



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

Arap Türk Bankası Anonim Şirketi

**Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended
30 September 2016**

With Limited Review Report Thereon
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

26 October 2016

*This report contains "Limited Review Report"
comprising 2 pages and; "Unconsolidated 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 Unconsolidated Financial Statements

We have reviewed the accompanying unconsolidated statements of financial position of Arap Türk Bankası A.Ş. (the "Bank") as at 30 September 2016 and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the nine-month-period then ended. 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 in the Official Gazette no 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency 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 Legislation. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

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

Basis of Qualified Conclusion

The accompanying unconsolidated financial information as of 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 Bank management for the possible result of the negative circumstances which may arise from any circumstances from any change in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not presented fairly in all material respects, the financial position of Arap Türk Bankası A.Ş. at 30 September 2016 and of the results of its operations and its cash flows for nine-month-period then ended in all aspects 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 unconsolidated financial statements and disclosures in all material respects.

Other matter

The unconsolidated financial statements of the Bank 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 unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

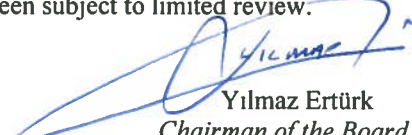
**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016**

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 unconsolidated 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 Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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



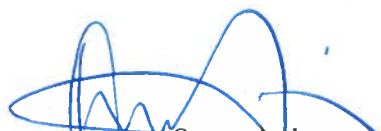
Yılmaz Ertürk
*Chairman of the Board of
Directors*



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



Abdurrahman 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*



Abdülhakim A. E. Khamag
General Manager



Safi Hatipoğlu
*Assistant General Manager
Responsible For Financial Reporting*



Feyzullah Küpeli
Manager

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

Name / Title: Feyzullah Küpeli / Manager

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

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

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

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

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

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

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

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

Shareholders	Current Period		Prior Period	
	Share amounts	Share percentages ⁽¹⁾	Share amounts	Share percentages ⁽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)).

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

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

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

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
Abdulahakim A. E. Khamag	Member of the Board of Directors and General Manager
Abdurauf İbrahim 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 Muzaffer 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
Abdulahakim A. E. Khamag	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager - Financial Management and Planning Division
Abdulmonam Geat Ali Tbigha	Assistant General Manager - Credits Division
Abdussalam Elfituri B.Abushagur	Assistant General Manager - Information Technologies and Operations Division
Emel Güneş Atagün	Assistant General Manager – Treasury & Economic Research Division

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

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

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

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

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

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

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

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

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

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

Arap Türk Bankası Anonim Şirketi
Unconsolidated Balance Sheet (Statement of Financial Position)
As of 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)	9,732	1,016,120	1,025,852	8,453	849,701	858,154
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	251	463,048	463,299	14,220	194,122	208,342
2.1 Financial assets held for trading		251	463,048	463,299	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	-	251	-	-	-
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)	9,153	1,094,301	1,103,454	4,752	1,201,947	1,206,699
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 AND RECEIVABLES	(5)	675,393	731,607	1,407,000	767,109	590,794	1,357,903
6.1 Loans and Receivables		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)	77,211	-	77,211	70,213	-	70,213
10.1 Financial subsidiaries		77,211	-	77,211	70,213	-	70,213
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)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Revenue (-)		-	-	-	-	-	-
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)		18,624	-	18,624	19,611	-	19,611
XV. INTANGIBLE ASSETS (Net)		2,116	-	2,116	2,648	-	2,648
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,116	-	2,116	2,648	-	2,648
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	4,444	-	4,444	2,830	-	2,830
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		4,444	-	4,444	2,830	-	2,830
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)	21,962	1,467	23,429	10,823	3,114	13,937
TOTAL ASSETS		850,700	3,597,976	4,448,676	918,496	3,104,796	4,023,292

Arap Türk Bankası Anonim Şirketi
Unconsolidated 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)	78,645	3,638,732	3,717,377	62,350	3,285,366	3,347,716
1.1 Deposits held by the Bank's risk group			53,216	2,745,814	2,799,030	74	2,479,980	2,480,054
1.2 Other			25,429	892,918	918,347	62,276	805,386	867,662
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		(2)	-	-	-	-	-	-
II. FUNDS BORROWED		(3)	1,564	4,108	5,672	753	-	753
IV. INTERBANK MONEY MARKET			5,098	-	5,098	3,493	874	3,373
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			370	2,913	3,283	257	755	1,012
VIII. OTHER EXTERNAL RESOURCES		(4)	20,855	11,426	32,281	9,543	4,407	13,950
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASING TRANSACTIONS PAYABLES		(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)	49,995	1,779	51,774	38,381	1,264	39,645
12.1 General provisions			23,006	-	23,006	20,070	-	20,070
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserves for employee benefit			10,696	-	10,696	9,018	-	9,018
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)	6,084	-	6,084	11,527	-	11,527
13.1 Current tax liability			6,084	-	6,084	11,527	-	11,527
13.2 Deferred tax liability			-	-	-	-	-	-
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)	627,107	-	627,107	601,823	-	601,823
16.1 Paid-in capital			440,000	-	440,000	440,000	-	440,000
16.2 Supplementary capital			(2,766)	-	(2,766)	(2,131)	-	(2,131)
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			(2,766)	-	(2,766)	(2,131)	-	(2,131)
16.3 Profit reserves			18,662	-	18,662	15,189	-	15,189
16.3.1 Legal reserves			18,662	-	18,662	15,189	-	15,189
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			-	-	-	-	-	-
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			171,211	-	171,211	148,765	-	148,765
16.4.1 Prior years income/loss			123,292	-	123,292	78,659	-	78,659
16.4.2 Current year income/loss			47,919	-	47,919	70,106	-	70,106
TOTAL LIABILITIES			789,718	3,658,958	4,448,676	730,626	3,292,666	4,023,292

Arap Türk Bankası Anonim Şirketi
Statement of Unconsolidated 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)		228,450	2,209,438	2,437,888	246,402	2,255,621	2,502,023
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)	18,758	75,950	94,708	6,394	44,964	51,358
2.1. Irrevocable commitments		18,758	75,950	94,708	6,394	44,964	51,358
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		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		29,742	29,959	59,701	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		29,742	29,959	59,701	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		29,742	29,959	59,701	44,641	43,614	88,255
3.2.2.1. Foreign currency swap-buy		-	29,959	29,959	-	43,614	43,614
3.2.2.2. Foreign currency swap-sell		29,742	-	29,742	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)		322,866	238,651	561,517	334,629	313,773	648,402
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		120,211	235,310	355,521	98,860	305,134	403,994
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		28	3,493	3,521	28	3,390	3,418
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		551,316	2,448,089	2,999,405	581,031	2,569,394	3,150,425

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

(Thousands of Turkish Lira)

INCOME AND EXPENSES	Dipnot (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)	140,250	38,324	101,029	34,555
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		14,040	4,757	19,564	5,772
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 where value change is reflected to income statement		-	-	0	-
1.5.3 Financial assets available for sale		-	-	0	-
1.5.4 Investments held to maturity		19,203	3,826	8,576	3,599
1.6 Finance lease income		-	-	0	-
1.7 Other interest income		112	-	3	-
II. INTEREST EXPENSE	(2)	25,143	8,675	22,349	7,335
2.1 Interest on deposits		24,718	8,590	21,779	7,152
2.2 Interest on funds borrowed		129	45	331	75
2.3 Interest on money market transactions		209	80	239	108
2.4 Interest on securities issued		-	-	0	-
2.5 Other interest expense		87	-	0	-
III. NET INTEREST INCOME/EXPENSE (I - II)		115,107	29,649	78,680	27,220
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		27,688	9,275	36,215	11,468
4.1 Fees and commissions received		28,261	9,495	36,968	11,698
4.1.1 Non-cash loans		15,645	5,144	15,251	5,388
4.1.2 Other	(11)	12,616	4,351	21,717	6,310
4.2 Fees and commissions paid		573	220	753	230
4.2.1 Non-cash loans		2	1	3	1
4.2.2 Other		571	219	750	229
V. DIVIDEND INCOME		7,074	-	5,067	-
VI. NET TRADING INCOME/EXPENSE	(3)	894	890	(3,347)	(2,064)
6.1 Capital markets transactions		-	-	(53)	(2)
6.2 Profit/losses on trading account securities		(4,900)	277	915	1,580
6.3 Foreign exchange profit/losses		5,794	613	(4,209)	(3,642)
VII. OTHER OPERATING INCOME	(4)	967	247	3,772	403
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		151,730	40,061	120,387	37,027
IX. PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)	(5)	35,680	6,307	17,283	7,663
X. OTHER OPERATING EXPENSES (-)	(6)	55,103	18,115	50,900	17,167
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		60,947	15,639	52,204	12,197
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM CONTINUING OPERATIONS		-	-	-	-
XIV. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(7)	60,947	15,639	52,204	12,197
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (+)		(13,028)	(3,103)	(10,380)	(2,774)
16.1 Current tax provision	(8)	(14,483)	(3,766)	(10,512)	(2,583)
16.2 Deferred tax provision		1,455	663	132	(191)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(9)	47,919	12,536	41,824	9,423
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	0	-
18.1 Income from asset held for sale		-	-	0	-
18.2 Income from sale of associates, subsidiaries and joint ventures		-	-	0	-
18.3 Other income from discontinued operations		-	-	0	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	0	-
19.1 Expenses on asset held for sale		-	-	0	-
19.2 Expenses on sale of associates, subsidiaries and joint ventures		-	-	0	-
19.3 Other expense from discontinued operations		-	-	0	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	0	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (+)		-	-	0	-
21.1 Current tax provision		-	-	0	-
21.2 Deferred tax provision		-	-	0	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	0	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(10)	47,919	12,536	41,824	9,423
Earning/Loss Per Share		0.0011	0.0003	0.0010	0.0002

Arap Türk Bankası Anonim Şirketi**Statement of Recognized Income and Expense in Unconsolidated Shareholders' Equity
For The Period Ended 30 September 2016**

(Thousands of Turkish Lira)

INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2016-30/09/2016)	(01/01/2015-30/09/2015)
I.	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	(794)	(422)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	159	84
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(635)	(338)
XI.	CURRENT PROFIT/LOSSES	47,919	41,824
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	47,919	41,824
XII.	TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	47,284	41,486

Arap Türk Bankası Anonim Şirketi

(Thousands of Turkish Lira)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY										Footnotes	Paid-in Capital (Capital)	Capital Reserves from Indian Adjustments	Share Premium	Share Cancellations	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	Homes Shares of Equity Participants	Hedging Reserves	Avco. Res Sur. on Assets Held for Sale and Assets of Shareholders	Total Shareholders'
PRIOR PERIOD (5/8/97/01/05)																										
I. Balances at the beginning of the period																										
II. Corrections made as per TAS 8																										
2.1 Effects of corrections																										
2.2 Effects of changes in accounting policies																										
III. Adjusted balances at the beginning of the period (I+II)																										
440,000																										
IV. Changes during the period																										
Mergers																										
V. Securities Value Increase Fund																										
Hedges for Risk Management																										
VI. Net Cash Flow Hedges																										
6.1 Net Cash Flow Hedges																										
6.2 Net Cash Flow Hedges																										
VII. Revaluation surplus on tangible assets																										
VIII. Revaluation surplus on intangible assets																										
IX. Home shares of associates, subsidiaries and joint ventures																										
X. Foreign exchange differences																										
XI. Changes resulted from disposal of assets																										
XII. Changes resulted from reclassification of assets																										
XIII. Effect of change in equities of associates on Bank's Equity																										
XIV. Capital increase																										
14.1 Cash																										
14.2 Internal sources																										
XV. Share issuance																										
XVI. Revaluation surplus																										
XVII. Capital Reserves From Indian Adjustments To Paid-in Capital																										
XVIII. Others																										
(330)																										
XIX. Current Period Net Profit																										
41,824																										
XX. Profit distribution																										
20.1 Dividends distributed																										
(70,506)																										
20.2 Transfers to Reserves																										
66,981																										
20.3 Others																										
66,981																										
Balances at end of period (III+IV+V+.....+XVIII-XIX+XX)																										
440,000																										
15,189																										
(1,998)																										
41,824																										
(70,506)																										
66,981																										
78,659																										
601,823																										
CURRENT PERIOD (5/8/97/01/06)																										
I. Balances at end of prior period																										
440,000																										
15,189																										
(2,131)																										
70,106																										
78,659																										
II. Changes within the period																										
Mergers																										
III. Securities Value Increase Fund																										
Hedges for Risk Management																										
IV. Net Cash Flow Hedges																										
4.1 Net Cash Flow Hedges																										
4.2 Net Foreign Investment Hedges																										
V. Revaluation surplus on tangible assets																										
VI. Revaluation surplus on intangible assets																										
VII. Home shares of associates, subsidiaries and joint ventures																										
XVIII. Foreign exchange differences																										
XIX. Changes resulted from disposal of assets																										
X. Changes resulted from reclassification of assets																										
XI. Effect of change in equities of associates on Bank's Equity																										
XII. Capital increase																										
12.1 Cash																										
12.2 Internal sources																										
XIII. Share issuance																										
XIV. Share cancellations profile																										
XV. Capital Reserves From Indian Adjustments To Paid-in Capital																										
XVI. Others																										
(635)																										
47,919																										
(70,106)																										
44,833																										
(22,000)																										
66,833																										
XVII. Current Period Net Profit																										
XVIII. Profit distribution																										
18.1 Dividends distributed																										
(70,106)																										
18.2 Transfers to legal reserves																										
3,473																										
18.3 Others																										
3,473																										
Balances at end of period (I+II+III+.....+XVI+XVII+XVIII)																										
440,000																										
18,662																										
(2,766)																										
47,919																										
123,292																										
637,187																										

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

(Thousands of Turkish Lira)

		Reviewed	Reviewed
	Footnotes	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		55,117	46,728
1.1.1 Interests Received		140,250	134,954
1.1.2 Interest Paid		(18,277)	(15,104)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		28,261	36,968
1.1.5 Other Income		(4,937)	3,815
1.1.6 Collections From Previously Written-off Loans and Other Receivables		25	17,459
1.1.7 Payments to Personnel and Service Suppliers		(45,964)	(44,429)
1.1.8 Taxes Paid		(20,085)	(9,643)
1.1.9 Other		(24,156)	(77,292)
1.2 Changes in Operating Assets and Liabilities		(326,599)	(36,629)
1.2.1 Net Decrease in Financial Assets Held For Trading		(252,531)	(33,958)
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		(379,941)	14,466
1.2.4 Net (Increase) in Loans		(53,959)	(162,293)
1.2.5 Net Decrease in Other Assets		(9,491)	(9,196)
1.2.6 Net Increase/(Decrease) in Bank Deposits		364,681	186,822
1.2.7 Net Increase (Decrease) in Other Deposits		(12,217)	(48,648)
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		(4,712)	(10,499)
1.2.9 Net Increase/ (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		21,571	26,677
I. Net Cash Flow From Banking Operations		(271,482)	10,099
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow From Investing Activities		(31,594)	(39,433)
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		(780)	(127)
2.4 Sales of Tangible Assets		(2)	-
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)	(79,383)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		155,798	40,558
2.9 Other		(438)	(481)
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 Other		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		6,406	22,863
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(318,670)	(6,471)
VI. Cash and Cash Equivalents at Beginning of Period		1,755,480	1,681,079
VII. Cash and Cash Equivalents at the End of Period		1,436,810	1,674,608

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

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

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

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

Explanation for convenience translation into English:

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

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

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

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

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

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

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

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

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets Available-for-Sale

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

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

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

c. Loans and Receivables

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

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

d. Financial Assets Held to Maturity

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

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

VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Bank's intangible assets consist of software.

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

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

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

XIII. INFORMATION ON TANGIBLE ASSETS

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

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 lessor*

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

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

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

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

Operational leases

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

XVI. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Reserve for other benefits to employees

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 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.

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

Other benefits to employees

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

XVII. INFORMATION ON TAX APPLICATIONS

Corporate tax

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

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

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

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

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

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

Deferred taxes

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

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

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

XVII. INFORMATION ON TAX APPLICATIONS (Continued)

Transfer Pricing

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

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

XVIII. ADDITIONAL INFORMATION ON BORROWINGS

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

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XIX. INFORMATION ON SHARE ISSUANCES

The Bank has not issued any share in the year.

XX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XXI. INFORMATION ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXII. INFORMATION ON SEGMENT REPORTING

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

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

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

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

Related parties

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

Cash and cash equivalents

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

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

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE BANK****I. INFORMATION ON SHAREHOLDER'S EQUITY****Information about Total Capital:**

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	625,248	643,107
Paid-in capital following all debts in terms of claim in liquidation of the Bank	437,234	-
Share issue premiums	-	-
Reserves	18,662	-
Gains recognized in equity as per TAS	-	-
Profit	171,211	-
Current Period Profit	47,919	-
Prior Period Profit	123,292	-
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	627,107	2,705
Deductions from Common Equity Tier 1 Capital	1,859	2,705
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)	1,270	2,116
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	1,859	2,705
Total Common Equity Tier 1 Capital	625,248	2,705

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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	-	-
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	846	-
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(-)	846	-
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)	624,402	-
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)	647,408	-
Deductions from Total Capital	647,408	-
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 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments 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	647,400	663,400
Total Capital	647,400	663,400
Total risk weighted amounts	3,237,948	3,237,948
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	19.31	-
Tier I Capital Adequacy Ratio (%)	19.28	-
Capital Adequacy Ratio (%)	19.99	20.49
BUFFERS		
Total buffer requirement	0.732	-
Capital conservation buffer requirement (%)	0.625	-
Bank specific counter-cyclical buffer requirement (%)	0.107	-
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	20.23	-
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		
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	23,006	23,006
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	-

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

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

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

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

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)	2,777,710	2,825,055	222,217
2 Standardised approach (SA)	2,777,710	2,825,055	222,217
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	275	88	22
5 Standardised approach for counterparty credit risk (SA-CCR)	275	88	22
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 12.50% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	190,988	294,062	15,279
17 Standardised approach (SA)	190,988	294,062	15,279
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	268,975	251,011	21,518
20 Basic Indicator Approach	268,975	251,011	21,518
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)	3,237,948	3,370,216	259,036

RWA flow statements of credit risk exposures under IRB

None.

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

None.

RWA flow statements of market risk exposures under an IMA

None.

II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

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

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	Euro
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 bank's foreign exchange bid rate for the last thirty days:

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

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

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

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

Current Period	Euro	USD 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	744,936	315,878	33,487	1,094,301
Financial Assets through Profit or Loss	229,962	233,086	-	463,048
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	455	1,012	-	1,467
Total Assets	2,326,623	1,281,367	33,734	3,641,724
Liabilities				
Bank Deposits	2,096,386	1,062,943	4,741	3,164,070
Foreign Currency Deposits	202,132	242,049	30,481	474,662
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	1,686	2,422	-	4,108
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2,118	790	5	2,913
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	9,424	3,354	427	13,205
Total Liabilities	2,311,746	1,311,558	35,654	3,658,958
Net Balance Sheet Position	14,877	(30,191)	(1,920)	(17,234)
Net Off Balance Sheet Position	(14,283)	31,087	-	16,804
Financial Derivatives (Assets)	-	31,397	-	31,397
Financial Derivatives (Liabilities)	(14,283)	(310)	-	(14,593)
Non-Cash Loans	674,791	993,243	435,495	2,103,529
Prior Period				
Total Assets	1,521,548	1,710,304	30,065	3,261,917
Total Liabilities	1,539,311	1,745,582	7,773	3,292,666
Balance Sheet Position, net	(17,763)	(35,278)	22,292	(30,749)
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).

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

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

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 30 September 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 percent appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	(59)	(59)	1,776	1,776
US Dollar	(90)	(90)	(834)	(834)
Other Currencies	192	192	(2,229)	(2,229)
Total	43	43	(1,287)	(1,287)

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	59	59	(1,776)	(1,776)
US Dollar	90	90	834	834
Other Currencies	(192)	(192)	2,229	2,229
Total	(43)	(43)	1,287	1,287

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

III. INFORMATION ON INTEREST RATE RISK

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

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

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

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

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

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

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

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

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III. INFORMATION ON INTEREST RATE RISK (Continued)**Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)**

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	-	-	-	-	698,618	1,025,852
Banks	1,018,385	85,069	-	-	-	-	1,103,454
Financial assets at fair value through Profit or Loss	339	3,139	225,132	234,689	-	-	463,299
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⁾	-	-	-	-	-	125,832	125,832
Total assets	1,990,832	494,828	562,993	513,852	58,278	827,893	4,448,676
Liabilities							
Bank deposits	1,735,926	1,404,035	80,421	-	-	217	3,220,599
Other deposits	40,778	9,159	8,763	-	-	438,078	496,778
Money market borrowings	5,098	-	-	-	-	-	5,098
Miscellaneous payables	-	-	-	-	-	3,283	3,283
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	-	-	5,672	-	-	-	5,672
Other liabilities ⁽²⁾	6	-	-	-	-	717,240	717,246
Total liabilities	1,781,808	1,413,194	94,856	-	-	1,158,818	4,448,676
Long Position in the Balance Sheet	209,024	-	468,137	513,852	58,278	-	1,249,291
Short Position in the Balance Sheet	-	(918,366)	-	-	-	(330,925)	(1,249,291)
Long Position in the Off-balance Sheet	29,959	-	-	-	-	-	29,959
Short Position in the Off-balance Sheet	(29,742)	-	-	-	-	-	(29,742)
Total Position	209,241	(918,366)	468,137	513,852	58,278	(330,925)	217

⁽¹⁾ Other Assets: The amount of TL 125,832 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 18,624, Intangible Assets amounting to TL 2,116, Deferred Tax Assets amounting to TL 4,444, Assets Held for Sale amounting to TL 8, and Non-Interest Bearing amounts of Other Assets amounting to TL 23,429.

⁽²⁾ Other Liabilities: The amount of TL 717,240 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 627,107, Provisions amounting to TL 51,774, Tax, Duty and Premium Payable amounting to TL 6,084 and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 32,275.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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III. INFORMATION ON 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	-	-	-	-	516,221	858,154
Banks	924,758	281,941	-	-	-	-	1,206,699
Financial assets at fair value through Profit or Loss	14,580	25,567	9,335	158,860	-	-	208,342
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets 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⁾	-	-	-	-	-	109,248	109,248
Total assets	2,086,607	872,355	146,104	263,847	14,139	640,240	4,023,292
Liabilities							
Bank deposits	1,490,139	593,292	755,156	-	-	-	2,838,587
Other deposits	21,323	22,802	35,612	-	-	429,392	509,129
Money market borrowings	3,493	-	-	-	-	-	3,493
Miscellaneous payables	-	-	-	-	-	1,012	1,012
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	207	-	3,166	-	-	-	3,373
Other liabilities ⁽²⁾	753	-	-	-	-	666,945	667,698
Total liabilities	1,515,915	616,094	793,934	-	-	1,097,349	4,023,292
Long Position in the Balance Sheet	570,692	256,261	-	263,847	14,139	-	1,104,939
Short Position in the Balance Sheet	-	-	(647,830)	-	-	(457,109)	(1,104,939)
Long Position in the Off-balance Sheet	43,614	-	-	-	-	-	43,614
Short Position in the Off-balance Sheet	(44,641)	-	-	-	-	-	(44,641)
Total Position	569,665	256,261	(647,830)	263,847	14,139	(457,109)	(1,027)

⁽¹⁾ Other Assets: The amount of TL 109,248 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 70,213, Tangible Assets amounting to TL 19,611, Intangible Assets amounting to TL 2,648, Deferred Tax Assets amounting to TL 2,830, Assets Held for Sale amounting to TL 9, Miscellaneous Receivables amounting to TL 1,830, and Other Assets amounting to TL 12,107.

⁽²⁾ Other Liabilities: The amount of TL 666,945 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 601,823, Provisions amounting to TL 39,645, Tax, Duty and Premium Payable amounting to TL 11,527 and Other Foreign Resources amounting to TL 13,950.

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

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III. INFORMATION ON 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	1.83	2.32	-	8.25
Financial assets at fair value through profit or loss	1.46	3.80	-	-
Money Market Placements	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.84	4.04	-	11.99
Investment securities held-to-maturity	3.29	6.08	-	9.47
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	1.25	2.41	-	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	2.03	-	12.35
Financial assets at fair value through profit or loss	1.31	4.05	-	10.16
Money Market Placements	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.65	3.95	-	13.27
Investment securities held-to-maturity	1.75	6.83	-	12.59
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	-	1.42	-	6.58

IV. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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

None.

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

None.

V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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

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

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

The Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya and has an asset value more than 18 billion USD. Funds received from the main shareholder Libyan Foreign Bank correspond to 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 Bank's funding strategy including the policies regarding diversification of funding sources and periods

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

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

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

Information regarding to the liquidity risk mitigation techniques used

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

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

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

General information on the emergency and contingency plan of Liquidity

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

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

Liquidity coverage ratio

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

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

	Month	FC	Week	FC+LC
Lowest	September	65	02.09.2016	72
Highest	September	74	23.09.2016	89

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

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

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,518,696	1,503,978	1,194,429	1,179,711
CASH OUTFLOWS				
2 Real person deposits and retail deposits	233,968	220,753	19,777	22,075
3 Stable deposit	72,383	-	3,618	-
4 Deposit with low stability	161,585	220,753	16,159	22,075
5 Unsecured debts except real person deposits and retail deposits	2,774,678	2,629,130	2,522,195	2,407,815
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,697,848	2,612,859	2,445,365	2,391,545
8 Other unsecured debts	76,830	16,271	76,830	16,270
9 Secured debts	-	-	-	-
10 Other cash outflows	2,288,404	2,089,439	135,742	110,726
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	2,288,404	2,089,439	135,742	110,726
16 TOTAL CASH OUTFLOW	6,170,390	4,939,322	2,677,714	2,540,616
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,398,302	851,220	1,199,277	795,809
19 Other cash inflows	4,272	258	4,272	258
20 TOTAL CASH INFLOWS	1,402,574	851,478	1,203,549	796,067
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			1,194,429	1,179,711
22 TOTAL NET CASH OUTFLOWS			1,474,165	1,744,550
23 LIQUIDITY COVERAGE RATIO (%)			81.02	67.62

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

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**V. 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	1,124,709	1,100,980	975,622	951,894
CASH OUTFLOWS				
2 Real person deposits and retail deposits	245,491	222,233	20,716	22,489
3 Stable deposit	82,808	-	4,140	-
4 Deposit with low stability	162,683	222,233	16,576	22,489
5 Unsecured debts except real person deposits and retail deposits	2,637,314	2,559,047	2,399,825	2,332,318
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,578,444	2,548,975	2,340,955	2,322,246
8 Other unsecured debts	58,870	10,072	58,870	10,072
9 Secured debts	-	-	-	-
10 Other cash outflows	2,575,788	2,368,528	179,584	148,955
11 Derivative liabilities and margin obligations	184	44	184	44
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	2,863	2,482	143	124
15 Other irrevocable or provisory revocable off-balance sheet liabilities	2,572,741	2,366,002	179,257	148,787
16 TOTAL CASH OUTFLOW	6,554,779	5,152,460	2,600,125	2,503,762
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,503,610	808,061	1,577,258	1,111,397
19 Other cash inflows	10,404,166	260,178	20,319	13,316
20 TOTAL CASH INFLOWS	11,907,776	1,068,239	1,597,577	1,124,713
				Upper limit applied amounts
21 TOTAL HQLA STOCK			975,622	951,894
22 TOTAL NET CASH OUTFLOWS			1,002,549	1,379,049
23 LIQUIDITY COVERAGE RATIO (%)			97.31	69.03

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

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

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

Sections High-quality liquid assets comprised of

High-quality liquid assets consist of cash, effectives, debt instruments issued by CBRT and treasury, debt instruments with a credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 49% of high-quality liquid assets of the 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 cash outflows arising from derivative transactions and information about margin possible transactions.

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

A significant part of the funding sources are comprised of deposits received. 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 Bank's liquidity transfer and liquidity risk exposure

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

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

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

Current Period	Demand	Up to 1 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	8,495	1,017,357	-	-	-	-	-	1,025,852
Banks	39,828	978,557	85,069	-	-	-	-	1,103,454
Financial Assets at Fair Value through Profit or Loss	-	353	3,139	225,118	234,689	-	-	463,299
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⁾	-	-	-	-	-	-	125,832	125,832
Total Assets	48,323	2,641,141	455,335	576,364	541,978	58,278	127,257	4,448,676
Liabilities								
Interbank Deposits	671,261	1,064,882	1,404,035	80,421	-	-	-	3,220,599
Other Deposits	438,076	40,780	9,159	8,763	-	-	-	496,778
Funds provided from other financial institutions	-	-	-	5,672	-	-	-	5,672
Money market borrowings	-	5,098	-	-	-	-	-	5,098
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	3,283	3,283
Other liabilities ⁽²⁾	-	2,324	3,766	-	-	-	711,156	717,246
Total Liabilities	1,109,337	1,113,084	1,416,960	94,856	-	-	714,439	4,448,676
Net Liquidity Gap	(1,061,014)	1,528,057	(961,625)	481,508	541,978	58,278	(587,182)	-
Prior Period								
Total Assets	51,051	2,551,777	834,044	170,500	291,145	14,139	110,636	4,023,292
Total Liabilities	824,399	1,127,416	622,866	793,934	-	-	654,677	4,023,292
Net Liquidity Gap	(773,348)	1,424,361	211,178	(623,434)	291,145	14,139	(544,041)	-

(1) Other Assets: The amount of TL 125,832 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 18,624, Intangible Assets amounting to TL 2,116, Deferred Tax Assets amounting to TL 4,444, Assets Held for Sale amounting to TL 8, and Unallocated amounts of Other Assets amounting to TL 23,429.

(2) Other Liabilities: The amount of TL 711,156 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 627,107, Provisions amounting to TL 51,774, and Unallocated amounts of Other Foreign Resources amounting to TL 32,275.

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VI. EXPLANATIONS ON LEVERAGE RATIO**Leverage Ratio**

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

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

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

Leverage ratio disclosure as follows:

	Balance sheet assets	Prior Period	Current Period
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	3,994,251	4,301,081
2	(Assets deducted from main capital)	(3,436)	(2,958)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	3,990,815	4,298,123
	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	457	-
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	457	-
	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	2,446,179	2,356,482
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)	2,446,179	2,356,482
	Equity and total risk		
13	Main capital	597,633	607,519
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	6,437,451	6,654,605
	Leverage ratio		
15	Leverage ratio	9.29%	9.13%

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

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VII. INFORMATION ON 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	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(791)	77,253	38,645	-	115,107
Commission Income (Net)	-	27,688	-	-	27,688
	-	-	-	-	-
Unallocated Income/Expenses (Net)				(88,846)	(88,846)
Operating Income	(791)	104,941	38,645	(88,846)	53,949
Income from Subsidiaries	-	-	-	-	6,998
Income before tax	-	-	-	-	60,947
Tax Provision	-	-	-	-	(13,028)
Net Profit for the period	-	-	-	-	47,919

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	792	1,140,706	3,171,625	-	4,313,123
Associates and Subsidiaries	-	-	-	77,211	77,211
Unallocated assets	-	-	-	58,342	58,342
Total Assets	792	1,140,706	3,171,625	135,553	4,448,676
Segment Liabilities	234,046	286,199	3,207,902	-	3,728,147
Unallocated Liabilities	-	-	-	93,422	93,422
Equity	-	-	-	627,107	627,107
Total Liabilities	234,046	286,199	3,207,902	720,529	4,448,676

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(857)	62,326	17,211	-	78,680
Commission Income (Net)	-	36,215	-	-	36,215
Unallocated Income/Expenses (Net)	-	-	-	(67,690)	(67,690)
Operating Income	(857)	98,541	17,211	(67,690)	47,205
Income from Subsidiaries	-	-	-	-	4,999
Income before tax	-	-	-	-	52,204
Tax Provision	-	-	-	-	(10,380)
Net Profit for the period	-	-	-	-	41,824

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	883	1,274,002	2,629,516	-	3,904,401
Associates and Subsidiaries	-	-	-	70,213	70,213
Unallocated assets	-	-	-	48,678	48,678
Total Assets	883	1,274,002	2,629,516	118,891	4,023,292
Segment Liabilities	239,512	269,289	2,845,781	-	3,354,582
Unallocated Liabilities	-	-	-	66,887	66,887
Equity	-	-	-	601,823	601,823
Total Liabilities	239,512	269,289	2,845,781	668,710	4,023,292

SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF
UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

1. Information on cash equivalents and Central Bank of Turkey

Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,169	7,326	2,233	6,752
Central Bank of Turkey	8,563	1,008,794	6,220	842,949
Other	-	-	-	-
Total	9,732	1,016,120	8,453	849,701

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	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

⁽¹⁾ General reserve amount requirements maintained at CBRT

Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 4% and 10.5% (31 December 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 Communique 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 Communique which is no of 29588 issued in Official Gazette numbered 2016/2 interest rates of foreign banks deposits subjected to interest rates of other liabilities except the deposits /participation funds other than interest rates of deposits /participation funds in the current application.

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

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

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

Positive differences related to trading derivative financial assets;

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

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	9,153	1,028,384	137	1,150,012
Foreign banks	-	65,917	4,615	51,935
Foreign head offices and branches	-	-	-	-
Total	9,153	1,094,301	4,752	1,201,947

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 Bank*

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	-	5,231	-	11,681
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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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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		
	Total Loans and Other Receivables	Restructured or Rescheduled		Total Loans and Other Receivables	Restructured or Rescheduled	
		Extended compensation plans	Other		Extended compensation plans	Other
Cash Loans						
Non-specialized loans	1,361,256	-	-	-	43,726	-
Corporate 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

<i>Number of Extension</i>	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

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

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

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

	Short Term	Middle and Long Term	Total
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

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)*Information on commercial installment loans and corporate 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*Information on restructured loans of non-performing loans**None.**Information on movement of total non-performing loans*

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
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

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.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 gross and net loans under follow-up according to the borrowers*

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	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)	-	-	-
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 UNCONSOLIDATED 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 redemption amounting to TL 155,798 (31 December 2015: TL 93,317) has been realized from the portfolio.

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

7. Information on associates

The Bank does not have an associate.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 subsidiaries (Net)***Information on unconsolidated subsidiaries*

The Bank does not have an unconsolidated subsidiary.

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

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	77,000	70,000
Capital Reserves	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 UNCONSOLIDATED 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 (%)
1	A&T Finansal Kiralama A.Ş.	İstanbul	99.98	99.98

Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Year Profit / Loss	Prior Years 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 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

Sectoral Information on the subsidiaries

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

Quoted Subsidiaries

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

9. Information on joint ventures

The Bank has no joint ventures.

10. Information on Financial Lease Receivables (Net)

The Bank has no financial lease operation.

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

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

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

The Bank has no financial derivatives for hedging.

12. Information on investment property

The Bank has no investment property.

13. Information on tax assets

As of 30 September 2016, there is no tax receivable under current tax asset after the deduction of tax liability.

The Bank has calculated TL 4,806 deferred tax asset and TL 362 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 2,951 deferred tax asset and TL 121 deferred tax liability).

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions for employee rights	10,696	2,139	9,018	1,804
Unearned Income	2,506	501	2,680	536
Interest accruals	8,578	1,716	1,762	352
Depreciation difference for tangible and intangible assets	482	96	275	55
Derivative financial instruments	-	-	753	151
Other	1,769	354	265	53
Deferred tax asset	24,031	4,806	14,753	2,951
Interest accruals	-	-	-	-
Other	1,812	362	607	121
Deferred tax liability	1,812	362	607	121
Deferred tax asset / (liability), net		4,444		2,830

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 (-)	-	-
Accumulated Impairment (-)	8	7
Impairment (-)	1	1
Accumulated Depreciation (-)	-	-
Depreciation of disposals	-	-
Depreciation Expenses (-)	-	-
Closing Net Book Value	8	9

15. Information on other assets

Other assets is amounting to TL 23,429 (31 December 2015: TL 13,937) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 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	419,526	-	6,836	8,511	11,553	831	27,405	-	474,662
Residents in Turkey	161,928	-	3,104	4,397	5,536	122	132	-	175,219
Residents Abroad	257,598	-	3,732	4,114	6,017	709	27,273	-	299,443
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	7,975	-	-	48	109	-	-	-	8,132
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	1,109,337	-	366,695	555,421	77,039	798,762	810,123	-	3,717,377

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	392,741	-	5,770	9,564	6,462	20,602	30,669	-	465,808
Residents in Turkey	112,026	-	5,137	6,234	1,761	15,264	252	-	140,674
Residents Abroad	280,715	-	633	3,330	4,701	5,338	30,417	-	325,134
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	6,589	-	1,000	151	102	-	-	-	7,842
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 Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	824,399	-	359,339	457,540	711,483	223,688	771,267	-	3,347,716

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit*

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	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

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 December 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	1,718	1,663

2. Information on financial derivatives through profit or loss

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)**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	4,108	2,499	874
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	1,564	4,108	2,499	874

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,564	4,108	2,499	874
Long-Term	-	-	-	-
Total	1,564	4,108	2,499	874

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

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 Bank does not have financial derivative instruments for hedging purposes.

7. Information on provisions*Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	16,118	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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)***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 amounting to TL 2,035 (31 December 2015: TL 1,520).

Reserve for employee termination benefits

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

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

	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%

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 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	5,968	4,890
Provision booked in current period	534	594
Gains and losses accounted under Shareholder's equity	794	589
Provision paid in current period (-)	276	105
Balances at End of the Period	7,020	5,968

The employee termination benefit liability of the Bank is the amount as at 30 September 2016 is TL 7,020 (31 December 2015: TL 5,968). 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 3,050).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 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 3,766 (31 December 2015: TL 6,788)

Information on tax payables

	Current Period	Prior Period
Corporate Tax	3,766	6,788
Banking Insurance Transaction Tax (BITT)	471	591
Taxation of Securities	230	2,540
Value added taxes payable	20	47
Corporate tax payable-limited	7	7
Foreign Exchange Legislation Tax	-	-
Property tax	20	22
Other	848	913
Total	5,362	10,908

Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee	268	230
Social Security Premiums - Employer	397	340
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	19	16
Unemployment Insurance - Employer share	38	33
Other	-	-
Total	722	619

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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 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 asset amounting to TL 4,444 is presented in footnote I-13 in Section Five.

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

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

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

The Banks has no subordinated loans.

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

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

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

Registered share capital system is not implemented in the Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

Information on marketable securities value increase fund

The Bank does not have marketable securities value increase fund.

Information on legal reserve

As decided in the 38th Annual General Meeting which is held on 25 March 2016, in the current period, amount of TL 3,473 have been transferred to legal reserves from profits of previous years according to 519th amendment of Turkish Commercial Code no 6102. (31 December 2015: TL 3,526).

Information on minority shares

None.

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

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

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

The Bank has TL 94,708 (31 December 2015: TL 51,358) as irrevocable commitments.

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

As of the balance sheet date, the Bank has allocated the provision amounting TL 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 Bank'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 UNCONSOLIDATED 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	1,703	12,094	2,549	16,240
From Foreign Banks	8	235	664	111
From Foreign Headquarter and Branches	-	-	-	-
Total	1,711	12,329	3,213	16,351

Information on interest income on 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.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)****2. Interest Expense***Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	93	36	322	9
Central Bank	-	-	-	-
Domestic Banks	93	36	322	9
Foreign Banks	-	-	-	-
Other Institutions	-	-	-	-
Total	93	36	322	9

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

Maturity structure of the interest expense on deposits

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
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

Interest income on marketable securities:

	Current Period	Prior Period
Financial Assets Held for Trading	-	-
Available-for-Sale Financial Assets	76	68
Other	6,998	4,999
Total	7,074	5,067

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)****3. Information on trading gain/loss**

	Current Period	Prior Period
Gain	4,687,526	6,199,351
Gain from money market transactions	-	-
Gain from financial derivative transactions	1,186	9,490
Gain from exchange transactions	4,686,340	6,189,861
Loss (-)	(4,686,632)	(6,202,698)
Loss from money market transactions	-	(53)
Loss from financial derivative transactions	(6,086)	(8,575)
Loss from exchange transactions	(4,680,546)	(6,194,070)
Net Trading Gain/Loss	894	(3,347)

4. Information on income from other operations

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	25	2,465
From Communication Income	885	1,271
Gain on sales of assets	1	-
Other Income	56	36
Total	967	3,772

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	-	-
Total	35,680	17,283

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)**6. Information on other operating expense**

	Current Period	Prior Period
Personnel Expenses	38,841	35,431
Employee Termination Benefits Expense	534	465
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	1,769	1,734
Intangible Fixed Asset Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	1,047	916
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	-	-
Other Operating Expenses	8,775	8,044
Operating Lease Expenses	1,248	1,202
Maintenance Expenses	2,036	1,646
Advertisement Expenses	278	307
Other Expenses	5,213	4,889
Losses from sales of Assets	-	-
Other	4,136	4,309
Total	55,103	50,900

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 60,947 (30 September 2015: TL 52,204).

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 14,483 (30 September 2015: TL 10,512 corporate tax income) and deferred tax income is TL 1,455 (30 September 2015: TL 132 as deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The Bank has TL 1,455 as deferred tax income arising from origination of temporary differences (30 September 2015: TL 132 deferred tax income).

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

The Bank has TL 1,455 as deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions (30 September 2015: TL 132 deferred tax income).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED 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)****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 47,919 (30 September 2015: TL 41,824).

10. Information on net profit or loss of the period

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

None.

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

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

Profit/loss regarding minority rights

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

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

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 12,616 (30 September 2015: TL 21,717) consist of transfer commissions, letter of credit commissions and other.

	Current Period
Letter of Credit Commissions	9,072
Transfer Commissions	2,807
Other	737
Total	12,616

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

V. INFORMATION ON THE BANK'S RISK GROUP

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

Information on the loans of the Bank's risk group

Current Period

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	-	569	-	11,681	89,650	127,945
Balance at the end of the period	-	486	-	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 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	-	101	-	161	36,570	158,329
Balance at the end of the period	-	569	-	11,681	89,650	127,945
Interest and Commission Income received	-	-	-	-	2,559	-

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

Information on deposits of the Bank's risk group

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	84	96	2,134,349	1,525,229	345,621	545,393
Balance at the end of the period	69	84	2,231,372	2,134,349	567,587	345,621
Interest expense on deposits	-	-	5,356	6,318	687	1,800

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

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

None.

Information on benefits provided for top level management:

As of 30 September 2016, TL 5,872 (30 September 2015: TL 8,039) has been paid to the top level management of the Bank as salaries and fringe benefit.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

SECTION SIX

LIMITED AUDITOR'S REPORT

I. INFORMATION ON LIMITED AUDITOR'S REPORT

As of 30 September 2016, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative) and 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 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%.

A&T Bank operates in line with the target of 'sustainable healthy growth'. At end-September 2016, total assets and shareholders' equity of the Bank stood at TL 4.4 billion and TL 627.1 million, respectively. Capital adequacy standard ratio maintained its robust outlook by 20%. Net term profit of the Bank increased by 14.9% to TL 47.9 million compared to the same period of the previous year. Return on equity ratio of the Bank stood at 13.3%.

As A&T Bank, 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 UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

II. FINANCIAL HIGHLIGHTS FOR THE PERIOD

Assets (TL Thousand) (1)	2015/12	2016/03	2016/06	2016/09
Cash and Balances with the CBT (2)	858,154	980,689	931,351	1,025,852
Banks	1,206,699	786,491	728,253	1,103,454
Securities Portfolio (Net) (3)	491,288	738,764	794,495	786,538
Loans and Receivables	1,357,903	1,465,783	1,492,827	1,407,000
Investment in Subsidiaries (Net)	70,213	70,213	77,211	77,211
Tangible and Intangible Assets	22,259	21,899	21,191	20,740
Other Assets (4)	16,776	25,954	30,474	27,881
Total Assets	4,023,292	4,089,793	4,075,802	4,448,676

Liabilities (TL Thousand) (1)	2015/12	2016/03	2016/06	2016/09
Deposits	3,347,716	3,384,236	3,359,975	3,717,377
Funds Borrowed	3,373	3,082	5,615	5,672
Interbank Money Market	3,493	3,574	3,587	5,098
Other Liabilities (5)	66,887	82,289	91,743	93,422
Shareholders' Equity	601,823	616,612	614,882	627,107
Total Liabilities	4,023,292	4,089,793	4,075,802	4,448,676

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	51,358	7,078	116,669	94,708
Derivative Financial Instruments	88,255	-	-	59,701
Total Off-Balance Sheet Commitments	2,502,023	2,195,022	2,450,420	2,437,888

Income Statement (TL Thousand)	2015/09	2016/09
Interest Income	101,029	140,250
Interest Expense (-)	22,349	25,143
Net Interest Income	78,680	115,107
Net Fees and Commission Income	36,215	27,688
Dividend Income	5,067	7,074
Trading Profit / Loss (+ / -)	(3,347)	894
Other Operating Income	3,772	967
Total Operating Income	120,387	151,730
Provisions for Loans or Other Receivables Losses (-)	17,283	35,680
Other Operating Expenses (-)	50,900	55,103
Profit / Loss Before Tax	52,204	60,947
Tax Provision (-)	10,380	13,028
Net Profit / Loss	41,824	47,919

⁽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.⁽⁶⁾ The ratios are annualized.

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

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

III. UNCONSOLIDATED MAIN FINANCIAL RATIOS

(%)	2015/09	2015/12	2016/09
Return on Assets (6)	1.45	1.88	1.82
Return on Equity (6)	10.12	13.18	13.30
Capital Adequacy Standard Ratio	16.25	18.61	19.99
Loans / Total Assets	37.75	33.75	31.63
Deposits / Total Assets	82.93	83.21	83.56
Non-Performing Loans (gross)	3.23	1.05	1.44

*(6) The ratios are annualized.***IV. EVALUATION OF THE BANK'S FINANCIAL POSITION AND PERFORMANCE**

- In the first nine months of 2016, total assets of the Bank went up by 10.6% compared to 2015 from TL 4,023 million to TL 4,449 million. In the period examined, the most significant investment instruments of the Bank included loans and receivables 31.6% totaling TL 1,407.0 million, banks 24.8% totaling TL 1,103.5 million and cash and balances with the CBT 23.1% totaling TL 1,025.9 million.

As of the end of September-2016, compared to the year-end, the most important increases the Bank 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 103.2 million.

- External sources constituted 85.9% of the Bank's total liabilities. Total deposits which was the most significant part of the external sources, realized as TL 3,717.4 million. Shareholders' equity increased by 4.2% (TL 25.3 million) to TL 627.1 million and constituted 14.1% of total 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 A&T Bank stood at TL 47,919 thousand, up by 14.6% from the same period of the previous year. Return on assets and return on equity ratios are 1.82% and 13.30%, respectively.

V. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

VI. CHANGES IN THE MEMBERSHIP STRUCTURE OF THE AUDIT COMMITTEE AND MANAGERS OF THE UNITS RESPONSIBLE FOR THE INTERNAL SYSTEMS

No changes were made in the membership structure of the Audit Committee and Managers of the Units responsible for the Internal Systems.

VII. CHANGES IN THE MEMBERSHIP STRUCTURE OF OTHER GOVERNANCE COMMITTEES

No changes were made in the membership structure of Other Governance Committees.

VIII. OTHER ISSUES

- The Bank's aid and donations amounted to TL 940 as of September 30, 2016.
- 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".