



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

Arap Türk Bankası Anonim Şirketi

Consolidated Financial Statements
As of and For the Nine-Month Period Ended
30 September 2016
With Limited Review Report Thereon
*(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

26 October 2016

*This report contains "Limited Review Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 72 pages.*



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LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası Anonim Şirketi

Report on the Consolidated Financial Statements

We have reviewed the accompanying statement of financial position of Arap Türk Bankası A.Ş. (the "Bank") and its financial subsidiaries (together the "Group") as at 30 September 2016 and the consolidated statements of income, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the nine-month period then ended and summary of significant accounting policies and other explanatory information ("interim financial information"). The Bank Management is responsible for the preparation and fair presentation of this interim financial information in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations 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 Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

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



Basis of Qualified Conclusion

The accompanying consolidated financial information as of 30 September 2016 include a general provision total amounting to TL 16,000 thousands, TL 7,000 has been recognized as expense in the current period provided by the Parent Bank management for the possible result of the negative circumstances which may arise from any circumstances from any change in economy or market conditions.

Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not presented fairly, in all material respects, the consolidated financial position of Arap Türk Bankası A.Ş. and its financial subsidiaries as of 30 September 2016 and the result of its operations and consolidated cash flows for the nine-month period then ended in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents".

Report on other regulatory requirements arising from legislation

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

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 and as at and for the nine months period ended 30 September 2015 were audited and reviewed by another auditor who expressed an qualified opinion/conclusion thereon on 28 January 2015 and 30 October 2015, respectively.

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



Murat Alsan, SMMM
Partner

26 October 2016
İstanbul, Turkey

Additional Paragraph for convenience translation to English:

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

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016**

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

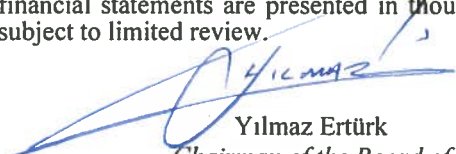
The consolidated interim financial report as of and for the nine month period ended 30 September 2016 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

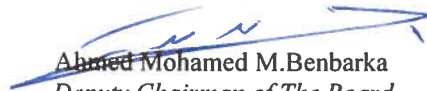
The subsidiaries, associates and jointly controlled companies included in the consolidated interim financial report are as follows:

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

The consolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying consolidated interim financial statements are presented in thousands of Turkish Lira (TL) as of 30 September 2016 and have been subject to limited review.




Yılmaz Ertürk
Chairman of the Board of Directors



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



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



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



Kemal Şahin
Member of The Board of Directors and The Audit Committee



Abdulhakim A. E. Khamag
General Manager



Salih Hatipoğlu
*Assistant General Manager
Responsible For Financial Reporting*



Feyzullah Küpeli
Manager

Contact information of the personnel for addressing questions regarding this financial report

Name / Title: Feyzullah Küpeli / Manager

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

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

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

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

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

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

As of 30 September 2016, the Parent Bank's share capital at the balance sheet date as follows:

Shareholders	Current Period		Prior Period	
	Shares	Ownership ⁽¹⁾	Shares	Ownership ⁽¹⁾
Libyan Foreign Bank	274,426	62.37%	274,426	62.37%
T. İş Bankası A.Ş.	90,534	20.58%	90,534	20.58%
T.C. Ziraat Bankası A.Ş.	67,900	15.43%	67,900	15.43%
Kuwait Investment Co.	7,140	1.62%	7,140	1.62%
Total	440,000	100%	440,000	100%

⁽¹⁾ Emek İnşaat ve İşletme A.Ş. has 0,0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2015: 0,0000014% share and TL 6.20 (full digit in TL)).

III. INFORMATION ABOUT THE PARENT BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS AND THEIR QUALIFICATIONS, RELATED CHANGES WITHIN THE YEAR AND THEIR SHARES AT THE BANK

Chairmen of the Board of Directors and Board Members

Name	Job Title – Description
Yılmaz Ertürk	Chairman of the Board of Directors
Ahmed Mohamed M. Benbarka	Deputy Chairman of the Board of Directors and Head of the Audit Committee
Abdulkham A. E. Khamag	Member of the Board of Directors and General Manager
Abdurauf İbrahim G.Shneba	Member of the Board of Directors and Audit Committee
Kemal Şahin	Member of the Board of Directors and Audit Committee
Osman Arslan	Member of the Board of Directors and Audit Committee
Ömer Muzafer Baktır	Member of the Board of Directors
Abdulfatah A. Enaami	Member of the Board of Directors
Hani Alhmali Allafi İbrahim	Member of the Board of Directors

General Manager and Deputies

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

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

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

Name Surname/Entity Title	Shares	Ownership ⁽¹⁾	Shares	Unpaid Shares
Libyan Foreign Bank	274,426	62.37	274,426	-
T. İş Bankası A.Ş.	90,534	20.58	90,534	-
T.C. Ziraat Bankası A.Ş.	67,900	15.43	67,900	-

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

The Parent Bank was established to incorporate commercial activities among Turkey, Middle East and North African countries. The Bank is authorized to collect deposits and operates in corporate banking areas.

The Bank has seven branches; three in Istanbul, one in Ankara, one in Kayseri, one in Konya and one in Gaziantep and has share participations in a subsidiary operating in financial leasing business.

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

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

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

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

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

Arap Türk Bankası Anonim Şirketi
Consolidated Balance Sheet (Statement of Financial Position)
As of 30 September 2016

(Thousands of Turkish Lira)

ASSETS	Footnotes (5-1)	Reviewed			Audited		
		CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	9,734	1,016,120	1,025,854	8,454	849,701	858,155
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	251	463,056	463,307	14,220	194,122	208,342
2.1 Financial assets held for trading		251	463,056	463,307	14,220	194,122	208,342
2.1.1 Public sector debt securities		-	359,244	359,244	14,220	101,821	116,041
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		251	8	259	-	-	-
2.1.4 Other marketable securities		-	103,804	103,804	-	92,301	92,301
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans granted		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	35,236	1,102,473	1,137,709	26,924	1,220,983	1,247,907
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	224	1,201	1,425	224	1,164	1,388
5.1 Securities representing a share in capital		224	1,201	1,425	224	1,164	1,388
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	675,393	731,607	1,407,000	767,109	590,794	1,357,903
6.1 Loans		673,375	731,607	1,404,982	765,166	590,794	1,355,960
6.1.1 Loans granted to the Bank's risk group		-	262,529	262,529	-	89,650	89,650
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		673,375	469,078	1,142,453	765,166	501,144	1,266,310
6.2 Loans under follow-up		16,482	-	16,482	13,211	-	13,211
6.3 Specific provisions (-)		14,464	-	14,464	11,268	-	11,268
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	31,582	290,232	321,814	17,604	263,954	281,558
8.1 Public sector debt securities		9,927	233,157	243,084	1,038	231,020	232,058
8.2 Other marketable securities		21,655	57,075	78,730	16,566	32,934	49,500
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Consolidated by equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Financial subsidiaries		-	-	-	-	-	-
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated by equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	59,570	195,910	255,480	57,258	190,334	247,592
12.1 Finance lease receivables		71,221	213,223	284,444	68,610	208,832	277,442
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		11,651	17,313	28,964	11,352	18,498	29,850
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		22,685	-	22,685	23,555	-	23,555
XV. INTANGIBLE ASSETS (Net)		2,389	-	2,389	2,986	-	2,986
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,389	-	2,389	2,986	-	2,986
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	4,444	-	4,444	2,940	-	2,940
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		4,444	-	4,444	2,940	-	2,940
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(14)	8	-	8	9	-	9
18.1 Held for sale purpose		8	-	8	9	-	9
18.2 Held from discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(15)	22,919	4,262	27,181	11,376	6,045	17,421
TOTAL ASSETS		864,435	3,804,861	4,669,296	932,659	3,317,097	4,249,756

Arap Türk Bankası Anonim Şirketi
Consolidated Balance Sheet (Statement of Financial Position)
As of 30 September 2016

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes (5-II)	Reviewed			Audited		
			CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
			TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		(1)	78,644	3,638,664	3,717,308	62,332	3,285,299	3,347,631
1.1 Deposits held by the Bank's risk group			53,215	2,745,746	2,798,961	56	2,479,913	2,479,969
1.2 Other			25,429	892,918	918,347	62,276	805,386	867,662
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		(2)	1	-	1	753	-	753
III. FUNDS BORROWED		(3)	1,564	206,416	207,980	2,499	208,086	210,585
IV. INTERBANK MONEY MARKET			5,098	-	5,098	3,493	-	3,493
4.1 Interbank money market payables			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables			-	-	-	-	-	-
4.3 Funds provided under repurchase agreements			5,098	-	5,098	3,493	-	3,493
V. MARKETABLE SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			1,791	6,415	8,206	855	3,908	4,763
VIII. OTHER EXTERNAL RESOURCES		(4)	20,855	11,426	32,281	9,543	4,407	13,950
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		(5)	-	-	-	-	-	-
10.1 Finance leasing payables			-	-	-	-	-	-
10.2 Operational leasing payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)			-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING		(6)	-	-	-	-	-	-
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries			-	-	-	-	-	-
XII. PROVISIONS		(7)	51,683	1,779	53,462	39,724	1,264	40,988
12.1 General provisions			23,006	-	23,006	20,070	-	20,070
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserves for employee benefit			12,384	-	12,384	10,361	-	10,361
12.4 Insurance technical reserves (Net)			-	-	-	-	-	-
12.5 Other provisions			16,293	1,779	18,072	9,293	1,264	10,557
XIII. TAX LIABILITY		(8)	7,027	-	7,027	14,058	-	14,058
13.1 Current tax liability			6,985	-	6,985	14,058	-	14,058
13.2 Deferred tax liability			42	-	42	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS			-	-	-	-	-	-
14.1 Held for sale purpose			-	-	-	-	-	-
14.2 Held from discontinued operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS			-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		(9)	637,933	-	637,933	613,535	-	613,535
16.1 Paid-in capital			440,000	-	440,000	440,000	-	440,000
16.2 Supplementary capital			(2,907)	-	(2,907)	(2,268)	-	(2,268)
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities Value Increase Fund			-	-	-	-	-	-
16.2.4 Revaluation surplus on tangible assets			-	-	-	-	-	-
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)			-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			(2,907)	-	(2,907)	(2,268)	-	(2,268)
16.3 Profit reserves			21,317	-	21,317	17,472	-	17,472
16.3.1 Legal reserves			21,314	-	21,314	17,469	-	17,469
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			3	-	3	3	-	3
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			179,523	-	179,523	158,331	-	158,331
16.4.1 Prior years income/loss			132,486	-	132,486	85,838	-	85,838
16.4.2 Current year income/loss			47,037	-	47,037	72,493	-	72,493
16.5 Minority Interest			-	-	-	-	-	-
TOTAL LIABILITIES			804,596	3,864,700	4,669,296	746,792	3,502,964	4,249,756

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

Arap Türk Bankası Anonim Şirketi

Statement of Consolidated Off Balance Sheet Items As of 30 September 2016

(Thousands of Turkish Lira)

	Footnotes (5-III)	Reviewed			Audited		
		CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		233,731	2,239,417	2,473,148	248,793	2,266,100	2,514,893
I. GUARANTEES AND WARRANTIES	(1),(2)	179,950	2,103,529	2,283,479	195,367	2,167,043	2,362,410
1.1. Letters of guarantee		179,950	1,690,578	1,870,528	193,117	1,681,746	1,874,863
1.1.1. Guarantees subject to State Tender Law		108	171	279	4,559	166	4,725
1.1.2. Guarantees given for foreign trade operations		44,101	1,497,717	1,541,818	49,905	1,471,161	1,521,066
1.1.3. Other letters of guarantee		135,741	192,690	328,431	138,653	210,419	349,072
1.2. Bank acceptances		-	4,943	4,943	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	4,943	4,943	-	-	-
1.3. Letters of credit		-	225,935	225,935	-	283,579	283,579
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	225,935	225,935	-	283,579	283,579
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	182,073	182,073	2,250	201,718	203,968
1.9. Other warranties		-	-	-	-	-	-
II. COMMITMENTS	(1)	23,189	100,221	123,410	8,785	55,443	64,228
2.1. Irrevocable commitments		18,758	77,710	96,468	6,394	48,385	54,779
2.1.1. Asset purchase and sales commitments		13,163	16,032	29,195	-	-	-
2.1.2. Deposit purchase and sales commitments		-	59,918	59,918	-	44,964	44,964
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		2,400	-	2,400	3,265	-	3,265
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitments for checks		3,195	-	3,195	3,129	-	3,129
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	1,760	1,760	-	3,421	3,421
2.2. Revocable commitments		4,431	22,511	26,942	2,391	7,058	9,449
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		4,431	22,511	26,942	2,391	7,058	9,449
III. DERIVATIVE FINANCIAL INSTRUMENTS		30,592	35,667	66,259	44,641	43,614	88,255
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		30,592	35,667	66,259	44,641	43,614	88,255
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		30,592	35,667	66,259	44,641	43,614	88,255
3.2.2.1. Foreign currency swap-buy		850	32,389	33,239	-	43,614	43,614
3.2.2.2. Foreign currency swap-sell		29,742	3,278	33,020	44,641	-	44,641
3.2.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.2.3. Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		963,886	1,930,529	2,894,415	1,102,042	3,637,094	4,739,136
IV. ITEMS HELD IN CUSTODY		202,655	3,341	205,996	235,769	8,639	244,408
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		201,880	3,341	205,221	234,582	7,050	241,632
4.4. Commercial notes received for collection		25	-	25	437	1,589	2,026
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		750	-	750	750	-	750
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		761,231	1,927,188	2,688,419	866,273	3,628,455	4,494,728
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		92,587	123,365	215,952	86,735	124,787	211,522
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		27,596	108,452	136,048	12,097	176,957	189,054
5.6. Other pledged items		641,048	1,695,371	2,336,419	767,441	3,326,711	4,094,152
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		1,197,617	4,169,946	5,367,563	1,350,835	5,903,194	7,254,029

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

Arap Türk Bankası Anonim Şirketi
Consolidated Income Statement For The Period Ended 30 September 2016

(Thousands of Turkish Lira)

INCOME AND EXPENSES		Footnotes (5-IV)	Reviewed	Reviewed	Reviewed	Reviewed
			CURRENT PERIOD (01/01/2016-30/09/2016)	CURRENT PERIOD (01/07/2016-30/09/2016)	PRIOR PERIOD (01/01/2015-30/09/2015)	PRIOR PERIOD (01/07/2015-30/09/2015)
I. INTEREST INCOME	(1)		157,712	44,185	117,354	40,357
1.1 Interest on loans			81,038	25,896	64,072	22,458
1.2 Interest received from reserve deposits			1,564	440	213	141
1.3 Interest received from banks			16,414	5,533	20,945	6,216
1.4 Interest received from money market transactions			-	-	544	-
1.5 Interest received from marketable securities portfolio			43,496	7,231	16,633	6,184
1.5.1 Financial assets held for trading			24,293	3,405	8,057	2,585
1.5.2 Financial assets valued at fair value through profit or loss			-	-	-	-
1.5.3 Financial assets available for sale			-	-	-	-
1.5.4 Investments held to maturity			19,203	3,826	8,576	3,599
1.6 Finance lease income			14,751	5,006	14,754	5,313
1.7 Other interest income			449	79	193	45
II. INTEREST EXPENSE	(2)		29,204	10,044	26,339	8,779
2.1 Interest on deposits			24,718	8,550	21,779	7,152
2.2 Interest on funds borrowed			4,190	1,414	4,321	1,519
2.3 Interest on money market transactions			209	80	239	108
2.4 Interest on securities issued			-	-	-	-
2.5 Other interest expense			87	-	-	-
III. NET INTEREST INCOME/EXPENSE (I - II)			128,508	34,141	91,015	31,578
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE			27,947	9,382	36,629	11,602
4.1 Fees and commissions received			28,648	9,617	37,410	11,844
4.1.1 Non-cash loans			15,644	5,144	15,249	5,387
4.1.2 Other	(11)		13,004	4,473	22,161	6,457
4.2 Fees and commissions paid			701	235	781	242
4.2.1 Non-cash loans			1	1	1	-
4.2.2 Other			700	234	780	242
V. DIVIDEND INCOME			76	-	68	-
VI. NET TRADING INCOME/EXPENSE	(3)		908	823	(3,172)	(1,998)
6.1 Profit/losses on trading account securities			-	-	(53)	(2)
6.2 Loss/Profit on derivative transactions			(4,903)	283	969	1,558
6.3 Foreign exchange profit/losses			5,811	540	(4,088)	(3,554)
VII. OTHER OPERATING INCOME	(4)		1,249	(147)	4,105	438
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)			158,688	44,199	128,645	41,620
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)		35,995	6,620	17,910	7,788
X. OTHER OPERATING EXPENSES (-)	(6)		61,086	20,054	56,416	18,973
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)			61,607	17,525	54,319	14,859
XII. INCOME RESULTED FROM MERGERS			-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)	(7)		61,607	17,525	54,319	14,859
XVI. PROVISION FOR TAXES FOR CONTINUING OPERATIONS (±)			(14,570)	(3,484)	(11,790)	(3,302)
16.1. Current tax provision	(8)		(15,872)	(4,260)	(11,684)	(3,080)
16.2. Deferred tax provision			1,302	776	(106)	(222)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(9)		47,037	14,041	42,529	11,557
XVIII. INCOME FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1. Income from assets held for sale			-	-	-	-
18.2. Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
18.3. Other income from discontinued operations			-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1. Expense on assets held for sale			-	-	-	-
19.2. Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
19.3. Other expense from discontinued operations			-	-	-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)			-	-	-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)			-	-	-	-
21.1. Current tax provision			-	-	-	-
21.2. Deferred tax provision			-	-	-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)			-	-	-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)			47,037	14,041	42,529	11,557
23.1 Group's profit-loss			47,037	14,041	42,529	11,557
23.2 Minority shares			-	-	-	-
Earnings/Losses per share			0.0011	0.0004	0.0010	0.0003

Arap Türk Bankası Anonim Şirketi
Statement of Recognized Income and Expense In
Consolidated Shareholders' Equity For the Period Ended 30 September 2016

(Thousands of Turkish Lira)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Reviewed	Reviewed
		CURRENT PERIOD (01/01/2016-30/09/2016)	PRIOR PERIOD (01/01/2015-30/09/2015)
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(799)	(482)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	160	96
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(639)	(386)
XI.	CURRENT PERIOD PROFIT/LOSSES	47,037	42,529
11.1	Net changes in fair value of securities (transferred to income statement)	-	-
11.2	Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-	-
11.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
11.4	Other	47,037	42,529
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	46,398	42,143

Arap Türk Bankası Anonim Şirketi
Statement of Changes in Consolidated Shareholders' Equity For the Period Ended 30 September 2016

(Thousands of Turkish Lira)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Fixed Assets	Paid-in Capital	Capital Reserves from Initial Adjustments to Paid-in Capital	Share premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/Loss	Prior Period Net Profit/Loss	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Holding Reserves	Accrued Dividends on Assets Held for Sale and Assets of Discontinued Operations	Total Shareholders' Equity	Minority	Total Shareholders
PERIOD BEGINNING (01/01/2015)																				
I.	Balances at the beginning of the period		440,000	-	-	-	13,646	-	3	(1,791)	72,127	17,534	-	-	-	-	-	541,519	-	541,519
II.	Changes within the period																			
2.1	Changes made as per TKNB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies (1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at the beginning of the period (I+II)		440,000	-	-	-	13,646	-	3	(1,791)	72,127	17,534	-	-	-	-	-	541,519	-	541,519
IV.	Changes within the period																			
V.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Hedgers for Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net Foreign Investment Hedgers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of change in equities of associates on Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Capital Reserves From Inflation Adjustments To Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Current Period Net Profit		-	-	-	-	3,823	-	-	(386)	42,529	68,304	-	-	-	-	-	(386)	-	(386)
20.1	Dividends distributed		-	-	-	-	-	-	-	-	(72,127)	-	-	-	-	-	-	42,529	-	42,529
20.2	Transfers to Reserves		-	-	-	-	3,823	-	-	-	(72,127)	61,304	-	-	-	-	-	-	-	-
20.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of period (III+IV+V+...+XVIII+XIX+XX)		440,000	-	-	-	17,469	-	3	(2,177)	42,529	85,838	-	-	-	-	-	583,662	-	583,662
CURRENT PERIOD (30/09/2016)																				
I.	Balances at end of prior period		440,000	-	-	-	17,469	-	3	(2,248)	72,493	85,838	-	-	-	-	-	613,535	-	613,535
II.	Changes within the period																			
III.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Hedgers for Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net Cash Flow Hedgers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Net Foreign Investment Hedgers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Effect of change in equities of associates on Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.1	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Capital Reserves From Inflation Adjustments To Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Current Period Net Profit		-	-	-	-	3,845	-	-	(639)	47,037	46,648	-	-	-	-	-	(639)	-	(639)
XVIII.	Profit distribution		-	-	-	-	-	-	-	-	(72,493)	(22,000)	-	-	-	-	-	47,037	-	47,037
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	(22,000)	-	-	-	-	-	(22,000)	-	(22,000)
18.2	Transfers to legal reserves		-	-	-	-	3,845	-	-	-	(72,493)	68,648	-	-	-	-	-	(22,000)	-	(22,000)
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing balances (I+II+III+...+XVIII+XIX+XX)		440,000	-	-	-	21,314	-	3	(2,987)	47,037	132,486	-	-	-	-	-	637,933	-	637,933

Arap Türk Bankası Anonim Şirketi
Statement of Consolidated Cash Flow
For The Period Ended 30 September 2016

(Thousands of Turkish Lira)

		Reviewed	Reviewed
		CURRENT PERIOD (30/09/2016)	PRIOR PERIOD (30/09/2015)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		49,044	31,086
1.1.1 Interests Received		157,712	151,279
1.1.2 Interest Paid		(22,338)	(19,094)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		28,648	37,410
1.1.5 Other Income		(4,665)	4,200
1.1.6 Collections From Previously Written-off Loans and Other Receivables		25	17,459
1.1.7 Payments to Personnel and Service Suppliers		(49,487)	(47,250)
1.1.8 Taxes Paid		(23,105)	(11,094)
1.1.9 Others		(37,746)	(101,824)
1.2 Changes in Operating Assets and Liabilities		(327,425)	(28,219)
1.2.1 Net Decrease in Financial Assets Held For Trading		(252,531)	(35,448)
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss		-	-
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		(379,997)	14,018
1.2.4 Net (Increase) in Loans		(54,257)	(197,823)
1.2.5 Net Decrease in Other Assets		(9,759)	(9,478)
1.2.6 Net Increase /(Decrease) in Bank Deposits		364,681	193,323
1.2.7 Net Increase (Decrease) in Other Deposits		(12,201)	(48,669)
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		(6,176)	26,994
1.2.9 Net Increase/ (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		22,815	28,864
I. Net Cash Flow From Banking Operations		(278,381)	2,867
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net Cash Flow From Investing Activities		(31,828)	(40,212)
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible Assets		(1,024)	(147)
2.4 Sales of Tangible Assets		100	15
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		-	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		(186,172)	(82,233)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		155,798	40,558
2.9 Others		(530)	1,595
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Flows From Financing Activities		(22,000)	-
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		(22,000)	-
3.5 Payments For Financial Leases		-	-
3.6 Others		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		6,531	22,674
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(325,678)	(14,671)
VI. Cash and Cash Equivalents at Beginning of Period		1,796,659	1,709,917
VII. Cash and Cash Equivalents at the End of Period		1,470,981	1,695,246

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

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

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

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

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

Explanation for convenience translation into English:

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

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

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

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

At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Group's exchange rates prevailing at the balance sheet date in the Parent Bank financial statements, whereas for other associations over CBRT rates subjected to evaluation.

III. INFORMATION ON CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

The accompanying consolidated financial statements are prepared in accordance with "Communiqué on Preparation of Consolidated Financial Statements" which is published in the Official Gazette No. 26340 dated November 8, 2006. The Parent Bank directly owns the shares of A&T Finansal Kiralama A.Ş. and this subsidiary is consolidated accordingly. As of 30 September 2016 and 31 December 2015, the Parent Bank has no associates.

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

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

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

The major principles applied in the consolidation of subsidiaries

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

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

The financial statements which have been used in the consolidation are prepared as of 31 December 2015 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in similar circumstances.

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group financial derivatives are classified as "held for trading" in accordance with "TAS - 39 Financial Instruments: Recognition and Measurement".

Derivatives are initially recorded at their purchase costs including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

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

b. Financial Assets Available-for-Sale

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

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

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

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

c. Loans and Receivables

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

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

d. Financial Assets Held to Maturity

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

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

VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Group's intangible assets consist of software.

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

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

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

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

Tangible assets	Estimated useful life (Years)	Depreciation Rate (%)
Buildings	50	2
Motor vehicles	5	20
Office equipment, furniture and fixture	3-50	2-33

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessee

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

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

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

Finance leasing activities as the lessor

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

Operational leases

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

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 2016 is TL 4,297.21 (full TL) (31 December 2015: TL 3,828.37 (full TL)).

XVI. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the updated TAS 19 - Employee Benefits. Accumulated all actuarial gains and losses in equity are recognized in retained earnings.

Other benefits to employees

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

XVII. INFORMATION ON TAX APPLICATIONS

Corporate tax

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

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

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

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

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

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

Investment incentive

Investment incentive certificates which are obtained prior to April 24, 2003, can deduct 19.8% investment allowance tax withholding. After this date, encouraging, undocumented activities directly related to the investment expenses of companies can deduct 40%. There is no withholding tax for the investments without investment incentive certificates.

XVII. INFORMATION ON TAX APPLICATIONS (Continued)

Deferred taxes

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

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

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

Transfer Pricing

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

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

XVIII. ADDITIONAL INFORMATION ON BORROWINGS

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

XIX. INFORMATION ON SHARE ISSUANCES

The Group has not issued any share in the year.

XX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XXI. INFORMATION ON GOVERNMENT INCENTIVES

According to the Income Tax Legislation Temporary Article 61, A&T Finansal Kiralama A.Ş. has no unused investment allowances that are subject to withholding amounting (31 December 2015: TL 8,237) and no investment allowances that are not subject to withholding according to the Income Tax Legislation Temporary Article 19 as of 30 September 2016 (31 December 2015 : 545 TL).

XXII. INFORMATION ON SEGMENT REPORTING

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

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

Retained earnings as per the statutory consolidated financial statements other than legal reserves are available for distribution, subject to legal reserve requirement referred to below.

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

Related parties

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

Cash and cash equivalents

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

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SECTION FOUR**INFORMATION ON THE CONSOLIDATED FINANCIAL POSITION OF THE GROUP****I. INFORMATION ON SHAREHOLDER'S EQUITY**

	Amount	Amounts related to treatment before 1/1/2014(*)
TIER II CAPITAL	635,911	650,955
Paid-in capital following all debts in terms of claim in liquidation of the Bank	437,093	-
Share issue premiums	-	-
Reserves	21,317	-
Gains recognized in equity as per TAS	-	-
Profit	179,523	-
Current Period Profit	47,037	-
Prior Period Profit	132,486	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	637,933	-
Deductions from Common Equity Tier 1 Capital	2,022	2,978
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	589	589
Goodwill (net of related tax liability)	1,433	2,389
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	2,022	-
Total Common Equity Tier 1 Capital	635,911	-
ADDITIONAL TIER I CAPITAL		
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	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial		
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	956	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds(-)	956	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	634,955	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA		
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		
Provisions (Article 8 of the Regulation on the Equity of Banks)	23,006	
Tier II Capital Before Deductions	23,006	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	23,006	
Total Capital (The sum of Tier I Capital and Tier II Capital)	657,961	
Deductions from Total Capital	657,961	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	8	8
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
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 I capital, Additional Tier I 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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I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
TOTAL CAPITAL	657,953	673,953
Total Capital	657,953	673,953
Total risk weighted amounts	3,465,748	3,465,748
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	18.35	-
Tier 1 Capital Adequacy Ratio (%)	18.32	-
Capital Adequacy Ratio (%)	18.98	19.44
BUFFERS		
Total buffer requirement	0.728	-
Capital conservation buffer requirement (%)	0.625	-
Bank specific counter-cyclical buffer requirement (%)	0.103	-
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	19.02	-
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
Limits related to provisions considered in Tier II calculation	23,006	23,006
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	23,006	23,006
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ The amounts of items in accordance with transition provisions

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I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Informations on addition debt instruments to shareholders' equity calculating	Current Period
Exporter	-
Code of debt instrument (CUSIP, ISIN etc.)	-
Legislation of debt instrument	-
Attention Situation of Shareholders' Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-
Type of debt instrument	-
Considered amount of shareholders' equity calculation. (By last report date of – Million TL)	-
Nominal value of debt instrument (Million TL)	-
Related account of debt instrument	-
Export date of debt instrument	-
Maturity structure of debt instrument (demand/term)	-
Beginning term of debt instrument	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-
Following reimbursement option dates	-
Interest/Dividend Payments	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
Feature of being convertible bonds	
If there's convertible bonds, trigger incidents cause this conversion	-
If there's convertible bonds, feature of full or partially conversion	-
If there's convertible bonds, rate of conversion	-
If there's convertible bonds, feature of conversion -obligatory or optional-	-
If there's convertible bonds, types of convertible instruments	-
If there's convertible bonds, exporter of convertible debt instruments	-
Feature of value reduction	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-

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

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

The Parent Bank has procedures and reports under the name of internal capital assessment process. In order to assess the capital adequacy of the 2015, the Parent Bank analyze the legal ratios and budget expectations to qualitate them for the effect on the legal capital adequacy and economic capital of the Parent Bank. With these procedures and reports the Parent Bank covers all risk in capital adequacy requirements.

Overview of Risk Weighted Amount

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	2,973,975	3,024,960	237,918
2 Standardised approach (SA)	2,973,975	3,024,960	237,918
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	297	87	24
5 Standardised approach for counterparty credit risk (SA-CCR)	297	87	24
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach ⁽¹⁾	-	-	-
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	196,038	294,975	15,683
17 Standardised approach (SA)	196,038	294,975	15,683
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	295,438	272,399	23,635
20 Basic Indicator Approach	295,438	272,399	23,635
21 Standart Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	3,465,748	3,592,421	277,260

RWA flow statements of credit risk exposures under IRB

None.

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

None.

II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK

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

The Group complies with net general position-shareholders' equity limits. The Bank has the possibility to borrow a significant amount of foreign currency. Within the context of the market risk management work of the Risk Management Department, the Parent Bank's Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. For testing effects of the unexpected exchange rate fluctuations on the Parent Bank monthly basis stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	EUR
23 September 2016	TL 2.9468	TL 3.3100
26 September 2016	TL 2.9474	TL 3.3044
27 September 2016	TL 2.9846	TL 3.3546
28 September 2016	TL 2.9709	TL 3.3401
29 September 2016	TL 2.9764	TL 3.3362
30 September 2016	TL 2.9959	TL 3.3608

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

The basic arithmetical average of the Parent Bank's foreign exchange bid rate for September 2016 is TL 2.9535 for USD and TL 3.3140 for EUR.

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II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)**Information on currency risk of the Group**

Current Period	Euro	US Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	692,711	323,162	247	1,016,120
Banks	752,945	315,882	33,646	1,102,473
Financial Assets through Profit or Loss	229,970	233,086	-	463,056
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	78	1,123	-	1,201
Loans ⁽¹⁾	536,305	239,050	-	775,355
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	122,176	168,056	-	290,232
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	153,437	41,017	5,718	200,172
Total Assets	2,487,622	1,321,376	39,611	3,848,609
Liabilities				
Bank Deposits	2,096,386	1,062,943	4,741	3,164,070
Foreign Currency Deposits	202,132	241,981	30,481	474,594
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	167,799	38,617	-	206,416
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	4,627	1,783	5	6,415
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	9,424	3,354	427	13,205
Total Liabilities	2,480,368	1,348,678	35,654	3,864,700
Net Balance Sheet Position	7,254	(27,302)	3,957	(16,091)
Net Off Balance Sheet Position	(19,992)	31,087	-	11,095
Financial Derivatives (Assets)	-	31,397	-	31,397
Financial Derivatives (Liabilities)	(19,992)	(310)	-	(20,302)
Non-Cash Loans	674,791	993,243	435,495	2,103,529
Prior Period				
Total Assets	1,668,128	1,776,025	30,065	3,474,218
Total Liabilities	1,684,459	1,810,732	7,773	3,502,964
Balance Sheet Position, net	(16,331)	(34,707)	22,292	(28,746)
Off Balance Sheet Position, net	-	43,614	-	43,614
Financial Derivatives (Assets)	-	43,614	-	43,614
Financial Derivatives (Liabilities)	-	-	-	-
Non-cash Loans	697,892	1,051,017	418,134	2,167,043

⁽¹⁾ As of 30 September 2016 loan balance includes foreign currency indexed loans amounting to TL 43,748 (31 December 2015: TL 157,121).

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

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10% of TL against currencies mentioned below as of 30 September 2016 and 31 December 2015 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10% appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity ⁽¹⁾	Income Statement	Shareholder's Equity ⁽¹⁾
Euro	1,274	1,274	1,633	1,633
US Dollar	(379)	(379)	(891)	(891)
Other Currencies	(396)	(396)	(2,229)	(2,229)
Total	499	499	(1,487)	(1,487)

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

Assuming 10% depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity ⁽¹⁾	Income Statement	Shareholder's Equity ⁽¹⁾
Euro	(1,274)	(1,274)	(1,633)	(1,633)
US Dollar	379	379	891	891
Other Currencies	396	396	2,229	2,229
Total	(499)	(499)	1,487	1,487

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

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK**Interest rate sensitivity of the assets, liabilities and off-balance sheet items**

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	327,234	-	-	-	-	698,620	1,025,854
Banks	1,034,738	100,203	-	-	-	2,768	1,137,709
Financial assets at fair value through Profit or Loss	339	3,139	225,132	234,689	-	8	463,307
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	1,425	1,425
Loans	643,106	344,930	315,353	57,867	43,726	2,018	1,407,000
Investment securities held-to-maturity	1,768	61,690	22,508	221,296	14,552	-	321,814
Other assets ⁽¹⁾	28,866	25,619	62,020	138,975	-	56,707	312,187
Total assets	2,036,051	535,581	625,013	652,827	58,278	761,546	4,669,296
Liabilities							
Bank deposits	1,735,926	1,404,035	80,421	-	-	217	3,220,599
Other deposits	40,778	9,159	8,763	-	-	438,009	496,709
Money market borrowings	5,098	-	-	-	-	-	5,098
Miscellaneous payables	-	-	-	-	-	8,206	8,206
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	19,276	104,938	83,766	-	-	-	207,980
Other liabilities ⁽²⁾	7	-	-	-	-	730,697	730,704
Total liabilities	1,801,085	1,518,132	172,950	-	-	1,177,129	4,669,296
Long Position in the Balance Sheet	234,966	-	452,063	652,827	58,278	-	1,398,134
Short Position in the Balance Sheet	-	(982,551)	-	-	-	(415,583)	(1,398,134)
Long Position in the Off-balance Sheet	33,239	-	-	-	-	-	33,239
Short Position in the Off-balance Sheet	(33,020)	-	-	-	-	-	(33,020)
Total Position	235,185	(982,551)	452,063	652,827	58,278	(415,583)	219

⁽¹⁾ Other Assets: The amount of TL 56,707 in the Non-Interest Bearing column includes; Tangible Assets amounting TL 22,685, Intangible Assets amounting to TL 2,389, Deferred Tax Assets amounting to TL 4,444, Assets Held for Sale amounting to TL 8 and Non-Interest Bearing amount of Other Assets amounting to TL 27,181.

⁽²⁾ Other Liabilities: The amount of TL 730,697 in the Non-Interest Bearing Column includes; Shareholders Equity amounting to TL 637,933, Provisions amounting to TL 53,462, Tax, Duty and Premium Payable amounting to TL 7,027 and Non-Interest Bearing amount of Other Foreign Resources amounting to TL 32,275.

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III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	341,933	-	-	-	-	516,222	858,155
Banks	925,008	307,219	-	-	-	15,680	1,247,907
Financial assets at fair value through profit or loss	14,580	25,567	9,335	158,860	-	-	208,342
Interbank money market placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	1,388	1,388
Loans	804,298	425,213	114,455	554	-	13,383	1,357,903
Investment securities held-to-maturity	1,038	139,634	22,314	104,433	14,139	-	281,558
Other assets ⁽¹⁾	18,758	19,314	69,178	140,526	-	46,727	294,503
Total Asset	2,105,615	916,947	215,282	404,373	14,139	593,400	4,249,756
Liabilities							
Bank deposits	1,490,139	593,292	755,156	-	-	-	2,838,587
Other deposits	21,323	22,802	35,612	-	-	429,307	509,044
Money market borrowings	3,493	-	-	-	-	-	3,493
Miscellaneous payables	-	-	-	-	-	4,763	4,763
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From							
Other Fin. Ins.	36,849	96,478	59,496	17,762	-	-	210,585
Other liabilities ⁽²⁾	753	-	-	-	-	682,531	683,284
Total Liabilities	1,552,557	712,572	850,264	17,762	-	1,116,601	4,249,756
Balance Sheet Long Position	553,058	204,375	-	386,611	14,139	-	1,158,183
Balance Sheet Short Position	-	-	(634,982)	-	-	(523,201)	(1,158,183)
Off Balance Sheet Long Position	43,614	-	-	-	-	-	43,614
Off Balance Sheet Short Position	(44,641)	-	-	-	-	-	(44,641)
Total Position	552,031	204,375	(634,982)	386,611	14,139	(523,201)	(1,027)

(1) Other Assets: The amount of TL 46,727 in the Non-Interest Bearing column includes; Tangible Assets amounting TL 23,555, Intangible Assets amounting to TL 2,986, Deferred Tax Assets amounting to TL 2,940, Assets Held for Sale amounting to TL 9, Miscellaneous Receivables amounting to TL 5,446 and Other Assets amounting to TL 11,791.

(2) Other Liabilities: The amount of TL 682,531 in the Non-Interest Bearing Column includes; Shareholders Equity amounting to TL 613,535, Provisions amounting to TL 40,988, Tax, Duty and Premium Payable amounting to TL 14,058 and Other Foreign Resources amounting to TL 13,950.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

Current Period	EURO	USD	YEN	TL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	0.42	-	3.47
Banks	1.81	2.32	-	10.68
Financial assets at fair value through profit or loss	1.46	3.80	-	-
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.84	4.04	-	11.99
Investment securities held-to-maturity	3.29	6.08	-	9.47
Financial Lease Receivables	6.53	7.29	-	14.57
Liabilities				
Interbank deposits	0.47	2.30	-	5.59
Other deposits	1.05	2.02	-	8.72
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2.38	3.40	-	6.71
Prior Period	EURO	USD	YEN	TL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	0.23	-	2.06
Banks	1.29	1.98	-	13.29
Financial assets at fair value through profit or loss	1.31	4.05	-	10.16
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.65	3.95	-	13.27
Investment securities held-to-maturity	1.75	6.83	-	12.59
Financial Lease Receivables	6.51	7.35	-	14.04
Liabilities				
Interbank deposits	0.42	1.68	-	10.79
Other deposits	1.92	2.05	-	8.19
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2.40	3.32	-	6.58

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

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

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

None.

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

None.

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

None.

V. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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

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

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Parent Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya and has an asset value more than 18 billion USD. Funds received from the main shareholder Libyan Foreign Bank correspond to 46% of total liabilities. On the other hand, funds received from the Bank's risk group have a 62% share in liabilities.

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

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

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

A large portion of the Parent Bank's liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks. 33% of these funds are USD and 64% are Euro.

Information regarding to the liquidity risk mitigation techniques used

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

Information regarding to the usage of Stress Tests

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

General information on the emergency and contingency plan of Liquidity

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

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

V. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)**Liquidity coverage ratio**

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

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

	Month	FC	FC+TL
Lowest	September	65	76
Highest	July	72	82

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

Current Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,558,339	1,545,495	1,224,350	1,211,506
CASH OUTFLOWS				
2 Real person deposits and retail deposits	237,980	225,216	20,103	22,521
3 Stable deposit	73,913	-	3,696	-
4 Deposit with low stability	164,067	225,216	16,407	22,521
5 Unsecured debts except real person deposits and retail deposits	2,852,128	2,692,719	2,592,581	2,464,727
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,758,225	2,676,730	2,498,678	2,448,738
8 Other unsecured debts	93,903	15,989	93,903	15,989
9 Secured debts	986,966	-	-	-
10 Other cash outflows	2,315,253	2,121,457	138,552	113,111
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	2,315,253	2,121,457	138,552	113,111
16 TOTAL CASH OUTFLOW	6,392,327	5,039,392	2,751,236	2,600,359
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,427,318	852,842	1,221,355	805,504
19 Other cash inflows	1,960	234	1,960	234
20 TOTAL CASH INFLOWS	1,429,278	853,076	1,223,315	805,738
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			1,224,350	1,211,506
22 TOTAL NET CASH OUTFLOWS			1,527,921	1,794,621
23 LIQUIDITY COVERAGE RATIO (%)			80.13	67.51

The monthly simple arithmetic average calculated consolidated liquidity coverage ratio of the last three months average, the weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average

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

Prior Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,150,261	1,128,833	993,120	972,692
CASH OUTFLOWS				
2 Real person deposits and retail deposits	245,620	223,633	20,924	22,820
3 Stable deposit	82,907	-	4,145	-
4 Deposit with low stability	162,713	223,633	16,779	22,820
5 Unsecured debts except real person deposits and retail deposits	2,765,433	2,662,807	2,524,053	2,432,006
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,692,758	2,653,837	2,451,378	2,423,036
8 Other unsecured debts	72,675	8,970	72,675	8,970
9 Secured debts	-	-	-	-
10 Other cash outflows	2,423,037	2,220,204	134,229	117,483
11 Derivative liabilities and margin obligations	342	-	342	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	2,422,695	2,220,204	133,887	117,483
16 TOTAL CASH OUTFLOW	6,328,663	5,111,211	2,679,206	2,572,309
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,821,058	1,201,983	1,644,237	1,150,136
19 Other cash inflows	11,128	15,460	11,128	15,461
20 TOTAL CASH INFLOWS	1,832,186	1,217,443	1,655,365	1,165,597
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			993,120	972,692
22 TOTAL NET CASH OUTFLOWS			1,023,841	1,406,712
23 LIQUIDITY COVERAGE RATIO (%)			97.00	69.15

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

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

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

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 49% of high-quality liquid assets of the Parent Bank, while 51% 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. 99% of the total liabilities are deposits received. 83% of these deposits are deposits obtained from banks.

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

Bank has TL 217 thousand cash inflows 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.

99% of the liability is deposits and 83% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

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V. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)
Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	8,497	1,017,357	-	-	-	-	-	1,025,854
Banks	42,596	994,910	100,203	-	-	-	-	1,137,709
Financial Assets at Fair Value through Profit or Loss	8	353	3,139	225,118	234,689	-	-	463,307
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	-	1,425	1,425
Loans	-	643,106	333,563	328,738	57,867	43,726	-	1,407,000
Investment securities held-to-maturity	-	1,768	33,564	22,508	249,422	14,552	-	321,814
Other assets ⁽¹⁾	-	28,883	22,507	63,498	140,592	-	56,707	312,187
Total Assets	51,101	2,686,377	492,976	639,862	682,570	58,278	58,132	4,669,296
Liabilities								
Interbank Deposits	671,261	1,064,882	1,404,035	80,421	-	-	-	3,220,599
Other Deposits	438,007	40,780	9,159	8,763	-	-	-	496,709
Funds provided from other financial institutions	-	3,197	5,802	51,850	147,131	-	-	207,980
Money market borrowings	-	5,098	-	-	-	-	-	5,098
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	8,206	8,206
Other liabilities ⁽²⁾	-	2,731	4,260	-	-	-	723,713	730,704
Total Liabilities	1,109,268	1,116,688	1,423,256	141,034	147,131	-	731,919	4,669,296
Liquidity Gap	(1,058,167)	1,569,689	(930,280)	498,828	535,439	58,278	(673,787)	-
Prior Period								
Total Assets	22,464	2,297,746	427,860	661,921	415,814	30,899	49,119	3,905,823
Total Liabilities	805,461	626,034	979,570	752,347	141,881	-	600,530	3,905,823
Net Liquidity Gap	(782,997)	1,671,712	(551,710)	(90,426)	273,933	30,899	(551,411)	-

(1) Other assets amounting TL 56,707 at the undistributed part; Tangible Assets amounting TL 22,685, Intangible Assets amounting TL 2,389, Deferred Tax Asset amounting TL 4,444, Asset Held for Sale amounting TL 8 and Unallocated amount of Other Assets amounting to TL 27,181.

(2) Other liabilities amounting TL 727,713 at the undistributed part consists of Shareholders Equity amounting TL 637,933, Provisions amounting TL 53,462 and Unallocated amount of Other Foreign Resources TL 32,318.

VI. INFORMATION ON LEVERAGE RATIO

Information on matters that create difference between current and previous period leverage ratio

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

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

	Prior Period ⁽²⁾	Current Period ⁽²⁾
1 Total asset amount in financial statements which is prepared according to TAS ⁽¹⁾	7,509	6,603
2 Difference between total asset amount in financial statements which is prepared according to TAS and Communiqué on Preparation of Financial Statements of Banks	-	-
3 Difference between derivative instruments and credit derivatives amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	68,283	52,988
4 Difference between Security or secured financing transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	155,796	296,381
5 Difference between off-balance sheet transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	82,147	71,412
6 Difference between amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	-	-
7 Total risk amount	313,735	427,384

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

⁽²⁾The arithmetic average of the last 3 months in the related periods.

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

VI. INFORMATION ON LEVERAGE RATIO (Continued)

	Balance sheet assets	Prior Period	Current Period⁽¹⁾
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	4,210,260	4,535,924
2	(Assets deducted from main capital)	(3,754)	(3,005)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	4,206,506	4,532,919
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	463	199
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	463	199
	Security or secured financing transactions		
7	Risk amount of security or secured financing transactions (Except balance sheet)	-	-
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	-	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	2,451,795	2,400,058
11	(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
12	Risk amount of the off-balance sheet transactions (Sum of 10th and 11th rows)	2,451,795	2,400,058
	Equity and total risk		
13	Main capital	608,429	628,363
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	6,658,764	6,933,176
	Leverage ratio		
15	Leverage ratio	9.14%	9.06%

⁽¹⁾Three months average values

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VII. INFORMATION ON CONSOLIDATED BUSINESS SEGMENTS

Information on operational segments on 30 September 2016, 31 December 2015 and 30 September 2015 are presented in the table below:

Current Period	Retail Banking	Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income	(791)	77,253	38,645	13,401	-	128,508
Commission Income	-	27,688	-	259	-	27,947
Unallocated	-	-	-	-	-	-
Income/Expenses (Net)	-	-	-	-	(94,848)	(94,848)
Operating Income	(791)	104,941	38,645	13,660	(94,848)	61,607
<i>Income from Subsidiaries</i>	-	-	-	-	-	-
<i>Income before tax</i>	-	-	-	-	-	61,607
<i>Tax Provision</i>	-	-	-	-	-	(14,570)
Net Profit for the year	-	-	-	-	-	47,037

Current Period	Retail Banking	Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	792	1,140,706	3,171,625	297,917	-	4,611,040
Unallocated assets	-	-	-	-	58,256	58,256
Total Assets	792	1,140,706	3,171,625	297,917	58,256	4,669,296
Segment Liabilities	234,046	286,130	3,207,902	209,863	-	3,937,941
Unallocated Liabilities	-	-	-	-	93,422	93,422
Equity	-	-	-	-	637,933	637,933
Total Liabilities	234,046	286,130	3,207,902	209,863	731,355	4,669,296

Prior Period	Retail Banking	Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income	(857)	62,326	17,211	12,335	-	91,015
Commission Income	-	36,215	-	414	-	36,629
Unallocated	-	-	-	-	-	-
Income/Expenses (Net)	-	-	-	-	(73,325)	(73,325)
Operating Income	(857)	98,541	17,211	12,749	(73,325)	54,319
<i>Income from Subsidiaries</i>	-	-	-	-	-	-
<i>Income before tax</i>	-	-	-	-	-	54,319
<i>Tax Provision</i>	-	-	-	-	-	(11,790)
Net Profit for the year	-	-	-	-	-	42,529

Prior Period	Retail Banking	Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	883	1,274,002	2,629,516	296,777	-	4,201,178
Unallocated assets	-	-	-	-	48,578	48,578
Total Assets	883	1,274,002	2,629,516	296,777	48,578	4,249,756
Segment Liabilities	239,512	269,204	2,845,781	214,837	-	3,569,334
Unallocated Liabilities	-	-	-	-	66,887	66,887
Equity	-	-	-	-	613,535	613,535
Total Liabilities	239,512	269,204	2,845,781	214,837	680,422	4,249,756

SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF
CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

1. Information on cash equivalents and Central Bank of Turkey

Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,171	7,326	2,234	6,752
Central Bank of Turkey	8,563	1,008,794	6,220	842,949
Other	-	-	-	-
Total	9,734	1,016,120	8,454	849,701

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand				
Deposits	8,563	-	6,220	-
Unrestricted Time				
Deposits	-	317,397	-	534,390
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	691,397	-	308,559
Total	8,563	1,008,794	6,220	842,949

Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 4% and 10.5% (31 December 2015: between 5% and 11.5%), and for USD or EUR at the rates of 5% and 25% respectively according to their maturities as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey (31 December 2015: between 5% and 25%). As per the change in the Reserve Deposits Communiqué which is no of 29588 issued in Official Gazette numbered 2016/2 interest rates of foreign banks deposits subjected to interest rates of other liabilities except the deposits /participation funds other than interest rates of deposits /participation funds in the current application

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

Among financial assets at fair value through profit or loss; there is no marketable securities subjected to repurchase transaction (31 December 2015: TL 3,545). There is no collateral /blocked financial assets at fair value through profit or loss in the current period. (31 December 2015: TL 5,190).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	251	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	251	-	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	35,236	1,036,556	22,309	1,169,048
Foreign banks	-	65,917	4,615	51,935
Foreign head offices and branches	-	-	-	-
Total	35,236	1,102,473	26,924	1,220,983

4. Information on available for sale financial assets*Information on transaction of repo and collateral/blocked financial assets (Net)*

None.

Major types of available for sale financial assets

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

Information on available for sale financial assets

	Current period	Prior period
Debt Securities	-	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	1,425	1,388
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	1,425	1,388
Impairment provision (-)	-	-
Total	1,425	1,388

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

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders				
Corporate Shareholders	-	5,231	-	11,681
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders				
Loans Granted to the Bank's personnel	776	-	846	-
Total	776	5,231	846	11,681

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

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

	Standard loans and other receivables		Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Amendments related to the extension of the payment plans	Amendments on Conditions of Contract	Loans and other receivables (Total)	Amendments on Conditions of Contract
			Other		Other
Cash Loans					
Non-specialized loans	1,361,256	-	-	-	43,726
Corporation loans	-	-	-	-	-
Export loans	91,005	-	-	-	-
Import loans	-	-	-	-	-
Loans given to financial sector	666,068	-	-	-	-
Consumer loans	792	-	-	-	-
Credit cards	-	-	-	-	-
Other	603,391	-	-	-	43,726
Specialized loans	-	-	-	-	-
Other receivables	-	-	-	-	-
Total	1,361,256	-	-	-	43,726

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

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	-	43,726
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-

The time extended via the amendment on payment plan

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	-
2 - 5 Years	-	-
5 Years and over	-	43,726

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	10	6	16
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	10	6	16
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	103	673	776
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	103	673	776
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	113	679	792

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)*Information on installment commercial loans and commercial credit cards**None.**Allocation of domestic and foreign loans*

	Current Period	Prior Period
Domestic loans	1,399,673	1,336,446
Foreign loans	5,309	19,514
Total	1,404,982	1,355,960

*Loans granted to subsidiaries and associates**None.**Specific provisions for loans*

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	14,464	11,268
Total	14,464	11,268

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

	III. Group <i>Loans and receivables with limited collectibles</i>	IV. Group <i>Loans and receivables with doubtful collectibles</i>	V. Group <i>Uncollectible loans and receivables</i>
Balances at Beginning of Period	-	-	13,211
Additions (+)	-	-	3,191
Transfers from other categories of nonperforming loans (+)	-	-	105
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	25
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	16,482
Specific provisions (-)	-	-	14,464
Net Balance on Balance Sheet	-	-	2,018

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

There are non-performing loan receivables in foreign currency amounting TL 1,855 which is followed in Turkish Lira accounts.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
Current Period (Net)	-	-	2,018
Loans granted to real persons and legal entities (Gross)	-	-	16,382
Specific provisions (-)	-	-	14,364
Loans granted to real persons and legal entities (Net)	-	-	2,018
Banks (Gross) ⁽¹⁾	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	1,943
Loans granted to real persons and legal entities (Gross)	-	-	13,111
Specific provisions (-)	-	-	11,168
Loans granted to real persons and legal entities (Net)	-	-	1,943
Banks (Gross) ¹	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)K	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

⁽¹⁾ Foreign bank

Collection policy on loans determined as loss and other receivables

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

Information on write-off policy

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

As of 30 September 2016, the Bank has TL 5,218 marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2015: None).

As of 30 September 2016, the Bank has TL 2,258 held on collateral/blocked for guarantee from assets available-for-sale (31 December 2015: None).

Information on government held to maturity financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	9,927	-	1,038	-
Treasury Bonds	-	-	-	-
Other Public Bonds	-	233,157	-	231,020
Total	9,927	233,157	1,038	231,020

Information of investments held to maturity

	Current Period	Prior Period
Debt Instruments	325,134	282,138
Quoted at stock exchange	246,302	232,638
Not-quoted at stock exchange	78,832	49,500
Impairment loss provision (-)	(3,320)	(580)
Total	321,814	281,558

Movement of marketable securities held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	281,558	141,677
Foreign Currency Gains / Losses on Monetary assets	11,924	16,938
Purchases during the Period	187,450	216,840
Disposals through sales and redemptions ⁽¹⁾	(155,798)	(93,317)
Impairment loss provision ⁽²⁾	(3,320)	(580)
Period end balance	321,814	281,558

⁽¹⁾ In the current period amounting to TL 155,798 (31 December 2015: TL 93,317) redemption has been realized.

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

7. Information on Associates

The Group does not have an associate.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

The Parent Bank does not have an unconsolidated subsidiary.

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

CORE CAPITAL	Current Period	Prior Period
Paid in Capital	77,000	70,000
Effect of Inflation Adjustment on Paid in Capital	87	91
Legal Reserves	2,649	2,280
Extraordinary Reserves - Legal Reserve per General Legislation	1	3
Profit / Loss	8,312	9,566
<i>Net Profit</i>	6,116	7,386
<i>Prior Period Profit/Loss</i>	2,196	2,180
Intangible Assets (-)	273	338
Total Core Capital	87,776	81,602
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	87,776	81,602
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL⁽¹⁾	87,776	81,602

(1) There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 87,776.

(2) As decided in the Annual General Meeting which is held on 24 March 2016, the capital is increased amount of TL 7,000 and amount of TL 370 have been reserved as legal reserves.

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

Summary information on basic features of equity items

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

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

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

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

ARAP TÜRK BANKASI A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

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

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

Total Assets	Shareholde rs' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value ⁽¹⁾
297,917	88,049	4,334	17,462	-	6,116	2,196	-

⁽¹⁾ The related subsidiary has no fair value as of 30 September 2016.

Movement related to consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	70,213	65,214
Movements during the Period	6,998	4,999
Purchases	-	-
Bonus Shares Received	6,998	4,999
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	77,211	70,213
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Valuation methods of investments in subsidiaries

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

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	77,211	70,213
Finance Companies	-	-

Quoted Subsidiaries

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

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)*Subsidiaries sold in the current year*

None.

Subsidiaries acquired in the current year

None.

9. Information on joint ventures of the Parent Bank

The Parent Bank does not have joint ventures.

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

	Current Period	Prior Period
Gross Financial Lease Investment	284,444	277,442
Earned Financial Lease Income (-)	28,964	29,850
Cancelled Leasing Amounts	-	-
Net Investment on Leases	255,480	247,592

Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	127,529	114,871	118,199	104,164
Between 1-4 years	156,915	140,609	159,243	143,428
Over 4 years	-	-	-	-
Total	284,444	255,480	277,442	247,592

There is a provision amount of TL 1,722 for doubtful financial lease receivables in net financial lease investments. (31 December 2015: TL 1,642)

The movement of doubtful receivables is as follows

	Current Period	Prior Period
Opening Balance	1,642	833
Provisions	955	909
Collections	875	100
Ending Balance	1,722	1,642

11. Information on financial derivatives for hedging

The Group does not have any financial derivatives for hedging.

12. Information on investment property

The Group does not have any investment property.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**13. Information on tax assets**

As of 30 September 2016, there is no tax receivable under current tax asset after the deduction of tax liability. (31 December 2015: None).

Group has calculated TL 5,696 deferred tax asset and TL 1,294 deferred tax liability over taxable temporary differences as of 30 September 2016 and recorded the net amount of asset and liability to the financial statement (31 December 2015: TL 3,727 deferred tax asset and TL 787 deferred tax liability).

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Investment allowance	-	-	-	-
Provisions regarding employee rights	12,384	2,477	10,361	2,072
Interest accruals	8,578	1,716	1,762	352
Unearned Income	2,506	501	2,680	536
Depreciation difference for tangible and intangible assets	482	96	275	55
Derivative financial instruments	-	-	753	151
Other	4,531	906	2,806	561
Deferred tax asset	28,481	5,696	18,637	3,727
Depreciation difference for tangible and intangible assets	1,188	238	1,132	226
Interest accruals	3,470	694	2,198	440
Other	1,812	362	607	121
Deferred tax liability	6,470	1,294	3,937	787
Deferred tax asset / (liability), net	22,011	4,402	14,700	2,940

Investment incentive was abolished being effective from January 1, 2006. In case that, entities do not have sufficient taxable income, deduction of the unused investment incentive as of December 31, 2005 from 2006, 2007 and 2008 income was allowed however it was not permitted to defer this investment incentive to subsequent periods after 2008. The Constitutional Court abolished this regulation on October 15, 2009 and the time constraint related to investment incentive has been removed. The resolution has been published in the Official Gazette on January 8, 2010. The Group may use the investment incentive amounting TL 545 according to the article no.19 of GVK which is not subject to withholding, by deducting the stoppage subjected amount TL 8,237 according to the temporary article no.61 of GVK from future profits. The Group does not have net deferred tax assets occurred from unused investment incentives which can be deducted from future profits in the year 2016. Partially or fully recoverable of deferred tax asset is estimated under current conditions.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Current Period	Prior Period
Cost	17	17
Impairment (-)	8	7
Accumulated Depreciation (-)	-	-
Prior Period Net Book Value	9	10
Opening Balance	17	17
Additions	-	-
Disposals (-).net	-	-
Accumulated Impairment (-)	8	7
Impairment (-)	1	1
Accumulated Depreciation (-)	-	-
Depreciation	-	-
Depreciation Expenses (-)	-	-
Closing Net Book Value	8	9

15. Information on other assets

Other assets is amounting to TL 27,181 (31 December 2015: TL 17,421) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES
1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	8,589	-	611	1,317	1,481	-	-	-	11,998
Foreign Currency Deposits	419,458	-	6,836	8,511	11,553	831	27,405	-	474,594
Residents in Turkey	161,860	-	3,104	4,397	5,536	122	132	-	175,151
Residents Abroad	257,598	-	3,732	4,114	6,017	709	27,273	-	299,443
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	7,974	-	-	48	109	-	-	-	8,131
Other Ins. Deposits	1,986	-	-	-	-	-	-	-	1,986
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	671,261	-	359,248	545,545	63,896	797,931	782,718	-	3,220,599
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	79,357	-	3,687	1,503	-	-	-	-	84,547
Foreign Banks	591,904	-	355,561	544,042	63,896	797,931	782,718	-	3,136,052
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,109,268	-	366,695	555,421	77,039	798,762	810,123	-	3,717,308

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
Saving Deposits	15,663	-	450	3,814	1,155	-	-	-	21,082
Foreign Currency Deposits	392,674	-	5,770	9,564	6,462	20,602	30,669	-	465,741
Residents in Turkey	111,959	-	5,137	6,234	1,761	15,264	252	-	140,607
Residents Abroad	280,715	-	633	3,330	4,701	5,338	30,417	-	325,134
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	6,571	-	1,000	151	102	-	-	-	7,824
Other Ins. Deposits	14,397	-	-	-	-	-	-	-	14,397
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	395,009	-	352,119	444,011	703,764	203,086	740,598	-	2,838,587
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	33,305	-	-	-	-	-	33,305
Foreign Banks	395,009	-	318,814	444,011	703,764	203,086	740,598	-	2,805,282
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	824,314	-	359,339	457,540	711,483	223,688	771,267	-	3,347,631

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

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8,308	14,676	3,690	6,406
Foreign Currency Saving Deposits	63,489	66,885	158,559	151,545
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	71,797	81,561	162,249	157,951

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)*Saving deposits not covered by deposit insurance*

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

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

The Parent Bank's headquarter is located in Turkey.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	1,718	1,663
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	1,718	1,663

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)**2. Information on financial derivatives through profit or loss**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	1	-	753	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1	-	753	-

3. Information on Funds Borrowed*Information on banks and other financial institutions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing from Central Bank	-	-	-	-
From Domestic Banks and Institutions	1,564	55,350	2,499	85,816
From Foreign Banks, Institutions and Funds	-	151,066	-	122,270
Total	1,564	206,416	2,499	208,086

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,564	59,285	2,499	99,375
Medium and Long-Term	-	147,131	-	108,711
Total	1,564	206,416	2,499	208,086

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

Domestic borrowings consist of Eximbank loans.

4. Information on other foreign resources

The other external resources is amounting to TL 32,281 (31 December 2015: TL 13,950) and this amount does not exceed 10% of the total balance sheet.

5. Information on financial lease obligations

None.

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

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)**7. Information on provisions***Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	16,118	15,007
Additional provisions for the loans with extended payment plan	-	-
Provisions for Loans and Receivables in Group II	-	227
Additional provisions for the loans with extended payment plan	2,131	-
Provisions for Non-Cash Loans	4,757	4,836
Other	-	-
Total	23,006	20,070

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

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans ⁽¹⁾	2	136

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

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

As of 30 September 2016, special provisions set aside for non-funded and non-cash loans are TL 2,035 (31 December 2015: TL 1,520).

Reserve for employee termination benefits

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

As at 30 September 2016 and 31 December 2015, the major actuarial assumptions used in the calculation of the total liability are as follows:

The Parent Bank	Current Period	Prior Period
Discount Rate	3.27%	3.12%
Expected Rate of Salary/Limit Increase	7.00%	7.56%
Estimated Employee Turnover Rate	5.56%	5.30%
Subsidiary	Current Period	Prior Period
Discount Rate	3.66%	3.12%
Expected Rate of Salary/Limit Increase	7.00%	7.56%
Estimated Employee Turnover Rate	5.56%	5.30%

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

In accordance with existing Turkish Labor Law, the Parent Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Parent Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 2016 is TL 4,297.21 (full TL) (31 December 2015: TL 3,828.37 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

	Current Period	Prior Period
Balances at Beginning of period	6,465	5,350
Provision booked in current period	623	631
Actuarial Loss/Gain	794	589
Provision paid in current period (-)	276	105
Balances at End of the Period	7,606	6,465

The employee termination benefit liability of the Group is the amount as at 30 September 2016 is TL 7,606 (31 December 2015: TL 6,465). In addition to this, the unused vacation provision and other employee benefits amount as at 30 September 2016 is TL 3,676 (31 December 2015: TL 3,896).

Information on other provisions***Provisions for probable risks***

These financial statements include a free provision that is out of reporting standards, amounting to TL 16,000 thousand of which TL 7,000 thousand is charge to income statement in the current year, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

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

	Current Period	Prior Period
Free provisions for possible risks	16,000	9,000
Provisions for non-cash loans	2,035	1,520
Provisions for law suits	37	37
Total	18,072	10,557

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

As of 30 September 2016, corporate tax payable after deducting the prepaid tax is TL 4,260 (31 December 2015: TL 8,675).

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Current Period	Prior Period
Corporate Tax	4,260	8,675
Banking Insurance Transaction Tax (BITT)	471	591
Taxation of Securities	230	2,540
Value added taxes payable	232	413
Corporate tax payable-limited	7	7
Foreign Exchange Legislation Tax	-	-
Property tax	20	22
Other	974	1,135
Total	6,194	13,383

Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee	298	254
Social Security Premiums - Employer	430	367
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee share	21	18
Unemployment Insurance - Employer share	42	36
Other	-	-
Total	791	675

Information on deferred tax liability

The net amount of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset. Detailed information on net deferred tax is presented in footnote I-13 in Section Five.

Information on liabilities for assets held for sale and discontinued operation

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

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

The Parent Bank has no subordinated loans.

9. Information on Shareholders' Equity*Presentation of Paid-in Capital*

	Current Period	Prior Period
Common Stock	440,000	440,000
Preferred Stock	-	-

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

Registered share capital system is not implemented in the Parent Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

The impacts of the foresights, which are prophesied according to Group's prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders' equity

None.

Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

Information on marketable securities value increase fund

The Parent Bank does not have marketable securities value increase fund.

Information on legal reserve

In the current period there is TL 3,845 transferred to legal reserves from retained earnings. (31 December 2015: TL 3,823).

Information on Minority Shares

None.

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

The Group has TL 96,468 (31 December 2015: TL 54,779) as irrevocable commitments.

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

As of 30 September 2016, the Group has allocated the provision amounting TL 6,792 over total non-cash loans (31 December 2015: TL 6,356).

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 412,951 (31 December 2015: TL 487,547).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group's guarantee letters is TL 1,870,528 (31 December 2015: TL 1,874,863).

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	407,648	416,082
Less Than or Equal to One Year with Original Maturity	250,688	178,466
More Than One Year with Original Maturity	156,960	237,616
Other Non-Cash Loans	1,875,831	1,946,328
Total	2,283,479	2,362,410

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ⁽¹⁾				
Short- Term Loans	61,399	8,712	43,255	4,487
Medium and Long- Term Loans	256	10,671	435	15,895
Interest Received From Non-Performing Loans	-	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	61,655	19,383	43,690	20,382

⁽¹⁾ It contains fee and commission income related to cash loans*Information on interest income received from banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	4,052	12,119	3,916	16,254
From Foreign Banks	8	235	664	111
From Foreign Headquarter and Branches	-	-	-	-
Total	4,060	12,354	4,580	16,365

Information on interest income received from marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	974	23,319	3,526	4,531
Financial Assets Where Fair Value Change is Reflected to Income Statement	-	-	-	-
Financial Assets Available for Sale	-	-	-	-
Investments Held to Maturity	2,163	17,040	1,449	7,127
Total	3,137	40,359	4,975	11,658

Information on interest income received from associates and subsidiaries

None.

2. Interest Expense*Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	94	4,096	322	3,999
Central Bank	-	-	-	-
Domestic Banks	94	1,471	322	2,034
Foreign Banks	-	2,625	-	1,965
Other Institutions	-	-	-	-
Total	94	4,096	322	3,999

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)***Maturity structure of the interest expense on deposits*

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	2	3,190	-	-	-	-	-	3,192
Saving deposits	-	63	103	89	-	-	-	255
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	21	11	5	-	-	-	37
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	2	3,274	114	94	-	-	-	3,484
Foreign Currency								
Foreign currency deposits	-	34	89	119	59	397	-	698
Interbank deposits	210	2,870	4,181	516	6,441	6,318	-	20,536
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	210	2,904	4,270	635	6,500	6,715	-	21,234
Grand Total	212	6,178	4,384	729	6,500	6,715	-	24,718

Information on dividend income

None.

3. Information on trading gain/loss

	Current Period	Prior Period
Gain	4,725,954	6,255,254
Gain from money market transactions	-	-
Gain from financial derivative transactions	1,202	9,550
Gain from exchange transactions	4,724,752	6,245,704
Loss (-)	(4,725,046)	(6,258,426)
Loss from money market transactions	-	(53)
Loss from financial derivative transactions	(6,105)	(8,581)
Loss from exchange transactions	(4,718,941)	(6,249,792)
Net Trading Gain/Loss	908	(3,172)

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)****4. Information on income from other operations**

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	260	2,477
From Communication Income	885	1,271
Gain on sales of assets	8	38
Other Income	96	319
Total	1,249	4,105

5. Information on impairment in loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	3,689	11,941
<i>Loans and Receivables in Group III</i>	-	3,888
<i>Loans and Receivables in Group IV</i>	-	4,785
<i>Loans and Receivables in Group V</i>	3,689	3,268
<i>Doubtful Receivables</i>	-	-
General Provision Expenses	2,936	3,596
Provision for Possible Losses	7,000	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	15,008	1,588
<i>Financial Assets through Profit or Loss</i>	15,008	1,588
<i>Investment Securities Available-for-Sale</i>	-	-
Other Impairment Losses	7,047	158
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	7,047	158
Other	315	627
Total	35,995	17,910

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

6. Information on other operating expense

	Current Period	Prior Period
Personnel Expenses	42,127	38,725
Employee Termination Benefits Expense	618	501
Tangible Fixed Asset Impairment Expense	-	-
Intangible Fixed Asset Impairment Expense	1,883	1,845
Amortization Expenses of Tangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	1,127	962
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	1	1
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Assets Impairment Expense	-	-
Other Operating Expenses	10,158	9,208
<i>Operating Lease Expenses</i>	1,393	1,337
<i>Maintenance Expenses</i>	2,055	1,659
<i>Advertisement Expenses</i>	314	307
<i>Other Expenses</i>	6,396	5,905
Losses from sales of Assets	15	-
Other	5,157	5,173
Total	61,086	56,416

Information on dividend expense

Based on the decision taken at General Assembly meeting of the Bank held on 25 March 2016, dividend amounting to TL 22,000 is distributed to shareholders from the net profit for the year ended on 31 December 2015. The dividends paid on 28 April 2016.

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

The pre-tax income amount from continued operations is TL 61,607 (30 September 2015: TL 54,319).

8. 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 2016, taxation charge is TL 15,872 (30 September 2015: TL 11,684 tax expense) and deferred tax income is TL 1,302 (30 September 2015: TL 106 deferred tax expense).

Deferred tax charge arising from origination or reversal of temporary differences

The Group has TL 1,302 as deferred tax income arising from origination of temporary differences (30 September 2015: TL 3 deferred tax expense).

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

The Group has TL 1,302 as deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions (30 September 2015: TL 106 deferred tax expense).

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

Current period profit from continued operations is TL 47,037 (30 September 2015: TL 42,529).

10. Information on net profit or loss of the period

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

None.

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

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

Profit/loss regarding minority rights

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

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

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 13,004 (30 September 2015: TL 22,161) consist of transfer commissions, letter of credit commissions and other.

	Current Period
Letter of Credit Commissions	9,072
Transfer Commissions	2,800
Other	1,132
Total	13,004

V. INFORMATION ON THE GROUP'S RISK GROUP

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

*Information on the loans of the Group's risk group***Current Period**

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	11,681	89,650	127,945
Balance at the end of the period	-	-	-	5,231	262,529	69,044
Interest and Commission Income received	-	-	-	-	2,559	-

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

Loans given to the Parent Bank's direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

Prior Period

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	161	36,570	158,329
Balance at the end of the period	-	-	-	11,681	89,650	127,945
Interest and Commission Income received	-	-	-	-	1,109	-

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

Information on deposits of the Bank's risk group

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	-	-	2,134,348	1,525,229	345,621	545,393
Balance at the end of the period	-	-	2,231,372	2,134,348	567,589	345,621
Interest expense on deposits	-	-	5,356	6,318	687	1,800

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

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

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

None.

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

None.

Information on benefits provided for top level management:

30 September 2016, TL 7,010 (30 September 2015: TL 9,045) has been paid to the top level management of the Bank as salaries and fringe benefit.

SECTION SIX.

LIMITED AUDITOR'S REPORT

I. INFORMATION ON LIMITED AUDITOR'S REPORT

As of 30 September 2016, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.. (the Turkish member firm of KPMG International Cooperative) and Limited Auditor's Report is presented preceding the financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE LIMITED AUDITOR

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. EVALUATION OF THE PARENT BANK'S CHAIRMAN AND GENERAL MANAGER FOR THE PERIOD

The weak growth condition has continued at the global economy. Shrinkage in global demand, volatility in commodity prices, fragilities in banking and financial markets, increase in geopolitical risks and political uncertainties have negative impacts on the global economy.

Economic growth in developed countries has continued to stay at low levels. Growth of the US economy in the first half of the year stayed below the expectations, due to the declining foreign trade caused by weakening external demands and the uncertainty of the presidential election, which will be held on November 2016. The possibility that the US Federal Reserve (FED) would raise the interest rates before the end of the year seems to be the most important topic of the last quarter of 2016. The expansionary monetary policy and the current asset purchase program, which have been implementing for a long time, continues to support the economic activity in Eurozone. On the other hand, the result of the Brexit voting, the low level of external demand and problems in the banking system are raising concerns about the future of the European Union. Declining global trade, the weak growth of China's economy and the fluctuations in commodity prices lead the lower growth rate than the potential in developing countries.

In such a global economic environment, GDP growth of Turkish economy realized as 3.9% by constant prices in the first half of 2016 by the contribution of strong domestic demand. Turkey is one of the fastest growing economies among G20 countries. Annual increase in consumer price index declined to 7.3% at end-September 2016 as a result of the favorable trend in food prices and the decreasing impact of the depreciation in Turkish lira on inflation. In the first eight months of the year, the current account deficit fell by 3.8% compared to the end of 2015, depending on the decline in foreign trade deficit.

In the banking sector, when compared to the end of 2015, total assets increased by 6.4% to TL 2,507 billion at end-August 2016. In this period, loans and deposits volumes grew by 7.1% and 6.2%, respectively. Year on year basis, net term profit climbed by 63.4% to TL 26.6 billion mainly due to the increase in interest income. Annualized return on equity ratio of the sector realized as 14.4%.

Our Group operates in line with the target of 'sustainable healthy growth'. At end-September 2016, total assets and shareholders' equity stood at TL 4.7 billion and TL 637.9 million, respectively. Consolidated capital adequacy standard ratio maintained its robust outlook by 19%. Net term profit of the Group increased by 10.6% to TL 47 million compared to the same period of the previous year.

We will continue to contribute in the Turkish economy with the support and trust of our shareholders, customers, employees and all other business partners in the forthcoming period, as it was in the past.

Best regards,

Abdulahkim A. E. KHAMAG Yılmaz ERTURK
General Manager Chairman

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

II. FINANCIAL HIGHLIGHTS OF THE GROUP

Assets (TL Thousand) (1)	2015/12	2016/03	2016/06	2016/09
Cash and Balances with the CBT (2)	858,155	980,690	931,353	1,025,854
Banks	1,247,907	821,194	756,914	1,137,709
Securities Portfolio (Net) (3)	491,288	738,764	794,495	786,546
Loans and Receivables	1,357,903	1,465,783	1,492,827	1,407,000
Investment in Subsidiaries (Net)	247,592	244,130	246,464	255,480
Tangible and Intangible Assets	26,541	26,129	25,353	25,074
Other Assets (4)	20,370	29,087	33,832	31,633
Total Assets	4,249,756	4,305,777	4,281,238	4,669,296

Liabilities (TL Thousand) (1)	2015/12	2016/03	2016/06	2016/09
Deposits	3,347,631	3,384,157	3,359,902	3,717,308
Funds Borrowed	210,585	196,462	194,498	207,980
Interbank Money Market	3,493	3,574	3,587	5,098
Other Liabilities (5)	74,512	91,191	99,034	100,977
Shareholders' Equity	613,535	630,393	624,217	637,933
Total Liabilities	4,249,756	4,305,777	4,281,238	4,669,296

Off-Balance Sheet Commitments (TL Thousand)	2015/12	2016/03	2016/06	2016/09
Guarantees and Warranties	2,362,410	2,187,944	2,333,751	2,283,479
Commitments	64,228	33,392	127,132	123,410
Derivative Financial Instruments	88,255	-	2,981	66,259
Total Off-Balance Sheet Commitments	2,514,893	2,221,336	2,463,864	2,473,148

Income Statement (TL Thousand)	2015/09	2016/09
Interest Income	117,354	157,712
Interest Expense (-)	26,339	29,204
Net Interest Income	91,015	128,508
Net Fees and Commission Income	36,629	27,947
Dividend Income	68	76
Trading Profit / Loss (+ / -)	(3,172)	908
Other Operating Income	4,105	1,249
Total Operating Income	128,645	158,688
Provisions for Loans or Other Receivables Losses (-)	17,910	35,995
Other Operating Expenses (-)	56,416	61,086
Profit / Loss Before Tax	54,319	61,607
Tax Provision (-)	11,790	14,570
Net Profit / Loss	42,529	47,037

*(1) Rate sensitive assets and liabilities include rediscounts,**(2) Consists of TL and FC Cash, Checks, CBT and Required Reserves,**(3) Consists of Financial Assets where Fair Value Change is Reflected to Income Statement (Net), Investments Held to Maturity (Net) and Financial Assets Available for Sale (Net),**(4) Consists of Assets for Tax, Property and Equipment Held for Sale Purpose and Other Assets,**(5) Consists of Derivatives Financial Liabilities Held for Trading, Miscellaneous Payables, Other External Sources, Provisions, Leasing Transactions Payables and Liabilities for Taxes,*

III. EVALUATION OF THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

- In the first nine months of 2016, total assets of the Group went up by 9.9% compared to 2015 from TL 4,250 million to TL 4,669 million. In the period examined, the most significant investment instruments in consolidated assets included loans and receivables (30.1%) totaling TL 1,407 million, banks (24.4%) totaling TL 1,137.7 million and cash and balances with the CBT (22%) totaling TL 1,025.9 million. Lease receivables totaling TL 255.5 million constituted 5.5% of consolidated assets.
- As of the end of September 2016, compared to the year-end, the most important increases the Group recorded in total assets were in marketable securities portfolio by TL 295.3 million, in cash and balances with CBT by TL 167.7 million and in loans and receivables by TL 49.1 million. Meanwhile, the most notable decrease in assets items included in receivables from banks by TL 110.2 million.
- At end-September -2016, external sources constituted 86.3% of consolidated liabilities. Total deposits which was the most significant part of the external sources, realized as TL 3,717.3 million. Shareholders' equity increased by 4% (TL 24.4 million) to TL 637.9 million and constituted 13.7% of consolidated liabilities.
- Guaranties and warranties, which includes letters of guarantee, letters of credit and bank acceptances, went down by 3.3% (TL 78.9 million) to TL 2,283.5 million.
- At end- September 2016, net term profit of the Group stood at TL 47,037 thousand, up by 10.6% from the same period of the previous year.

IV. INFORMATION ON SUBSIDIARY SUBJECT TO CONSOLIDATION

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

V. OTHER ISSUES

- There is no significant changes apart from the above mentioned explanations compared to the 2015 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".