup>(1)</sup>
					Profit / Loss	Profit/Loss		
439,433	136,678	10,582	26,041	-	8,500	1,457	-	

<sup>(1)</sup> The related subsidiary has no fair value as of 30 September 2020.

*Movement related to subsidiaries*

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>108,205</b>	<b>95,708</b>
<b>Movements during the Period</b>	<b>7,999</b>	<b>12,497</b>
Purchases	-	-
Bonus Shares Received	7,999	12,497
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
<b>Balance at the End of the Period</b>	<b>116,204</b>	<b>108,205</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the end of Period (%)</b>	<b>99.98</b>	<b>99.98</b>

*Sectoral Information on the subsidiaries*

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	116,204	108,205
Finance Companies	-	-
Other Affiliates	-	-

*Quoted Subsidiaries*

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

**9. Information on joint ventures**

The Bank has no joint ventures.

**10. Information on Financial lease receivables (Net)**

The Bank has no financial lease operation.

**ARAP TÜRK BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**11. Information on financial derivatives for hedging**

The Bank has no financial derivatives for hedging.

**12. Information on investment property**

The Bank has no investment property.

**13. Information on tax assets**

As of 30 September 2020, there is no current tax asset.

**Information on deferred tax asset**

As of 30 September 2020, the Bank calculated net deferred tax liability of TL 2,291 by netting off deferred tax asset of TL 18,226 and deferred tax liability of TL 15,935 on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

Detailed information on net deferred tax assets and liabilities are as follows:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Accumulated temporary differences</b>	<b>Deferred tax asset/liability</b>	<b>Accumulated temporary differences</b>	<b>Deferred tax asset/liability</b>
Provisions for employee rights	22,678	4,661	17,959	3,693
Unearned revenues	2,374	522	6,605	1,453
Interest discounts	26,167	5,757	5,942	1,307
Provisions	32,148	7,073	37,033	8,147
Other	966	213	1,650	363
<b>Deferred tax asset</b>	<b>84,333</b>	<b>18,226</b>	<b>69,189</b>	<b>14,963</b>
Tangible assets revaluation surplus	114,848	14,973	114,622	14,923
Other	4,608	962	8,160	1,759
<b>Deferred tax liability</b>	<b>119,456</b>	<b>15,935</b>	<b>122,782</b>	<b>16,682</b>
<b>Deferred tax asset/(liability) (net)</b>		<b>2,291</b>		<b>(1,719)</b>

Movement of deferred tax asset and liability:

	<b>Current Period</b>	<b>Prior Period</b>
Opening balance	(1,719)	940
Deferred tax income/(expense)(Net)	2,424	1,473
Deferred tax accounted under shareholder's equity	<b>1,586</b>	<b>(4,132)</b>
<b>Net Deferred Tax Asset/(Liability)</b>	<b>2,291</b>	<b>(1,719)</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****14. Information about fixed assets held for sale**

	<b>Current Period</b>	<b>Prior Period</b>
Cost	1,000	17
Impairment (-)	-	11
Accumulated Depreciation (-)	-	-
<b>Prior Period Net Book Value</b>	<b>1,000</b>	<b>6</b>
Opening Balance	1,000	17
Additions	210	987
Disposals (-)	-	4
Accumulated Provision (-)	-	-
Provision Expense (-)	-	-
Accumulated Amortization (-)	-	-
Depreciation of disposals	-	-
Depreciation Expenses (-)	-	-
<b>Closing Net Book Value</b>	<b>1,210</b>	<b>1,000</b>

**15. Information on other assets**

Other assets is amounting to TL 27,194 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments (31 December 2019: TL 16,831).

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES**

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	<b>33,371</b>	-	<b>1,829</b>	<b>867</b>	<b>2,224</b>	-	-	-	<b>38,291</b>
<b>Foreign Currency Deposits</b>	<b>1,418,296</b>	-	<b>227</b>	<b>42,315</b>	<b>28,271</b>	<b>6,999</b>	<b>5,860</b>	-	<b>1,501,968</b>
Residents in Turkey	500,019	-	227	19,415	7,142	1,415	869	-	529,087
Residents Abroad	918,277	-	-	22,900	21,129	5,584	4,991	-	972,881
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	<b>6,059</b>	-	<b>90</b>	<b>169</b>	-	-	-	-	<b>6,318</b>
<b>Other Ins. Deposits</b>	<b>2,639</b>	-	-	-	-	-	-	-	<b>2,639</b>
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	<b>596,357</b>	-	<b>208,487</b>	<b>91,363</b>	-	<b>39,406</b>	<b>760,527</b>	-	<b>1,696,140</b>
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	596,357	-	208,487	91,363	-	39,406	760,527	-	1,696,140
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,056,722</b>	-	<b>210,633</b>	<b>134,714</b>	<b>30,495</b>	<b>46,405</b>	<b>766,387</b>	-	<b>3,245,356</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	<b>31,451</b>	-	<b>2,319</b>	<b>4,004</b>	<b>2,177</b>	-	-	-	<b>39,951</b>
<b>Foreign Currency Deposits</b>	<b>968,755</b>	-	<b>5,032</b>	<b>111,442</b>	<b>21,316</b>	<b>4,929</b>	<b>3,987</b>	-	<b>1,115,461</b>
Residents in Turkey	343,527	-	5,032	91,802	6,825	718	274	-	448,178
Residents Abroad	625,228	-	-	19,640	14,491	4,211	3,713	-	667,283
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	<b>4,886</b>	-	-	<b>161</b>	-	-	-	-	<b>5,047</b>
<b>Other Ins. Deposits</b>	<b>3,774</b>	-	-	-	-	-	-	-	<b>3,774</b>
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	<b>633,227</b>	-	<b>114,072</b>	<b>66,516</b>	<b>192,872</b>	<b>243,559</b>	<b>41,687</b>	-	<b>1,291,933</b>
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	633,227	-	114,072	66,516	192,872	243,559	41,687	-	1,291,933
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,642,093</b>	-	<b>121,423</b>	<b>182,123</b>	<b>216,365</b>	<b>248,488</b>	<b>45,674</b>	-	<b>2,456,166</b>



**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****1. Information on maturity profile of deposits (Continued)**

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

	Covered by deposit insurance Fund		Not covered by deposit insurance Fund	
	Current Period	Prior Period	Prior Period	Current Period
Saving Deposits	10,513	10,618	27,778	29,333
Foreign Currency Saving Deposits	154,056	143,790	390,340	280,923
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>164,569</b>	<b>154,408</b>	<b>418,118</b>	<b>310,256</b>

***Saving deposits not covered by deposit insurance***

The Bank does not have any branches in foreign and off-shore banking areas. Real persons who are not covered by the Savings Deposit Insurance Fund do not have special current and participation accounts.

***The deposits that are covered in foreign branches of the Bank's that headquarters located in abroad***

The Bank's headquarter is located in Turkey.

**ARAP TÜRK BANKASI A.Ş.**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)**

**1. Information on maturity profile of deposits (Continued)**

*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	5,607	3,508
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 Depository Banks established for Off-Shore Banking Activities in Turkey	-	-
<b>Total</b>	<b>5,607</b>	<b>3,508</b>

**2. Information on derivative financial liabilities**

**Negative differences on derivative financial liabilities**

None.

**3. Information on Funds Borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks and Institutions	-	-	-	3,347
From Foreign Banks, Institutions and Funds	-	1,492,079	-	1,349,843
<b>Total</b>	<b>-</b>	<b>1,492,079</b>	<b>-</b>	<b>1,353,190</b>

*Presentation of funds borrowed based on maturity profile*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	457,346	-	335,968
Long-Term	-	1,034,733	-	1,017,222
<b>Total</b>	<b>-</b>	<b>1,492,079</b>	<b>-</b>	<b>1,353,190</b>

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

Bank's liabilities come from 54% of deposits which mainly come from Libyan Foreign Bank and its subsidiaries.

**4. Information on other liabilities**

Other liabilities is amounting to TL 45,949 and this amount does not exceed 10% of total the balance sheet (31 December 2019: TL 27,373).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****5. Information on financial lease obligations**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	1,558	1,260	637	610
1 – 4 years	6,323	4,477	1,320	932
More than 4 years	2,799	2,261	352	284
<b>Total</b>	<b>10,680</b>	<b>7,998</b>	<b>2,309</b>	<b>1,826</b>

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

None.

**7. Information on provisions*****Reserve for employee termination benefits***

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The employee termination benefit liability of the Bank is the amount as at 30 September 2020 is TL 10,024(31 December 2019: TL 6,717). In addition to this, the unused vacation provision and other employee benefits amount as at 30 September 2020 is TL 12,654 (31 December 2019: TL 11,242).

**Other Provisions**

As of 30 September 2020, the Bank has free provisions for possible risks is TL 15,000 (31 December 2019: TL 15,000).

*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	15,000	15,000
Expected credit losses for non-cash loans	17,575	21,685
Provisions for lawsuits	509	631
<b>Total</b>	<b>33,084</b>	<b>37,316</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****8. Information on tax payables***Information on current tax liability*

As of 30 September 2020, the Bank's corporate tax payable is TL 6,507 after offsetting prepaid corporate tax (31 December 2019: TL 5,639).

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable	6,507	5,639
Banking Insurance Transaction tax (BITT)	838	588
Taxation on Securities Income	23	270
Value Added Tax Payable	26	119
Value Added Tax Payable (Limited taxpayer)	-	27
Foreign exchange transaction tax	-	-
Taxation on real estate income	9	18
Other	2,951	1,731
<b>Total</b>	<b>10,354</b>	<b>8,392</b>

*Information on premium payables*

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	511	422
Social Security Premiums-Employer	755	624
Bank Pension Fund Premium-Employees	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	36	30
Unemployment Insurance-Employer	72	60
Others	-	-
<b>Total</b>	<b>1,374</b>	<b>1,136</b>

*Information on deferred tax liability*

None.

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

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

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

The Banks has no subordinated loans.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)**

**9. Information on Shareholders’ Equity**

*Presentation of Paid-in Capital*

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

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

Registered share capital system is not implemented in the Bank.

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

None.

*Information on share capital increases from capital reserves*

None.

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

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

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

None.

*Explanations on dividend distribution*

None.

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

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****9. Information on Shareholders’ Equity (Continued)**

*Gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income*

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	2,494	(2,029)	381	4,686
Exchange Rate Differences	-	-	-	-
<b>Total</b>	<b>2,494</b>	<b>2,029</b>	<b>381</b>	<b>4,686</b>

***Information on legal reserve***

At the 42<sup>nd</sup> Ordinary General Meeting held on September 4, in the current period, TL 8,248 has been transferred from previous years’ profits to legal reserves in accordance with 519 article of the Turkish Commercial Code No. 6102.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS****1. Information on contingent liabilities in the off-balance sheets***Type and amount of irrevocable commitments*

The Bank has TL 3,935 as irrevocable commitments (31 December 2019: TL 17,881).

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

As of the balance sheet date, the Bank has allocated the provision amounting TL 1,126 over total Stage 3 non-cash loans. (31 December 2019: TL 267)

*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 950,289 (31 December 2019: TL 912,075).

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

The total amount of the Bank’s guarantee letters is TL 3,930,745 (31 December 2019: TL 3,156,146).

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans granted for Cash Loan Assurance	218,129	645,997
Less Than or Equal to One Year with Original Maturity	21,907	394,120
More Than One Year with Original Maturity	196,222	251,877
Other Non-Cash Loans	4,662,905	3,422,224
<b>Total</b>	<b>4,881,034</b>	<b>4,068,221</b>

**3. Expected losses for non-cash loans and irrevocable commitments**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at beginning of the period	21,418	-	267	21,685
Additions during the period	5,575	-	859	6,434
Disposal	(10,544)	-	-	(10,544)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at end of period</b>	<b>16,449</b>	<b>-</b>	<b>1,126</b>	<b>17,575</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at beginning of the period	18,991	1	461	19,453
Additions during the period	7,636	-	-	7,636
Disposal	(5,209)	(1)	(194)	(5,404)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at end of period</b>	<b>21,418</b>	<b>-</b>	<b>267</b>	<b>21,685</b>

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS**

**1. Information on interest income**

*Information on interest income received from loans*

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans <sup>(1)</sup>				
Short-Term Loans	37,832	16,681	83,001	16,277
Medium and Long-Term Loans	6,416	24,449	375	20,353
Interest Received From Non-Performing Loans	127	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>44,375</b>	<b>41,130</b>	<b>83,376</b>	<b>36,630</b>

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

*Information on interest income received from banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
From CRBT	-	-	-	-
From Domestic Banks	195	3,204	1,299	11,277
From Foreign Banks	-	222	-	1,200
From Foreign Headquarter and Branches	-	-	-	-
<b>Total</b>	<b>195</b>	<b>3,426</b>	<b>1,299</b>	<b>12,477</b>

*Information on interest income on marketable securities*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	1,900	5,163	-	14,239
Financial Assets at Fair Value Through Other Comprehensive Income	635	19,495	260	8,268
Financial Assets Measured at Amortised Cost	506	28,899	1,216	16,356
<b>Total</b>	<b>3,041</b>	<b>53,557</b>	<b>1,476</b>	<b>38,863</b>

*Information on interest income received from associates and subsidiaries*

None.



**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)**

**2. Interest Expense**

*Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	-	<b>16,702</b>	-	<b>18,190</b>
Central Bank	-	-	-	-
Domestic Banks	-	33	-	138
Foreign Banks	-	16,669	-	18,052
Overseas Headquarters and Branches	-	-	-	-
<b>Total</b>	-	<b>16,702</b>	-	<b>18,190</b>

*Information on interest expense paid to subsidiaries and associates*

None.

*Information on interest expense given on securities issued*

None.

*Maturity structure of the interest expense on deposits*

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Turkish Lira</b>								
Interbank deposits	-	9	-	-	-	-	-	9
Saving deposits	-	139	86	136	40	34	-	435
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	35	4	6	-	-	-	45
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>183</b>	<b>90</b>	<b>142</b>	<b>40</b>	<b>34</b>	-	<b>489</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	5	306	99	49	82	-	541
Interbank deposits	105	1,165	510	1	220	4,249	-	6,250
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>105</b>	<b>1,170</b>	<b>816</b>	<b>100</b>	<b>269</b>	<b>4,331</b>	-	<b>6,791</b>
<b>Grand Total</b>	<b>105</b>	<b>1,353</b>	<b>906</b>	<b>242</b>	<b>309</b>	<b>4,365</b>	-	<b>7,280</b>

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)**

**3. Information on trading gain/loss**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gain</b>	<b>17,541,298</b>	<b>16,784,588</b>
Gain from money market transactions	-	-
Gain from financial derivative transactions	-	-
Gain from exchange transactions	17,541,298	16,784,588
<b>Loss (-)</b>	<b>(17,536,531)</b>	<b>(16,780,259)</b>
Loss from money market transactions	(62)	-
Loss from financial derivative transactions	-	-
Loss from exchange transactions	(17,536,469)	(16,780,259)
<b>Net Trading Gain/Loss</b>	<b>4,767</b>	<b>4,329</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
From reversal of provisions of prior year	5,689	2,417
Income from communication	2,435	2,716
Gain on sales of assets	-	-
Other income	53	32
<b>Total</b>	<b>8,177</b>	<b>5,165</b>

**5. Information on expected credit loss expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provisions	709	22
<i>12 month expected credit loss (stage 1)</i>	-	-
<i>Significant increase in credit risk (stage 2)</i>	-	-
<i>Non-performing loans (stage 3)</i>	709	22
Marketable Securities Impairment Expenses	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-
Subsidiaries, Associates and Entities under Common Control	-	-
Provision Expenses for Impairment	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	-	-
<b>Total</b>	<b>709</b>	<b>22</b>

**6. Information on Other Provision Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Securities Depreciation Expenses	9,459	-
Free Provision	-	-
Provisions Lawsuits	20	-
<b>Total</b>	<b>9,479</b>	<b>-</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)****7. Information on other operating expense**

	<b>Current Period</b>	<b>Prior Period</b>
Employee Termination Benefits Expense	1,594	980
Tangible Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	2,271	2,213
Intangible Asset Impairment Expense	-	-
<i>Goodwill Impairment Expense</i>	-	-
Amortization Expenses of Intangible Assets	1,994	1,372
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Tangible Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Tangible Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	15,955	12,679
<i>Operating Lease Expenses out of the scope of TFRS 16</i>	35	45
<i>Maintenance Expenses</i>	5,242	4,298
<i>Advertisement Expenses</i>	138	122
<i>Other Expenses</i>	10,540	8,214
Losses from sales of Assets	-	-
Other	11,265	12,357
<b>Total</b>	<b>33,079</b>	<b>29,601</b>

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

The pre-tax income amount from continued operations is TL 91,683 (30 September 2019: TL 186,717).

**9. Information on tax provision related to continued operations and discontinued operations*****Current period taxation benefit or charge and deferred tax benefit or charge***

As of 30 September 2020, current taxation expense is TL 20,998 (30 September 2019: TL 36,680 current tax expense) and the net impact of deferred tax income is TL 2,424 (30 September 2019: TL 652 deferred tax expense).

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

The Bank has TL 2,424 as deferred tax income arising from origination of temporary differences (30 September 2019: TL 652 deferred tax expense).

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

The Bank has TL 2,424 as deferred tax income reflected in the statement of profit or loss computed over temporary difference and tax deductions and exemptions (30 September 2019: TL 652 deferred tax expense).

**10. 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 73,109 (30 September 2019: TL 149,385).

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)**

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

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

None.

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

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

**12. Information on 20% of other accounts in statement of profit or loss, if other accounts exceed 10% of total statement of profit or loss.**

Apart from other operating income and other operating expenses explained above, the details of other commission income items exceeding 10% of the total statement of profit or loss are as follows.

	<b>Current Period</b>	<b>Prior Period</b>
Letter of Credit Commissions	20,680	20,143
Transfer Commissions	9,080	7,799
Other	274	567
<b>Total</b>	<b>30,034</b>	<b>28,509</b>

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

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

<b>Current Period</b>						
<b>Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Loans and Other Receivables</b>						
Balance at the beginning of the period	-	564	59,486	11,700	-	88,731
Balance at the end of the period	-	-	-	41,010	3,548	74,778
Interest and Commission Income received <sup>(2)</sup>	-	-	-	-	38	-

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

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

<b>Prior Period</b>						
<b>Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Loans and Other Receivables</b>						
Balance at the beginning of the period	-	606	1,395	26,049	431,005	247,752
Balance at the end of the period	-	564	59,486	11,700	-	88,731
Interest and Commission Income received <sup>(2)</sup>	-	-	-	-	930	-

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

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

The Bank has a loan amounting to TL 572,962 (31 December 2019: TL 671,182) from the risk group. There was an interest expense of TL 14,298 in the current period related to the loans used (30 September 2019: TL 19,120).

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

<b>Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>Deposits</b>					
Balance at the beginning of the period	245	334	1,688	2,038,148	777,686	658,394
Balance at the end of the period	-	245	3,806	1,688	1,194,221	777,686
Interest expense on deposits	-	-	7	16,024	2,941	13,777

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

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

None.

*Information on benefits provided for top level management:*

As of 30 September 2020, TL 11,342 has been paid to the top-level management of the Bank as salaries and fringe benefit (30 September 2019: TL 17,007).

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

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**SECTION FIVE**

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

**SECTION SIX**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

**I. INFORMATION ON INDEPENDENT AUDITOR’S REVIEW REPORT**

As of 30 September 2020, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (the Turkish member firm of KPMG International Cooperative) and Independent Auditor’s Review Report is presented preceding the financial statements. The independent audit report dated 30 September 2020 is presented before the unconsolidated financial statements.

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

None.

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

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

The Covid-19 outbreak and macroeconomic indicators of developed economies under such environment have been main agenda items of the global economy in the period we left behind in 2020. While many countries have experienced the process that indicate the beginning of a second wave of the pandemic nowadays, concerns about the economic recovery have also caused a weak global risk appetite.

World Trade Organization announced that global trade activity, which contracted sharply in the second quarter of the year, increased partially in the third quarter, but the recovery was still slow.

In such a conjuncture, the Federal Reserve Bank of the United States (FED) left the interest rates constant in the range of 0-0.25% in its September meeting and signaled that the rate will be constant until 2023. Within the framework of the new monetary policy strategy, FED also underlined that it will continue to use a loose monetary policy until inflation reaches the target set as "2% on average". The data for the third quarter of the US economy, which contracted by 31.7% on an annual basis in the second quarter of the year, indicate that the recovery will be gradual. Similarly, the data regarding the Euro Area state that the improvement in economic activity is limited.

Turkish economy contracted by 9.9% on an annual basis in the second quarter of 2020 due to the loss of economic activity as a result of measures taken to restrict social life because of Covid-19 outbreak. Deterioration of global risk perception under pandemic conditions caused capital outflow from developing countries, fluctuations in domestic financial markets and upward pressure on both exchange rates and inflation. In addition, due to the contraction in global demand as well as decline in exports of goods and services depending on the measures taken within the scope of combating the pandemic and large amount of gold imports; current account deficit exceeded the expectations in this period. On the other hand, with the second half of the year, positive developments have been recorded in the data regarding economic activity, especially in production, capacity utilization, export and growth figures. In addition, the discovery of natural gas reserves in the Black Sea has also positively affected the overall economic outlook, as it has a lowering effect on energy expenditures.

While annual inflation was stood at 11.75% level in September, it is evaluated that the upward trend in exchange rates since August, the effects of which were already seen in Producer Price Index, may also increase the upside risks on Consumer Price Index in the coming months. In this context, in order to limit risks regarding to outlook of inflation, re-establish disinflation process and support stability on prices, Monetary Policy Committee of Central Bank of Turkey decided to raise policy interest rate by 200 basis points in its last meeting.

In order to minimize the negative effects of all the challenging conditions and economic uncertainty on a global scale as well as geopolitical developments on economic activity in Turkey, the necessary measures have been taken in coordination by all relevant authorities. It is evaluated that under such conditions, the Turkish banking sector maintains its strong outlook on both liquidity and capital adequacy and continues its core function of 'lending' activities in a healthy way. While total assets of the sector increased by 30.2% in the first eight-month period of the year; net profit for the period increased significantly compared to the same period of the previous year and reached TL 42.9 billion mainly as a result of decrease in interest expenses.

While we are passing through a period in which combating the Covid-19 epidemic is the most important agenda item, all suggestions and instructions of legal authorities are closely followed and implemented by our Bank since the beginning of the outbreak. In this context, all necessary measures have been taken to ensure that the epidemic does not adversely affect the health of our customers, our employees and our banking operations. We are proud to underline that all the banking operations of A&T Bank have been maintained without any interruption.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

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**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

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

As of September 2020, the asset size of A&T Bank increased by 20.6% compared to the end of the previous year and reached TL 6.0 billion. In this period, while the Bank’s shareholders' equity and net profit stood TL 1,121 million and TL 73.1 million, respectively, capital adequacy standard ratio maintains its strong outlook by 26.98%.

Our core operating principles will continue to be pursuit of “sustainable healthy growth in corporate banking” while remaining steadfast to effective risk and liquidity management and adding value to the country's economy in the forthcoming period, as it was in the past. In addition, we will continue improving our information technology systems and automation processes, boosting our service quality and increasing operational efficiency by ensuring full compliance to corporate governance principles.

Best regards,

Wail J. A. BELGASEM  
General Manager

Turgut GÜLCİHAN  
Chairman



**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION SEVEN****EXPLANATIONS ON INTERIM ACTIVITY REPORT****II. Unconsolidated Financial Highlights for the Period**

<b>Assets (Thousand TL) <sup>(1)</sup></b>	<b>31.12.2019</b>	<b>30.09.2020</b>
Financial Assets (Net) <sup>(2)</sup>	2,576,759	2,632,009
Financial Assets Measured at Amortized Cost (Net) <sup>(3)</sup>	2,112,781	3,052,492
Property and Equipment Held for Sale Purpose and Related to Disc. Operations (Net)	1,000	1,210
Equity Investments	108,205	116,204
Property and Equipment (Net)	136,265	144,203
Intangible Assets (Net)	6,153	4,366
Deferred Tax Assets	-	2,291
Other Assets (Net)	16,831	27,194
<b>Total Assets</b>	<b>4,957,994</b>	<b>5,979,969</b>
<b>Liabilities (Thousand TL) <sup>(1)</sup></b>	<b>31.12.2019</b>	<b>30.09.2020</b>
Deposits	2,456,166	3,245,356
Funds Borrowed	1,353,190	1,492,079
Lease Liabilities (Net)	1,826	7,998
Provisions	55,275	55,762
Current Tax Liability	9,528	11,728
Deferred Tax Liability	1,719	-
Shareholders' Equity	1,052,917	1,121,097
Other Liabilities	27,373	45,949
<b>Total Liabilities</b>	<b>4,957,994</b>	<b>5,979,969</b>
<b>Off Balance Sheet Commitments (Thousand TL)</b>	<b>31.12.2019</b>	<b>30.09.2020</b>
Guarantees and Warranties	4,068,221	4,881,034
Commitments	17,881	3,935
<b>Total Off Balance Sheet Commitments</b>	<b>4,086,102</b>	<b>4,884,969</b>
<b>Statement of Profit / Loss (Thousand TL)</b>	<b>30.09.2019</b>	<b>30.09.2020</b>
Interest Income	250,562	177,280
Interest Expense (-)	35,982	26,865
Net Interest Income	214,580	150,415
Net Fees & Commission Income	55,298	43,209
Dividend Income	12,513	8,031
Trading Income / Loss (Net) (+/-)	4,329	4,767
Other Operating Income	5,165	8,177
Gross Operating Income	291,885	214,599
Expected Credit Loss (-)	22	709
Other Provisions Expenses (-)	12,176	9,479
Personnel Expense (-)	63,369	79,649
Other Operating Expenses (-)	29,601	33,079
Net Operating Income / Loss	186,717	91,683
Tax Provision (-)	37,332	18,574
<b>Net Term Profit</b>	<b>149,385</b>	<b>73,109</b>

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

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

#### SECTION SEVEN

#### EXPLANATIONS ON INTERIM ACTIVITY REPORT

#### II. Unconsolidated Financial Highlights for the Period (Continued)

Unconsolidated Financial Ratios (%)	31.12.2019	30.09.2020
Return on Assets <sup>(4)</sup>	3.49	1.69
Return on Equity <sup>(4)</sup>	19.16	8.96
Capital Adequacy Standard Ratio	21.53	26.98
Loans / Total Assets	34.90	30.88
Deposits / Total Liabilities	49.54	54.27

(1) Rate sensitive assets and liabilities include rediscounts.

(2) Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit or Loss, Financial Assets Measured at Fair Value through other Comprehensive Income and Derivative Financial Assets.

(3) Loans, Lease Receivables, Factoring Receivables, Financial Assets Measured at Amortized Cost and Allowance for Expected Credit Losses.

(4) The ratios are annualized.

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

- Compared to the end of the previous year, total assets of the Bank increased by 20.6% to TL 6 billion at end-September 2020. In the period examined, the most significant investment instruments of the Bank included financial assets (net) by 44% share totaling TL 2.632 million and financial assets measured at amortized cost (net) by 51% share totaling TL 3.052 million.
- External sources constituted 81.3% of the Bank's total liabilities. Total deposits, which was the most significant part of the external sources, realized as TL 3.245 million. Shareholders' equity stood at TL 1,121 million and constituted 18.7% of total liabilities at the end of September.
- Guarantees and warrantees, which include letters of guarantee, letters of credit and other guarantees, went up by 20% compared to the previous year-end and stood at TL 4.881 million at the end of September.
- In the first nine-month period of 2020, cumulative net term profit of A&T Bank realized as TL 73.1 million.
- Annualized return on assets and return on equity ratios at end-September 2020 are 1.69% and 8.96%, respectively.

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

- At the Ordinary General Meeting held on September 4, 2020, Article 12 of the Bank's Articles of Association was amended as follows:

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

Previous Version	New Version
<p><b>ARTICLE 12 - MEETINGS OF THE BOARD OF DIRECTORS AND PLACE OF MEETINGS</b></p> <p>Meetings of the Board of Directors may be held whenever required by the business of the Bank.</p> <p>It is essential that at least half plus one of all the members shall be present at the meeting in order to form a quorum to start discussions. The meeting may be held by electronic means, or by physical presence of some members and participation of other members by electronic means.</p> <p>Unless a discussion is requested by any Member of the Board of Directors, a certain proposal brought to the attention of the Board of Directors drafted as a resolution may, according to Article 390(4) of the Turkish Commercial Code, be resolved by obtaining the written consent of more than one half of members constituting the Board. It is a condition of validity that the same proposal be submitted to all members of the Board. It is not necessary that all approvals shall be on the same document, the signatures may be obtained in counterparts. All the pages containing approval signatures should be pasted in the minutes book of the Bank or converted into a resolution where signatures of all approving members should be affixed.</p>	<p><b>ARTICLE 12 - MEETINGS OF THE BOARD OF DIRECTORS AND PLACE OF MEETINGS</b></p> <p>Meetings of the Board of Directors may be held whenever required by the business of the Bank.</p> <p>It is essential that at least half plus one of all the members shall be present at the meeting in order to form a quorum to start discussions. Members who are entitled to participate in the Board of Director Meetings of the Bank may also participate in the meeting via electronic means as per Article 1527 of the Turkish Commercial Code. The Bank may set up an electronic Board of Directors meeting system for the members, enabling them to participate in the Board of Directors meetings, expressing opinions, asserting proposals and casting their votes in accordance with Communiqué on the Boards to be Held in Electronic Environment Apart from the General Assemblies of the Joint Stock Companies. In all Meetings to be held, stake holders are enabled by the Bank as per this provision of the Articles of Association to exercise all their rights stipulated in the relevant legislation in the scope of the Regulation.</p> <p>Unless a discussion is requested by any Member of the Board of Directors, a certain proposal brought to the attention of the Board of Directors drafted as a resolution may, according to Article 390(4) of the Turkish Commercial Code, be resolved by obtaining the written consent of more than one half of members constituting the Board. It is a condition of validity that the same proposal be submitted to all members of the Board. It is not necessary that all approvals shall be on the same document, the signatures may be obtained in counterparts. All the pages containing approval signatures should be pasted in the minutes book of the Bank or converted into a resolution where signatures of all approving members should be affixed.</p>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION SEVEN****EXPLANATIONS ON INTERIM ACTIVITY REPORT**

<b>ARTICLE 12 - MEETINGS OF THE BOARD OF DIRECTORS AND PLACE OF MEETINGS</b> Previous Version (Continued)	<b>ARTICLE 12 - MEETINGS OF THE BOARD OF DIRECTORS AND PLACE OF MEETINGS</b> New Version (Continued)
<p>The Board of Directors shall be invited to meet by the Chairman of the Board of Directors and in the absence of the Chairman by the Deputy Chairman in such a way that the agenda thereof would be provided and that a proper period of time would be granted.</p> <p>Meetings may be held both in Turkey and abroad.</p> <p>Meetings will also be deemed validly held even without prior notice when all the members are present, and they unanimously consent to the holding of the meeting.</p> <p>The resolutions will be adopted by the majority vote of the members present and in case votes in favor and against the proposal are equal, the resolution will be postponed to the next meeting.</p> <p>If majority cannot be attained at the subsequent meeting as well, the proposal shall be deemed rejected.</p> <p>Resolutions of the Board of Directors signed by the Chairman and the members shall be duly recorded in a certified minutes book provided for that purpose.</p> <p>All expenses, which have been approved by the Board in connection with attendance at the meetings of the Board shall be borne by the Bank.</p> <p>Board members are paid remuneration as determined by the General Meeting on an annual, monthly or per meeting basis.</p>	<p>The Board of Directors shall be invited to meet by the Chairman of the Board of Directors and in the absence of the Chairman by the Deputy Chairman in such a way that the agenda thereof would be provided and that a proper period of time would be granted.</p> <p>Meetings may be held both in Turkey and abroad.</p> <p>Meetings will also be deemed validly held even without prior notice when all the members are present and they unanimously consent to the holding of the meeting.</p> <p>The resolutions will be adopted by the majority vote of the members present and in case votes in favor and against the proposal are equal, the resolution will be postponed to the next meeting.</p> <p>If majority cannot be attained at the subsequent meeting as well, the proposal shall be deemed rejected.</p> <p>Resolutions of the Board of Directors signed by the Chairman and the members shall be duly recorded in a certified minutes book provided for that purpose.</p> <p>All expenses, which have been approved by the Board in connection with attendance at the meetings of the Board shall be borne by the Bank.</p> <p>Board members are paid remuneration as determined by the General Meeting on an annual, monthly or per meeting basis.</p>

**V. Changes in the Membership Structure of the Board of Directors**

- Mr. Bilgehan KURU and Ms. Fatma Nur ÇETİNEL vacated their positions as Member of the Board of Directors on September 4, 2020.
- At the Ordinary General Meeting held on September 4, 2020, Mr. Turgut GÜLCİHAN has been elected as Member of the Board of Directors to replace Mr. Bilgehan KURU. Mr. GÜLCİHAN started his duty on September 17, 2020.
- Turgut GÜLCİHAN was appointed as the Chairman of the Board of Directors.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020**

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

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

**V. Changes in the Membership Structure of the Board of Directors**

- At the Ordinary General Meeting held on September 4, 2020, Mr. Dr. Sinan ŞAHİN has been elected as Member of the Board of Directors to replace Ms. Fatma Nur ÇETİNEL. Mr. SAHİN started his duty on September 11, 2020.
- As of 30.09.2020, the memberships of the Board of Directors are as follows:

Mr. Turgut GÜLCİHAN	Chairman
Mr. Aflah Omar MAGSI	Deputy Chairman
Mr. Wail J. A. BELGASEM	Member (General Manager)
Mr. Volkan KUBLAY	Member
Mr. Abdulhakim A. E. KHAMAG	Member
Ms. Tülin İNHAN	Member
Mr. Salah BANDI	Member
Mr. Mohamed Masoud A. ALDROGI	Member
Mr. Dr. Sinan ŞAHİN	Member

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

- Mr. Dr. Sinan ŞAHİN was appointed as the Member of the Audit Committee to replace Ms. Fatma Nur ÇETİNEL.
- As of 30.09.2020, the memberships of the Audit Committee are as follows:

Mr. Mohamed Masoud A. ALDROGI	Chairman
Mr. Salah BANDI	Member
Mr. Dr. Sinan ŞAHİN	Member
- During the period, there has been no change in the Managers of the Units responsible for the Internal Systems.

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

- Mr. Turgut GÜLCİHAN has been appointed as the Chairman of the Corporate Governance Committee and the Chairman of the Credit Committee.

**IX. Other Issues**

There is no significant changes apart from the above-mentioned explanations compared to the 2019 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”.