



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

## **Arap Türk Bankası Anonim Şirketi**

**Consolidated Financial Statements  
As of and For the Three-Month Period Ended 31 March 2016  
With Limited Review Report Thereon  
(Convenience Translation of Consolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)**

28 April 2016

*This report contains "Limited Review Report"  
comprising 2 pages and; "Consolidated Financial  
Statements and Related Disclosures and Footnotes"  
comprising 74 pages.*



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

## LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası Anonim Şirketi

### Report on the Consolidated Financial Statements

We have reviewed the accompanying statement of financial position of Arap Türk Bankası A.Ş. (the "Bank") and its financial subsidiaries (together the "Group") as at 31 March 2016 and the consolidated statements of income, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three-month period then ended and summary of significant accounting policies and other explanatory information ("interim financial information"). The Bank Management is responsible for the preparation and fair presentation of this interim financial information in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### *Scope of limited review*

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



#### *Basis of Qualified Conclusion*

The accompanying consolidated financial information as of 31 March 2016 include a general provision total amounting to TL 13,000 thousands, 4,000 TL has been recognized as expense in the current period provided by the Parent Bank management for the possible result of the negative circumstances which may arise from any circumstances from any change in economy or market conditions.

#### *Conclusion*

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not presented fairly, in all material respects, the consolidated financial position of Arap Türk Bankası A.Ş. and its financial subsidiaries as of 31 March 2016 and the result of its operations and consolidated cash flows for the three-month period then ended in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

#### *Report on other regulatory requirements arising from legislation*

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

#### *Other matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 and as at and for the three months period ended 31 March 2015 were audited and reviewed by another auditor who expressed an qualified opinion/conclusion thereon on 28 January 2015 and 29 April 2015, respectively.

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

Murat Alsan, SMMM

*Partner*

28 April 2016  
İstanbul, Turkey

#### **Additional Paragraph for convenience translation to English:**

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

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT  
AS OF AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016**

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

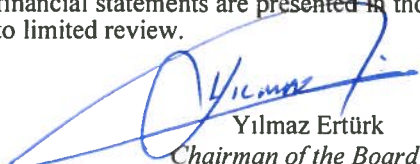
The consolidated interim financial report as of and for the three month period ended 31 March 2016 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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


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

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

The consolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying consolidated interim financial statements are presented in thousands of Turkish Lira (TL) as of 31 March 2016 and have been subject to limited review.




Yılmaz Ertürk  
Chairman of the Board of  
Directors



Abdurauuf Ibrahim Shneba  
Member of The Board  
of Directors and Chairman of  
The Audit Committee




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



Ömer Muzafer Baktır  
Member of The Board of  
Directors and The Audit  
Committee



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



Abdulhakim A. E. Khamag  
General Manager



Sanlı 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

**SECTION ONE**  
General Information about the Parent Bank

	<b>Page</b>
I. Parent Bank's date of establishment, beginning statute, its history regarding changes on its statute	1
II. Parent Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about the Bank's group	1
III. Information about the Parent Bank's chairman and members of board of directors, members of audit committee, general manager and assistant general managers and their qualifications, related changes within the year and their shares at the bank	2
IV. Information on people and entities who have qualified share in the Parent Bank	2
V. Information about the services and nature of activities of the Parent Bank	2
VI. Differences between The Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods	3
VII. The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	3

**SECTION TWO**  
Consolidated Financial Statements

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

**SECTION THREE**  
Explanations on Accounting Policies

I. Explanation for basis of presentation and footnotes	11
II. Information on strategy for the use of financial instruments and foreign currency transactions	12
III. Information on consolidated associates and subsidiaries	12
IV. Information on forward transactions, options and derivative instruments	13
V. Information on interest income and expense	13
VI. Information on fees and commission	13
VII. Information on financial assets	14-15
VIII. Information on impairment of financial assets	15
IX. Information on offsetting financial instruments	16
X. Information on sale and repurchase agreements and lending of financial assets	16
XI. Information on assets held for sale and discontinued operations	16
XII. Information on goodwill and other intangible assets	17
XIII. Information on tangible assets	17
XIV. Information on leasing activities	18
XV. Information on provisions, contingent liabilities and contingent assets	18
XVI. Information on liabilities regarding employee benefits	19
XVII. Information on tax applications	19-21
XVIII. Additional information on borrowings	21
XIX. Information on share issuances	21
XX. Information on bills of exchanges and acceptances	21
XXI. Information on government incentives	21
XXII. Information on segment reporting	22
XXIII. Other disclosures	22

**SECTION FOUR**  
Information on the Consolidated Financial Position of the Group

I. Information on shareholder's equity	23-27
II. Information on consolidated foreign currency exchange rate risk	28-30
III. Information on consolidated interest rate risk	30-33
IV. Information on stock position risk	34
V. Consolidated liquidity risk management and liquidity coverage ratio	34-41
VI. Information on consolidated business segments	42

**SECTION FIVE**  
Information on Disclosures and Footnotes of Consolidated Financial Statements

I. Information on disclosures and footnotes of assets	43-54
II. Information and disclosures related to liabilities	55-62
III. Information and disclosures related to off-balance sheets	62
IV. Information and footnotes related to statement of income	63-67
V. Information on the group's risk group	68-69

**SECTION SIX**  
Other Disclosures and Footnotes

I. Other Information on Group's Operations	70
II. Information on events after the balance sheet date	70

**SECTION SEVEN**  
Independent Auditors' Report

I. Information on independent auditor's report	70
II. Information and footnotes prepared by the independent auditor	70

**SECTION EIGHT**  
Interim Activity Report

I. Evaluation of the parent bank's chairman and general manager for the period	71
II. Financial highlights of the group	72
III. Evaluation of the group's financial position and performance	73
IV. Rating of the parent bank	73
V. Information on subsidiary subject to consolidation	74
VI. Other issues	74

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

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

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

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

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

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

As of 31 March 2016, the Parent Bank's share capital at the balance sheet date as follows:

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

Name	Job Title – Description
Yılmaz Ertürk	Chairman of the Board of Directors
Ahmed Mohamed M. Benbarka	Deputy Chairman of the Board of Directors and Member of the Audit Committee
Abdulahakim A. E. Khamag	Member of the Board of Directors and General Manager
Abdurauf İbrahim G.Shneba	Member of the Board of Directors and Head of Audit Committee
Kemal Şahin	Member of the Board of Directors and Audit Committee
Ömer Muzaffer Baktır	Member of the Board of Directors and Audit Committee
Osman Arslan	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	Assistant General Manager - Information Technologies and Operations Division
B.Abushagur	
Emel Güneş Atagün	Assistant General Manager – Department of Treasury and Economic Research Division

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

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

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

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

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

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

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

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

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

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

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



## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**Arap Türk Bankası Anonim Şirketi**  
**Consolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 March 2016**

(Thousands of Turkish Lira)

ASSETS	Footnotes	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(31/03/2016)			(31/12/2015)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(1)	11,413	969,277	980,690	8,454	849,701	858,155
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(2)	9,620	481,392	491,012	14,220	194,122	208,342
2.1 Financial assets held for trading		9,620	481,392	491,012	14,220	194,122	208,342
2.1.1 Public sector debt securities		9,620	366,983	376,603	14,220	101,821	116,041
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		-	-	-	-	-	-
2.1.4 Other marketable securities		-	114,409	114,409	-	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		-	-	-	-	-	-
<b>III. BANKS</b>	(3)	28,332	792,862	821,194	26,924	1,220,983	1,247,907
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	224	1,137	1,361	224	1,164	1,388
5.1 Securities representing a share in capital		224	1,137	1,361	224	1,164	1,388
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS</b>	(5)	661,929	803,854	1,465,783	767,109	590,794	1,357,903
6.1 Loans		659,913	803,854	1,463,767	765,166	590,794	1,355,960
6.1.1 Loans granted to the Bank's risk group		-	222,084	222,084	-	89,650	89,650
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		659,913	581,770	1,241,683	765,166	501,144	1,266,310
6.2 Loans under follow-up		13,294	-	13,294	13,211	-	13,211
6.3 Specific provisions (-)		11,278	-	11,278	11,268	-	11,268
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(6)	21,318	225,073	246,391	17,604	263,954	281,558
8.1 Public sector debt securities		-	171,157	171,157	1,038	231,020	232,058
8.2 Other marketable securities		21,318	53,916	75,234	16,566	32,934	49,500
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	-	-	-	-	-	-
9.1 Consolidated by equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	-	-	-	-	-	-
10.1 Financial subsidiaries		-	-	-	-	-	-
10.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XI. INVESTMENTS IN JOINT- VENTURES (Net)</b>	(9)	-	-	-	-	-	-
11.1 Consolidated by equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(10)	56,935	187,195	244,130	57,258	190,334	247,592
12.1 Finance lease receivables		67,199	204,669	271,868	68,610	208,832	277,442
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income ( - )		10,264	17,474	27,738	11,352	18,498	29,850
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING</b>	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		23,423	-	23,423	23,555	-	23,555
<b>XV. INTANGIBLE ASSETS (Net)</b>		2,706	-	2,706	2,986	-	2,986
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,706	-	2,706	2,986	-	2,986
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(12)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	(13)	3,819	-	3,819	2,940	-	2,940
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		3,819	-	3,819	2,940	-	2,940
<b>XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(14)	8	-	8	9	-	9
18.1 Held for sale purpose		8	-	8	9	-	9
18.2 Held from discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(15)	20,754	4,506	25,260	11,376	6,045	17,421
<b>TOTAL ASSETS</b>		840,481	3,465,296	4,305,777	932,659	3,317,097	4,249,756

**Arap Türk Bankası Anonim Şirketi**  
**Consolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 March 2016**

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes (5-II)	Reviewed			Audited		
			CURRENT PERIOD			PRIOR PERIOD		
			(31/03/2016)			(31/12/2015)		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(1)		84,199	3,299,958	3,384,157	62,332	3,285,299	3,347,631
1.1 Deposits held by the Bank's risk group			28,894	2,532,017	2,560,911	56	2,479,913	2,479,969
1.2 Other			55,305	767,941	823,246	62,276	805,386	867,662
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)		-	-	-	753	-	753
<b>III. FUNDS BORROWED</b>	(3)		2,228	194,234	196,462	2,499	208,086	210,585
<b>IV. INTERBANK MONEY MARKET</b>			3,574	-	3,574	3,493	-	3,493
4.1 Interbank money market payables			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables			-	-	-	-	-	-
4.3 Funds provided under repurchase agreements			3,574	-	3,574	3,493	-	3,493
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			1,356	4,915	6,271	855	3,908	4,763
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(4)		16,671	7,798	24,469	9,543	4,407	13,950
<b>IX. FACTORING PAYABLES</b>			-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5)		-	-	-	-	-	-
10.1 Finance leasing payables			-	-	-	-	-	-
10.2 Operational leasing payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred finance leasing expenses ( - )			-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING</b>	(6)		-	-	-	-	-	-
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)		46,826	1,231	48,057	39,724	1,264	40,988
12.1 General provisions			22,220	-	22,220	20,070	-	20,070
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserves for employee benefit			11,312	-	11,312	10,361	-	10,361
12.4 Insurance technical reserves (Net)			-	-	-	-	-	-
12.5 Other provisions			13,294	1,231	14,525	9,293	1,264	10,557
<b>XIII. TAX LIABILITY</b>	(8)		12,394	-	12,394	14,058	-	14,058
13.1 Current tax liability			12,394	-	12,394	14,058	-	14,058
13.2 Deferred tax liability			-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS</b>			-	-	-	-	-	-
14.1 Held for sale purpose			-	-	-	-	-	-
14.2 Held from discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>			-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	(9)		630,393	-	630,393	613,535	-	613,535
16.1 Paid-in capital			440,000	-	440,000	440,000	-	440,000
16.2 Supplementary capital			(2,631)	-	(2,631)	(2,268)	-	(2,268)
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities Value Increase Fund			-	-	-	-	-	-
16.2.4 Revaluation surplus on tangible assets			-	-	-	-	-	-
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)			-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			(2,631)	-	(2,631)	(2,268)	-	(2,268)
16.3 Profit reserves			20,945	-	20,945	17,472	-	17,472
16.3.1 Legal reserves			20,942	-	20,942	17,469	-	17,469
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			3	-	3	3	-	3
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			172,079	-	172,079	158,331	-	158,331
16.4.1 Prior years income/loss			154,858	-	154,858	85,838	-	85,838
16.4.2 Current year income/loss			17,221	-	17,221	72,493	-	72,493
16.5 Minority Interest			-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>			797,641	3,508,136	4,305,777	746,792	3,502,964	4,249,756

# Arap Türk Bankası Anonim Şirketi

## Statement of Consolidated Off Balance Sheet Items As of 31 March 2016

(Thousands of Turkish Lira)

	Footnotes (5-III)	Reviewed			Audited		
		CURRENT PERIOD (31/03/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>195,361</b>	<b>2,025,975</b>	<b>2,221,336</b>	<b>248,793</b>	<b>2,266,100</b>	<b>2,514,893</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1),(2)	<b>183,323</b>	<b>2,004,621</b>	<b>2,187,944</b>	<b>195,367</b>	<b>2,167,043</b>	<b>2,362,410</b>
1.1. Letters of guarantee		181,073	1,588,183	1,769,256	193,117	1,681,746	1,874,863
1.1.1. Guarantees subject to State Tender Law		36	161	197	4,559	166	4,725
1.1.2. Guarantees given for foreign trade operations		51,867	1,409,312	1,461,179	49,905	1,471,161	1,521,066
1.1.3. Other letters of guarantee		129,170	178,710	307,880	138,653	210,419	349,072
1.2. Bank acceptances		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	220,873	220,873	-	283,579	283,579
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	220,873	220,873	-	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		2,250	195,565	197,815	2,250	201,718	203,968
1.9. Other warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1)	<b>12,038</b>	<b>21,354</b>	<b>33,392</b>	<b>8,785</b>	<b>55,443</b>	<b>64,228</b>
2.1. Irrevocable commitments		6,597	5,909	12,506	6,394	48,385	54,779
2.1.1. Asset purchase and sales commitments		482	481	963	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	44,964	44,964
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		2,750	-	2,750	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		3,365	-	3,365	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		-	5,428	5,428	-	3,421	3,421
2.2. Revocable commitments		5,441	15,445	20,886	2,391	7,058	9,449
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		5,441	15,445	20,886	2,391	7,058	9,449
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	<b>44,641</b>	<b>43,614</b>	<b>88,255</b>
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		-	-	-	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		-	-	-	44,641	43,614	88,255
3.2.2.1. Foreign currency swap-buy		-	-	-	-	43,614	43,614
3.2.2.2. Foreign currency swap-sell		-	-	-	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>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>1,197,134</b>	<b>3,657,022</b>	<b>4,854,156</b>	<b>1,102,042</b>	<b>3,637,094</b>	<b>4,739,136</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>296,255</b>	<b>6,034</b>	<b>302,289</b>	<b>235,769</b>	<b>8,639</b>	<b>244,408</b>
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		295,505	4,430	299,935	234,582	7,050	241,632
4.4. Commercial notes received for collection		-	1,604	1,604	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		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>900,879</b>	<b>3,650,988</b>	<b>4,551,867</b>	<b>866,273</b>	<b>3,628,455</b>	<b>4,494,728</b>
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		93,194	116,736	209,930	86,735	124,787	211,522
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		20,097	134,983	155,080	12,097	176,957	189,054
5.6. Other pledged items		787,588	3,399,269	4,186,857	767,441	3,326,711	4,094,152
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1,392,495</b>	<b>5,682,997</b>	<b>7,075,492</b>	<b>1,350,835</b>	<b>5,903,194</b>	<b>7,254,029</b>

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

# Arap Türk Bankası Anonim Şirketi

## Consolidated Income Statement For The Period Ended 31 March 2016

(Thousands of Turkish Lira)

			Reviewed	Reviewed
INCOME AND EXPENSES		Footnotes (5-IV)	CURRENT PERIOD (01/01/2016-31/03/2016)	CURRENT PERIOD (01/01/2015-31/03/2015)
I.	INTEREST INCOME	(1)	60,589	38,926
1.1	Interest on loans		28,646	21,369
1.2	Interest received from reserve deposits		518	13
1.3	Interest received from banks		5,589	7,422
1.4	Interest received from money market transactions		-	294
1.5	Interest received from marketable securities portfolio		20,762	5,146
1.5.1	Financial assets held for trading		12,642	2,176
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available for sale		-	-
1.5.4	Investments held to maturity		8,120	2,970
1.6	Finance lease income		4,854	4,613
1.7	Other interest income		220	69
II.	INTEREST EXPENSE	(2)	9,366	8,930
2.1	Interest on deposits		7,808	7,474
2.2	Interest on funds borrowed		1,412	1,374
2.3	Interest on money market transactions		59	82
2.4	Interest on securities issued		-	-
2.5	Other interest expense		87	-
III.	NET INTEREST INCOME/EXPENSE (I - II)		51,223	29,996
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		9,828	12,121
4.1	Fees and commissions received		10,025	12,301
4.1.1	Non-cash loans		5,215	5,131
4.1.2	Other	(11)	4,810	7,170
4.2	Fees and commissions paid		197	180
4.2.1	Non-cash loans		-	1
4.2.2	Other		197	179
V.	DIVIDEND INCOME		-	-
VI.	NET TRADING INCOME/EXPENSE	(3)	(355)	(1,423)
6.1.	Profit/losses on trading account securities		-	-
6.2.	Loss/Profit on derivative transactions		(5,176)	(2,567)
6.3	Foreign exchange profit/losses		4,821	1,144
VII.	OTHER OPERATING INCOME	(4)	573	517
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		61,269	41,211
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	17,758	2,727
X.	OTHER OPERATING EXPENSES (-)	(6)	20,311	17,631
XI.	NET OPERATING INCOME/LOSS (VIII-IX-X)		23,200	20,853
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)	(7)	23,200	20,853
XVI.	PROVISION FOR TAXES FOR CONTINUING OPERATIONS (±)		(5,979)	(4,497)
16.1.	Current tax provision	(8)	(6,767)	(4,339)
16.2.	Deferred tax provision		788	(158)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(9)	17,221	16,356
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1.	Income from assets held for sale		-	-
18.2.	Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3.	Other income from discontinued operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1.	Expense on assets held for sale		-	-
19.2.	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3.	Other expense from discontinued operations		-	-
XX.	INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
21.1.	Current tax provision		-	-
21.2.	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)		17,221	16,356
23.1	Group's profit/loss		17,221	16,356
23.2	Minority shares		-	-
	Earnings/Losses per share		0.0004	0.0004

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Recognized Income and Expense In**  
**Consolidated Shareholders' Equity For the Period Ended 31 March 2016**

(Thousands of Turkish Lira)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Reviewed	Reviewed
		CURRENT PERIOD (01/01/2016-31/03/2016)	PRIOR PERIOD (01/01/2015-31/03/2015)
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(454)	52
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	91	(10)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(363)	42
XI.	CURRENT PERIOD PROFIT/LOSSES	17,221	16,356
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	17,221	16,356
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	16,858	16,398

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Changes In Consolidated Shareholders' Equity For the Period Ended 31 March 2016**

(Thousands of Turkish Lira)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Capital Reserves from Inflation Adjustments To Paid-in Capital	Share premium	Share Cancellation Profit	Legal Reserves	Statutary Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/Loss	Prior Period Net Profit/Loss	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Judging Reserves	Assets Held for Sale and Assets of Disposal	Total Shareholders' Equity	Minority	Total Shareholders'
<b>PROR PERIOD (31/03/2015)</b>																		
I. Balances at the beginning of the period	440,000	-	-	-	13,646	-	3	(1,791)	72,127	17,534	-	-	-	-	-	541,519	-	541,519
II. Corrections made as per TAS B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of changes in accounting policies (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the period (I+II)	440,000	-	-	-	13,646	-	3	(1,791)	72,127	17,534	-	-	-	-	-	541,519	-	541,519
IV. Changes within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net Cash Flow Hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net Foreign Investment Hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Issued shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share buyback	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves From Inflation Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Period Net Profit	-	-	-	-	3,525	-	-	42	16,356	68,602	-	-	-	-	-	42	-	42
XX. Profit distribution	-	-	-	-	-	-	-	-	(72,127)	-	-	-	-	-	-	16,356	-	16,356
XX.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.2 Transfers to Reserves	-	-	-	-	3,525	-	-	-	(72,127)	68,602	-	-	-	-	-	-	-	-
XX.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of period (III+IV+V+...+XVIII+XIX+XX)	440,000	-	-	-	17,171	-	3	(1,749)	16,356	86,136	-	-	-	-	-	557,917	-	557,917
<b>CURRENT PERIOD (31/03/2016)</b>																		
I. Balances at end of prior period	440,000	-	-	-	17,469	-	3	(2,260)	72,493	85,838	-	-	-	-	-	613,535	-	613,535
II. Corrections within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Net Cash Flow Hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share buyback	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves From Inflation Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Current Period Net Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balances (I+II+III+...+XVIII+XIX+XX)	440,000	-	-	-	20,942	-	3	(2,631)	17,221	154,258	-	-	-	-	-	630,393	-	630,393

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Consolidated Cash Flow**  
**For The Period Ended 31 March 2016**

(Thousands of Turkish Lira)

		Reviewed	Reviewed
		CURRENT PERIOD (31/03/2016)	PRIOR PERIOD (31/03/2015)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	Operating Profit Before Changes in Operating Assets and Liabilities	<b>31,244</b>	<b>41,961</b>
1.1.1	Interests Received	60,589	72,851
1.1.2	Interest Paid	(4,692)	(1,648)
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	10,025	12,301
1.1.5	Other Income	(5,356)	(972)
1.1.6	Collections From Previously Written-off Loans and Other Receivables	15	40
1.1.7	Payments to Personnel and Service Suppliers	(16,148)	(13,248)
1.1.8	Taxes Paid	(8,522)	(4,696)
1.1.9	Others	(4,667)	(22,667)
<b>1.2</b>	Changes in Operating Assets and Liabilities	<b>(697,432)</b>	<b>41,040</b>
1.2.1	Net Decrease in Financial Assets Held For Trading	(284,109)	(44,876)
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	(337,739)	(31,505)
1.2.4	Net (Increase) in Loans	(105,151)	78,730
1.2.5	Net Decrease in Other Assets	(7,838)	(12,548)
1.2.6	Net Increase/(Decrease) in Bank Deposits	63,297	(75,205)
1.2.7	Net Increase (Decrease) in Other Deposits	(19,789)	131,256
1.2.8	Net Increase/ (Decrease) in Funds Borrowed	(17,848)	(4,530)
1.2.9	Net Increase/ (Decrease) in Matured Payables	-	-
1.2.10	Net Increase in Other Liabilities	11,745	(282)
<b>I.</b>	Net Cash Flow From Banking Operations	<b>(666,188)</b>	<b>83,001</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>II.</b>	Net Cash Flow From Investing Activities	<b>27,416</b>	<b>20,092</b>
2.1	Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3	Purchases of Tangible Assets	(461)	(31)
2.4	Sales of Tangible Assets	(34)	11
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	(79,797)	-
2.8	Cash Obtained From Sale of Investments Held-to-Maturity	107,827	20,200
2.9	Others	(119)	(88)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>III.</b>	Net Cash Flows From Financing Activities	-	-
3.1	Cash Obtained From Funds Borrowed and Securities Issued	-	-
3.2	Cash Used For Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments For Financial Leases	-	-
3.6	Others	-	-
<b>IV.</b>	Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents	<b>(2,068)</b>	<b>8,876</b>
<b>V.</b>	Net (Decrease)/Increase in Cash and Cash Equivalents	<b>(640,840)</b>	<b>111,969</b>
<b>VI.</b>	Cash and Cash Equivalents at Beginning of Period	<b>1,796,659</b>	<b>1,709,917</b>
<b>VII.</b>	Cash and Cash Equivalents at the End of Period	<b>1,155,819</b>	<b>1,821,886</b>



**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS FOR BASIS OF PRESENTATION**

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

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

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

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

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

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

**Explanation for convenience translation into English:**

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

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

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

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

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

**III. INFORMATION ON CONSOLIDATED ASSOCIATES AND SUBSIDIARIES**

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

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

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

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

**The major principles applied in the consolidation of subsidiaries**

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

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

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

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

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

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

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

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

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

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

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

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

**VI. INFORMATION ON FEES AND COMMISSION**

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

**VII. INFORMATION ON FINANCIAL ASSETS**

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

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

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

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

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

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

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

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

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

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

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

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

**c. Loans and Receivables**

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

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

**d. Financial Assets Held to Maturity**

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

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

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

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

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

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

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

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

**IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

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

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

The Group's intangible assets consist of software.

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

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

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

**XIII. INFORMATION ON TANGIBLE ASSETS**

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

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

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

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

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

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

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

**XIV. INFORMATION ON LEASING ACTIVITIES**

*Finance leasing activities as the lessee*

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

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

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

*Finance leasing activities as the lessor*

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

*Operational leases*

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

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

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

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

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

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



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

*Reserve for employee termination benefits*

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2016 is TL 4,092 (full TL) (31 December 2015: TL 3,828 (full TL)).

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

*Other benefits to employees*

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

**XVII. INFORMATION ON TAX APPLICATIONS**

**Corporate tax**

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

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

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

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

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

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

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

**Investment incentive**

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

**Deferred taxes**

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

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

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

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

**Transfer Pricing**

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

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

**XVIII. ADDITIONAL INFORMATION ON BORROWINGS**

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

**XIX. INFORMATION ON SHARE ISSUANCES**

The Group has not issued any share in the year.

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

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

There are no acceptances presented as liabilities against any assets.

**XXI. INFORMATION ON GOVERNMENT INCENTIVES**

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

**XXII. INFORMATION ON SEGMENT REPORTING**

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

**XXIII. OTHER DISCLOSURES**

**Profit reserves and profit distribution**

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

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

**Related parties**

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

**Cash and cash equivalents**

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(*)</sup>
<b>TIER II CAPITAL</b>	<b>630,393</b>	<b>643,393</b>
Paid-in capital following all debts in terms of claim in liquidation of the Bank	437,369	-
Share issue premiums	-	-
Reserves	20,945	-
Gains recognized in equity as per TAS	-	-
Profit	172,079	-
Current Period Profit	17,221	-
Prior Period Profit	154,858	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>630,393</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>2,423</b>	<b>-</b>
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	799	799
Goodwill (net of related tax liability)	1,624	2,706
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>2,423</b>	<b>-</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>627,970</b>	<b>-</b>
<b>ADDITIONAL TIER I CAPITAL</b>	<b>-</b>	<b>-</b>
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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 <sup>(1)</sup>
<b>Deductions from Additional Tier I Capital</b>	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	1,082	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds(-)	1,082	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	626,888	-
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA		
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		
Provisions (Article 8 of the Regulation on the Equity of Banks)	22,220	-
<b>Tier II Capital Before Deductions</b>	22,220	-
<b>Deductions From Tier II Capital</b>	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	22,220	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	649,108	-
<b>Deductions from Total Capital</b>	649,108	-
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	-
Other items to be defined by the BRSA (-)	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016

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

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

	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>	
	Amount	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
<b>TOTAL CAPITAL</b>	<b>649,100</b>	<b>662,100</b>
Total Capital	649,100	662,100
Total risk weighted amounts	3,447,356	3,444,965
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	18.22	-
Tier I Capital Adequacy Ratio (%)	18.19	-
Capital Adequacy Ratio (%)	18.83	19.22
<b>BUFFERS</b>		
Total buffer requirement	0.737	-
Capital conservation buffer requirement (%)	0.625	-
Bank specific counter-cyclical buffer requirement (%)	0.112	-
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	18.63	-
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
<b>Limits related to provisions considered in Tier II calculation</b>	<b>22,220</b>	<b>22,220</b>
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	22,220	22,220
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

<b>Informations on addition debt instruments to shareholders' equity calculating</b>	<b>Current Period</b>
Exporter	-
Code of debt instrument (CUSIP, ISIN etc.)	-
Legislation of debt instrument	-
<b>Attention Situation of Shareholders' Equity</b>	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
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	-
<b>Interest/Dividend Payments</b>	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
<b>Feature of being convertible bonds</b>	
If there's convertible bonds, trigger incidents cause this conversion	-
If there's convertible bonds, feature of full or partially conversion	-
If there's convertible bonds, rate of conversion	-
If there's convertible bonds, feature of conversion -obligatory or optional-	-
If there's convertible bonds, types of convertible instruments	-
If there's convertible bonds, exporter of convertible debt instruments	-
<b>Feature of value reduction</b>	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> articles of Shareholders' Equity of Banks Regulation	-



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

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

**Overview of Risk Weighted Amount**

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	2,779,202	3,024,960	222,336
2	Standardised approach (SA)	2,779,202	3,024,960	222,336
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	87	-
5	Standardised approach for counterparty credit risk (SA-CCR)	-	87	-
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 <sup>(1)</sup>	-	-	-
10	Investments made in collective investment companies - %1250 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	370,325	294,975	29,626
17	Standardised approach (SA)	370,325	294,975	29,626
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	295,438	272,399	23,635
20	Basic Indicator Approach	295,438	272,399	23,635
21	Standart Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>3,444,965</b>	<b>3,592,421</b>	<b>275,597</b>

**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 CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK**

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

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

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

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

**Foreign exchange risk management policy**

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

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

Date	US Dollars	EUR
24 March 2016	TL 2.8693	TL 3.2096
25 March 2016	TL 2.8789	TL 3.2141
28 March 2016	TL 2.8705	TL 3.2049
29 March 2016	TL 2.8733	TL 3.2082
30 March 2016	TL 2.8695	TL 3.2114
31 March 2016	TL 2.8334	TL 3.2081

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

The basic arithmetical average of the Parent Bank's foreign exchange bid rate for September 2016 is TL 2.8902 for USD and TL 3.2035 for EUR.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

<b>Current Period</b>	<b>Euro</b>	<b>US Dollars</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	514,832	454,338	107	969,277
Banks	517,076	268,313	7,473	792,862
Financial Assets through Profit or Loss	224,888	256,504	-	481,392
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	74	1,063	-	1,137
Loans <sup>(1)</sup>	534,466	319,885	-	854,351
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	46,002	179,071	-	225,073
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	147,444	44,248	9	191,701
<b>Total Assets</b>	<b>1,984,782</b>	<b>1,523,422</b>	<b>7,589</b>	<b>3,515,793</b>
<b>Liabilities</b>				
Bank Deposits	1,645,219	1,193,955	1,688	2,840,862
Foreign Currency Deposits	181,112	274,210	3,774	459,096
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	145,912	48,322	-	194,234
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3,302	1,608	5	4,915
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	5,626	3,284	119	9,029
<b>Total Liabilities</b>	<b>1,981,171</b>	<b>1,521,379</b>	<b>5,586</b>	<b>3,508,136</b>
<b>Net Balance Sheet Position</b>	<b>3,611</b>	<b>2,043</b>	<b>2,003</b>	<b>7,657</b>
<b>Net Off Balance Sheet Position</b>	<b>(481)</b>	<b>-</b>	<b>-</b>	<b>(481)</b>
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	(481)	-	-	(481)
Non-Cash Loans	692,145	900,508	411,968	2,004,621
<b>Prior Period</b>				
Total Assets	1,668,128	1,776,025	30,065	3,474,218
Total Liabilities	1,684,459	1,810,732	7,773	3,502,964
Balance Sheet Position, net	(16,331)	(34,707)	22,292	(28,746)
Off Balance Sheet Position, net	-	43,614	-	43,614
Financial Derivatives (Assets)	-	43,614	-	43,614
Financial Derivatives (Liabilities)	-	-	-	-
Non-cash Loans	697,892	1,051,017	418,134	2,167,043

<sup>(1)</sup> As of 31 March 2016 loan balance includes foreign currency indexed loans amounting to TL 50,497 (31 December 2015: TL 157,121).

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

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

Assuming 10% appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity <sup>(1)</sup>	Income Statement	Shareholder's Equity <sup>(1)</sup>
Euro	(313)	(313)	1,633	1,633
US Dollar	(204)	(204)	(891)	(891)
Other Currencies	(200)	(200)	(2,229)	(2,229)
<b>Total</b>	<b>(717)</b>	<b>(717)</b>	<b>(1,487)</b>	<b>(1,487)</b>

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

Assuming 10% depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholder's Equity <sup>(1)</sup>	Income Statement	Shareholder's Equity <sup>(1)</sup>
Euro	313	313	(1,633)	(1,633)
US Dollar	204	204	891	891
Other Currencies	200	200	2,229	2,229
<b>Total</b>	<b>717</b>	<b>717</b>	<b>1,487</b>	<b>1,487</b>

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

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

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

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

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016

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

### III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	461,518	-	-	-	-	519,172	980,690
Banks	415,773	403,457	-	-	-	1,964	821,194
Financial assets at fair value through Profit or Loss	1,544	19,094	179,006	291,368	-	-	491,012
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	1,361	1,361
Loans	752,087	360,195	324,777	14,673	12,035	2,016	1,465,783
Investment securities held-to-maturity	1,745	34,371	46,747	149,790	13,738	-	246,391
Other assets <sup>(1)</sup>	21,852	19,696	67,751	134,925	-	55,122	299,346
<b>Total assets</b>	<b>1,654,519</b>	<b>836,813</b>	<b>618,281</b>	<b>590,756</b>	<b>25,773</b>	<b>579,635</b>	<b>4,305,777</b>
<b>Liabilities</b>							
Bank deposits	1,023,713	401,453	1,469,049	-	-	13	2,894,228
Other deposits	20,167	8,550	42,441	-	-	418,771	489,929
Money market borrowings	3,574	-	-	-	-	-	3,574
Miscellaneous payables	-	-	-	-	-	6,271	6,271
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	36,580	82,442	77,440	-	-	-	196,462
Other liabilities <sup>(2)</sup>	-	-	-	-	-	715,313	715,313
<b>Total liabilities</b>	<b>1,084,034</b>	<b>492,445</b>	<b>1,588,930</b>	<b>-</b>	<b>-</b>	<b>1,140,368</b>	<b>4,305,777</b>
<b>Long Position in the Balance Sheet</b>	<b>570,485</b>	<b>344,368</b>	<b>-</b>	<b>590,756</b>	<b>25,773</b>	<b>-</b>	<b>1,531,382</b>
<b>Short Position in the Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>(970,649)</b>	<b>-</b>	<b>-</b>	<b>(560,733)</b>	<b>(1,531,382)</b>
<b>Long Position in the Off-balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short Position in the Off-balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Position</b>	<b>570,485</b>	<b>344,368</b>	<b>(970,649)</b>	<b>590,756</b>	<b>25,773</b>	<b>(560,733)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 55,122 in the Non-Interest Bearing column includes; Tangible Assets amounting TL 23,423, Intangible Assets amounting to TL 2,706, Deferred Tax Assets amounting to TL 3,819, Assets Held for Sale amounting to TL 8, Miscellaneous Receivables amounting to TL 4,981 and Other Assets amounting to TL 20,275.

<sup>(2)</sup> Other Liabilities: The amount of TL 715,313 in the Non-Interest Bearing Column includes; Shareholders Equity amounting to TL 630,393, Provisions amounting to TL 48,057, Tax, Duty and Premium Payable amounting to TL 12,394 and Other Foreign Resources amounting to TL 24,469.

**ARAP TÜRK BANKASI A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	0.49	-	3.99
Banks	1.49	3.24	-	13.39
Financial assets at fair value through profit or loss	1.47	3.64	-	10.14
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.71	4.11	-	13.56
Investment securities held-to-maturity	4.39	6.21	-	13.19
Financial Lease Receivables	6.40	7.30	-	14.10
<b>Liabilities</b>				
Interbank deposits	0.38	1.95	-	10.23
Other deposits	1.17	1.99	-	9.06
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2.44	3.68	-	6.68
<b>Prior Period</b>	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	0.23	-	2.06
Banks	1.29	1.98	-	13.29
Financial assets at fair value through profit or loss	1.31	4.05	-	10.16
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.65	3.95	-	13.27
Investment securities held-to-maturity	1.75	6.83	-	12.59
Financial Lease Receivables	6.51	7.35	-	14.04
<b>Liabilities</b>				
Interbank deposits	0.42	1.68	-	10.79
Other deposits	1.92	2.05	-	8.19
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2.40	3.32	-	6.58

**IV. INFORMATION ON STOCK POSITION RISK**

**Equity investment risk due from banking book**

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

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

*None.*

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

*None.*

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

*None*

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

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

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

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

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

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

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

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

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



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

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Parent Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya and has an asset value more than 18 billion USD. Funds received from the main shareholder Libyan Foreign Bank correspond to 48% of total liabilities. On the other hand, funds received from the Bank's risk group have a 59% share in liabilities.

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

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

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

A large portion of the Parent Bank's liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks. 51% of these funds are USD and 48% are Euro.

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

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

**Information regarding to the usage of Stress Tests**

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

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

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

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

**ARAP TÜRK BANKASI A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

	Month	FC	FC+TL
Lowest	March	59	73
Highest	January	70	103

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

Current Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	LC+FC	FC	LC+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	1,468,044	1,452,869	1,199,812	1,184,637
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	242,677	225,160	20,084	22,516
3 Stable deposit	83,680	-	4,184	-
4 Deposit with low stability	158,997	225,160	15,900	22,516
5 Unsecured debts except real person deposits and retail deposits	2,714,853	2,577,132	2,450,639	2,343,092
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,631,895	2,568,453	2,367,681	2,334,413
8 Other unsecured debts	82,958	8,679	82,958	8,679
9 Secured debts	-	-	-	-
10 Other cash outflows	2,286,905	2,095,081	143,363	126,972
11 Derivative liabilities and margin obligations	1,347	1,347	1,347	1,347
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	2,285,558	2,093,734	142,016	125,625
16 <b>TOTAL CASH OUTFLOW</b>	<b>5,911,334</b>	<b>4,897,373</b>	<b>2,614,086</b>	<b>2,492,580</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,399,413	672,286	1,172,771	601,856
19 Other cash inflows	9,086	3,216	9,086	3,216
20 <b>TOTAL CASH INFLOWS</b>	<b>1,408,499</b>	<b>675,502</b>	<b>1,181,857</b>	<b>605,072</b>
			Upper limit applied amounts	
21 <b>TOTAL HQLA STOCK</b>			<b>1,199,812</b>	<b>1,184,637</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>			<b>1,432,229</b>	<b>1,887,508</b>
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>83.77</b>	<b>62.76</b>

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

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

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

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

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

High-quality liquid assets consist of Cash, Effectives, Debt Instruments issued by CBRT and Treasury, Debt Instruments with a Credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 55% of high-quality liquid assets of the Parent Bank, while 45% 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. 79% of the total liabilities are deposits received. 86% of these deposits are deposits obtained from banks.

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

Bank has no 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.

79% of the liability is deposits and 86% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

*None.*

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016

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

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

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
<b>Assets</b>								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	7,422	973,268	-	-	-	-	-	980,690
Banks	23,237	394,500	403,457	-	-	-	-	821,194
Financial Assets at Fair Value through Profit or Loss	-	1,544	19,094	179,006	291,368	-	-	491,012
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	-	1,361	1,361
Loans	-	752,087	297,874	401,149	14,673	-	-	1,465,783
Investment securities held-to-maturity	-	1,745	7,771	46,747	176,390	13,738	-	246,391
Other assets <sup>(1)</sup>	1,869	21,852	15,918	69,082	137,372	-	53,253	299,346
<b>Total Assets</b>	<b>32,528</b>	<b>2,144,996</b>	<b>744,114</b>	<b>695,984</b>	<b>619,803</b>	<b>13,738</b>	<b>54,614</b>	<b>4,305,777</b>
<b>Liabilities</b>								
Interbank Deposits	348,550	675,176	401,453	1,469,049	-	-	-	2,894,228
Other Deposits	418,771	20,167	8,550	42,441	-	-	-	489,929
Funds provided from other financial institutions	-	20,708	36,994	47,827	90,933	-	-	196,462
Money market borrowings	-	3,574	-	-	-	-	-	3,574
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	6,271	6,271
Other liabilities <sup>(2)</sup>	-	9,218	8,387	-	-	-	697,708	715,313
<b>Total Liabilities</b>	<b>767,321</b>	<b>728,843</b>	<b>455,384</b>	<b>1,559,317</b>	<b>90,933</b>	<b>-</b>	<b>703,979</b>	<b>4,305,777</b>
<b>Liquidity Gap</b>	<b>(734,793)</b>	<b>1,416,153</b>	<b>288,730</b>	<b>(863,333)</b>	<b>528,870</b>	<b>13,738</b>	<b>(649,365)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	22,464	2,297,746	427,860	661,921	415,814	30,899	49,119	3,905,823
Total Liabilities	805,461	626,034	979,570	752,347	141,881	-	600,530	3,905,823
<b>Net Liquidity Gap</b>	<b>(782,997)</b>	<b>1,671,712</b>	<b>(551,710)</b>	<b>(90,426)</b>	<b>273,933</b>	<b>30,899</b>	<b>(551,411)</b>	<b>-</b>

<sup>(1)</sup> Other assets amounting TL 53,253 at the undistributed part; Tangible Assets amounting TL 23,423, Intangible Assets amounting TL 2,706, Deferred Tax Asset amounting TL 3,819, Asset Held for Sale amounting TL 8, Miscellaneous Receivables amounting to TL 1,059 and Other Assets amounting to TL 22,238.

<sup>(2)</sup> Other liabilities amounting TL 697,708 at the undistributed part consists of Shareholders Equity amounting TL 697,708, Provisions amounting TL 48,057, and Other Foreign Resources TL 19,258.

#### Explanations on securitization positions

The Group has no securitization positions.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**V. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)****Leverage Ratio****Information on matters that create difference between current and previous period leverage ratio**

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

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

	Prior Period <sup>(2)</sup>	Current Period <sup>(2)</sup>
1 Total asset amount in financial statements which is prepared according to TAS <sup>(1)</sup>	7,509	160,433
2 Difference between total asset amount in financial statements which is prepared according to TAS and Communiqué on Preparation of Financial Statements of Banks	-	-
3 Difference between derivative instruments and credit derivatives amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	68,283	132,683
4 Difference between Security or secured financing transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	155,796	258,561
5 Difference between off-balance sheet transactions amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	82,147	82,182
6 Difference between amount which is prepared according to Communiqué on Preparation of Consolidated Financial Statements of Banks and risk amount	-	-
7 <b>Total risk amount</b>	<b>313,735</b>	<b>633,859</b>

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

<sup>(2)</sup>The arithmetic average of the last 3 months in the related periods.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	<b>Balance sheet assets</b>	<b>Prior Period</b>	<b>Current Period<sup>(1)</sup></b>
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	4,210,260	4,363,305
2	(Assets deducted from main capital)	(3,754 )	(3,634 )
3	Total risk amount of the balance sheet assets ( Sum of 1st and 2nd rows)	4,206,506	4,359,671
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	463	659
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	463	659
	<b>Security or secured financing transactions</b>		
7	Risk amount of security or secured financing transactions ( Except balance sheet)	-	-
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions ( Sum of 7th and 8th rows)	-	-
	<b>Off-balance sheet transactions</b>		
10	Gross nominal amount of off-balance sheet transactions	2,451,795	2,383,383
11	(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
12	Risk amount of the off-balance sheet transactions ( Sum of 10th and 11th rows)	2,451,795	2,383,383
	<b>Equity and total risk</b>		
13	Main capital	608,429	627,636
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	6,658,764	6,743,713
	<b>Leverage ratio</b>		
15	Leverage ratio	9.14%	9.31%

<sup>(1)</sup>Three months average values

**ARAP TÜRK BANKASI A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**VI. INFORMATION ON CONSOLIDATED BUSINESS SEGMENTS**

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

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations</b>
Interest Income	(264)	27,807	19,279	4,401	-	51,223
Commission Income	-	9,741	-	87	-	9,828
Unallocated Income/Expenses (Net)	-	-	-	-	(37,851)	(37,851)
<b>Operating Income</b>	<b>(264)</b>	<b>37,548</b>	<b>19,279</b>	<b>4,488</b>	<b>(37,851)</b>	<b>23,200</b>
<i>Income from Subsidiaries</i>						-
<i>Income before tax</i>						23,200
<i>Tax Provision</i>						(5,979)
<b>Net Profit for the year</b>						<b>17,221</b>

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations</b>
Segment Assets	823	1,199,831	2,762,856	286,291	-	4,249,801
Unallocated assets	-	-	-	-	55,976	55,976
<b>Total Assets</b>	<b>823</b>	<b>1,199,831</b>	<b>2,762,856</b>	<b>286,291</b>	<b>55,976</b>	<b>4,305,777</b>
Segment Liabilities	224,506	267,509	2,898,798	202,282	-	3,593,095
Unallocated Liabilities	-	-	-	-	82,289	82,289
Equity	-	-	-	-	630,393	630,393
<b>Total Liabilities</b>	<b>224,506</b>	<b>267,509</b>	<b>2,898,798</b>	<b>202,282</b>	<b>712,682</b>	<b>4,305,777</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations</b>
Interest Income	(1,023)	86,233	22,568	16,625	-	124,403
Commission Income	-	49,038	-	592	-	49,630
Unallocated Income/Expenses (Net)	-	-	-	-	(83,070)	(83,070)
<b>Operating Income</b>	<b>(1,023)</b>	<b>135,271</b>	<b>22,568</b>	<b>17,217</b>	<b>(83,070)</b>	<b>90,963</b>
<i>Income from Subsidiaries</i>						-
<i>Income before tax</i>						90,963
<i>Tax Provision</i>						(18,470)
<b>Net Profit for the year</b>						<b>72,493</b>

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



## SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF  
CONSOLIDATED FINANCIAL STATEMENTS

## I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

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

## Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	2,225	5,197	2,234	6,752
Central Bank of Turkey	9,188	964,080	6,220	842,949
Other	-	-	-	-
<b>Total</b>	<b>11,413</b>	<b>969,277</b>	<b>8,454</b>	<b>849,701</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand				
Deposits	9,188	-	6,220	-
Unrestricted Time				
Deposits	-	318,969	-	534,390
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	645,111	-	308,559
<b>Total</b>	<b>9,188</b>	<b>964,080</b>	<b>6,220</b>	<b>842,949</b>

## Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 5% and 11.5% (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 amount of TL 3,623 marketable securities subjected to repurchase transaction (31 December 2015: TL 3,545). There is amount of TL 3,848 provided as collateral /blocked financial assets at fair value through profit or loss in the current period. (31 December 2015: TL 5,190).

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

None.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	28,331	772,265	22,309	1,169,048
Foreign banks	1	20,597	4,615	51,935
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>28,332</b>	<b>792,862</b>	<b>26,924</b>	<b>1,220,983</b>

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

As of 31 March 2016, the Bank does not have marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2015: None).

As of 31 March 2016, there is no security is held on collateral/blocked for guarantee from assets available-for-sale (31 December 2015: None).

***Major types of available for sale financial assets***

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

***Information on available for sale financial assets***

	Current period	Prior period
<b>Debt Securities</b>	-	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
<b>Share Certificates</b>	<b>1,361</b>	<b>1,388</b>
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	1,361	1,388
<b>Impairment provision (-)</b>	-	-
<b>Total</b>	<b>1,361</b>	<b>1,388</b>

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

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>8,899</b>	-	<b>11,681</b>
Corporate Shareholders	-	8,899	-	11,681
Individual Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to the Bank's personnel</b>	<b>789</b>	-	<b>846</b>	-
<b>Total</b>	<b>789</b>	<b>8,899</b>	<b>846</b>	<b>11,681</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)***Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled*

	Standard loans and other receivables		Loans and other receivables under close monitoring			
	Loans and other receivables (Total)	Amendments related to the extension of the payment plans	Amendments on Conditions of Contract	Loans and other receivables (Total)	Amendments related to the extension of the payment plan	Amendments on Conditions of Contract
			Other			Other
<b>Cash Loans</b>						
Non-specialized loans	1,421,865	-	-	29,865	12,037	-
Corporation loans	-	-	-	-	-	-
Export loans	169,869	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	703,548	-	-	-	-	-
Consumer loans	823	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	547,625	-	-	29,865	12,037	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>1,421,865</b>	<b>-</b>	<b>-</b>	<b>29,865</b>	<b>12,037</b>	<b>-</b>

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

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Number of Extension</b>		
Extended by 1 or 2 times	-	12,037
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-

*The time extended via the amendment on payment plan*

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Extension periods</b>		
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	-
2 - 5 Years	-	-
5 Years and over	-	12,037

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	<b>10</b>	<b>24</b>	<b>34</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	10	24	34
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Individual Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Loans- TL</b>	<b>30</b>	<b>759</b>	<b>789</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	30	759	789
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Deposits with Credit Limit-TL (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deposits with Credit Limit-FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>40</b>	<b>783</b>	<b>823</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Current Period	Prior Period
Domestic loans	1,447,059	1,336,446
Foreign loans	16,708	19,514
<b>Total</b>	<b>1,463,767</b>	<b>1,355,960</b>

*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	11,278	11,268
<b>Total</b>	<b>11,278</b>	<b>11,268</b>

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

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	-	-	<b>13,211</b>
Additions (+)	-	-	-
Transfers from other categories of nonperforming loans (+)	-	-	98
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	15
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
<b>Balances at End of the Period</b>	-	-	<b>13,294</b>
Specific provisions (-)	-	-	11,278
<b>Net Balance on Balance Sheet</b>	-	-	<b>2,016</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

There are non-performing loan receivables in foreign currency amounting TL 1,851 which is followed in Turkish Lira accounts.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
<b>Current Period (Net)</b>	-	-	<b>2,016</b>
Loans granted to real persons and legal entities (Gross)	-	-	13,194
Specific provisions (-)	-	-	11,178
Loans granted to real persons and legal entities (Net)	-	-	2,016
Banks (Gross) <sup>(1)</sup>	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	-	-	<b>1,943</b>
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) <sup>1</sup>	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)K	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

<sup>(1)</sup> Foreign bank***Collection policy on loans determined as loss and other receivables***

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

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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)**None.**Information on government held to maturity financial assets*

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	-	-	1,038	-
Treasury Bonds	-	-	-	-
Other Public Bonds	-	171,157	-	231,020
<b>Total</b>	<b>-</b>	<b>171,157</b>	<b>1,038</b>	<b>231,020</b>

*Information of investments held to maturity*

	Current Period	Prior Period
<b>Debt Instruments</b>	<b>247,059</b>	<b>282,138</b>
Quoted at stock exchange	171,697	232,638
Not-quoted at stock exchange	75,362	49,500
Impairment loss provision (-)	(668)	(580)
<b>Total</b>	<b>246,391</b>	<b>281,558</b>

*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	(5,277)	16,938
Purchases during the Period	78,605	216,840
Disposals through sales and redemptions <sup>(1)</sup>	(107,827)	(93,317)
Impairment loss provision <sup>(2)</sup>	(668)	(580)
<b>Period end balance</b>	<b>246,391</b>	<b>281,558</b>

<sup>(1)</sup> In the current period amounting to TL 107,827 (31 December 2015: TL 93,317) redemption has been realized.

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****7. Information on Associates**

The Group does not have an associate.

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

The Parent Bank does not have an unconsolidated subsidiary.

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

<b>CORE CAPITAL</b>	<b>Current Period</b>	<b>Prior Period</b>
Paid in Capital	70,000	70,000
Effect of Inflation Adjustment on Paid in Capital	93	91
Legal Reserves	2,280	2,280
Extraordinary Reserves - Legal Reserve per General Legislation	3	3
Profit / Loss	11,633	9,566
<i>Net Profit</i>	2,067	7,386
<i>Prior Period Profit/Loss</i>	9,566	2,180
Intangible Assets (-)	325	338
<b>Total Core Capital</b>	<b>83,684</b>	<b>81,602</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>83,684</b>	<b>81,602</b>
<b>DEDUCTION FROM CAPITAL</b>	<b>-</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL<sup>(1)</sup></b>	<b>83,684</b>	<b>81,602</b>

<sup>(1)</sup> There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 83,684.

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

***Summary information on basic features of equity items***

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

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

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

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



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

Total Assets	Shareholde rs' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value <sup>(1)</sup>
286,554	84,006	4,230	5,061	-	2,067	9,566	-

<sup>(1)</sup> The related subsidiary has no fair value as of 31 March 2016.***Movement related to consolidated subsidiaries***

	Current Period	Prior Period
Balance at the Beginning of the Period	70,213	65,214
Movements during the Period	-	4,999
Purchases	-	-
Bonus Shares Received	-	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	70,213	70,213
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

***Valuation methods of investments in subsidiaries***

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

***Sectoral Information on the subsidiaries***

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

***Quoted Subsidiaries***

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)***Subsidiaries sold in the current year**None.**Subsidiaries acquired in the current year**None.***9. Information on joint ventures of the Parent Bank**

The Parent Bank does not have joint ventures.

**10. Information on Financial Lease Receivables (Net)***Maturity analysis of financial lease receivables*

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	120,136	106,758	118,199	104,164
Between 1-4 years	151,732	137,372	159,243	143,428
Over 4 years	-	-	-	-
<b>Total</b>	<b>271,868</b>	<b>244,130</b>	<b>277,442</b>	<b>247,592</b>

*Information on net financial lease investments*

	Current Period	Prior Period
Gross Financial Lease Investment	271,868	277,442
Earned Financial Lease Income (-)	27,738	29,850
Cancelled Leasing Amounts	-	-
<b>Net Investment on Leases</b>	<b>244,130</b>	<b>247,592</b>

There is a provision amount of TL 1,642 for doubtful financial lease receivables in net financial lease investments.

The movement of doubtful receivables is as follows

	Current Period	Prior Period
Opening Balance	1,642	833
Provisions	114	909
Collections	178	100
<b>Ending Balance</b>	<b>1,578</b>	<b>1,642</b>

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

The Group does not have any financial derivatives for hedging.

**12. Information on investment property**

The Group does not have any investment property.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

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

Group has calculated TL 5,228 deferred tax asset and TL 1409 deferred tax liability over taxable temporary differences as of 31 December 2015 and recorded the net amount of asset and liability to the financial statement (31 December 2015: TL 3,727 deferred tax asset and TL 787 deferred tax liability).

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Investment allowance	-	-	-	-
Provisions regarding employee rights	11,312	2,262	10,361	2,072
Interest accruals	8,364	1,673	1,762	352
Unearned Income	2,779	556	2,680	536
Depreciation difference for tangible and intangible assets	237	47	275	55
Derivative financial instruments	-	-	753	151
Other	3,448	690	2,806	561
<b>Deferred tax asset</b>	<b>26,140</b>	<b>5,228</b>	<b>18,637</b>	<b>3,727</b>
Depreciation difference for tangible and intangible assets	1,151	230	1,132	226
Interest accruals	2,584	517	2,198	440
Other	3,310	662	607	121
<b>Deferred tax liability</b>	<b>7,045</b>	<b>1,409</b>	<b>3,937</b>	<b>787</b>
<b>Deferred tax asset / (liability), net</b>	<b>19,095</b>	<b>3,819</b>	<b>14,700</b>	<b>2,940</b>

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

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

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

**15. Information on other assets**

Other assets is amounting to TL 25,260 (31 March 2015: TL 17,421) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

**ARAP TÜRK BANKASI A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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	10,305	-	705	2,519	1,288	-	-	-	14,817
Foreign Currency Deposits	393,002	-	4,981	8,059	10,017	13,867	27,170	-	459,096
Residents in Turkey	142,306	-	4,867	4,689	4,455	15,199	248	-	171,764
Residents Abroad	250,696	-	114	3,370	5,562	668	26,922	-	287,332
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	5,956	-	302	146	104	-	-	-	6,508
Other Ins. Deposits	9,508	-	-	-	-	-	-	-	9,508
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	348,542	-	340,283	647,891	74,238	751,645	731,629	-	2,894,228
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	6,128	-	24,568	-	-	-	-	-	30,696
Foreign Banks	342,414	-	315,715	647,891	74,238	751,645	731,629	-	2,863,532
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>767,313</b>	<b>-</b>	<b>346,271</b>	<b>658,615</b>	<b>85,647</b>	<b>767,512</b>	<b>758,799</b>	<b>-</b>	<b>3,384,157</b>

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

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

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

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	10,663	14,676	4,154	6,406
Foreign Currency Saving Deposits	63,341	66,885	146,348	151,545
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>74,004</b>	<b>81,561</b>	<b>150,502</b>	<b>157,951</b>

*Saving deposits not covered by deposit insurance*

There are no foreign or off-shore branches of the Parent Bank.

The real persons who are out of scope of Savings and Deposits Insurance Fund have not any current or participation account.

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

The Parent Bank's headquarter is located in Turkey.

*Amounts not covered by deposit insurance*

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	1,512	1,663
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
<b>Total</b>	<b>1,512</b>	<b>1,663</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	-	-	753	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>753</b>	<b>-</b>

**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	2,228	70,456	2,499	85,816
From Foreign Banks, Institutions and Funds	-	123,778	-	122,270
<b>Total</b>	<b>2,228</b>	<b>194,234</b>	<b>2,499</b>	<b>208,086</b>

*Presentation of funds borrowed based on maturity profile*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,228	103,300	2,499	99,375
Medium and Long-Term	-	90,934	-	108,711
<b>Total</b>	<b>2,228</b>	<b>194,234</b>	<b>2,499</b>	<b>208,086</b>

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

Domestic borrowings consist of Eximbank loans.

**4. Information on other foreign resources**

The other external resources is amounting to TL 24,469 (31 December 2015: TL13,950) and this amount does not exceed 10% of the total balance sheet.

**5. Information on financial lease obligations**

None.

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	16,640	15,007
Additional provisions for the loans with extended payment plan	-	-
Provisions for Loans and Receivables in Group II	591	227
Additional provisions for the loans with extended payment plan	598	-
Provisions for Non-Cash Loans	4,391	4,836
Other	-	-
<b>Total</b>	<b>22,220</b>	<b>20,070</b>

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

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans <sup>(1)</sup>	810	136

<sup>(1)</sup> Foreign exchange differences of foreign currency indexed loans are netted off with loans.*Special provisions set aside for non-funded and non-cash loans*

As of 31 March 2016, special provisions set aside for non-funded and non-cash loans are TL 1,488 (31 December 2015: TL 1,520).

*Reserve for employee termination benefits*

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

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

<b>The Parent Bank</b>	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	3.12%	3.12%
Expected Rate of Salary/Limit Increase	7.56%	7.56%
Estimated Employee Turnover Rate	10.92%	5.30%
<b>Subsidiary</b>	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	3.66%	3.12%
Expected Rate of Salary/Limit Increase	5.00%	7.56%
Estimated Employee Turnover Rate	0.00%	5.30%



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

In accordance with existing Turkish Labor Law, the Parent Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Parent Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2016 is TL 4,093 (full TL) (31 December 2015: TL 3,828 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arisen in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

	Current Period	Prior Period
Balances at Beginning of period	6,465	5,350
Provision booked in current period	243	631
Actuarial Loss/Gain	457	589
Provision paid in current period (-)	65	105
<b>Balances at End of the Period</b>	<b>7,100</b>	<b>6,465</b>

The employee termination benefit liability of the Group is the amount as at 31 March 2016 is TL 7,100 (31 December 2015: TL 6,465). In addition to this, the unused vacation provision and other employee benefits amount as at 31 March 2016 is TL 4,212 (31 December 2015: TL 3,896).

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

These financial statements include a free provision that is out of reporting standards, amounting to TL 13,000 thousand of which TL 4,000 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	13,000	9,000
Provisions for non-cash loans	1,488	1,520
Provisions for law suits	37	37

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

As of 31 March 2016, corporate tax payable after deducting the prepaid tax is TL 8,408 (31 December 2015: TL 8,675).

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax	8,408	8,675
Banking Insurance Transaction Tax (BITT)	700	591
Taxation of Securities	296	2,540
Value added taxes payable	141	413
Corporate tax payable-limited	7	7
Foreign Exchange Legislation Tax	-	-
Property tax	22	22
Other	1,770	1,135
<b>Total</b>	<b>11,344</b>	<b>13,383</b>

***Information on premiums***

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee	394	254
Social Security Premiums - Employer	572	367
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee share	28	18
Unemployment Insurance - Employer share	56	36
Other	-	-
<b>Total</b>	<b>1,050</b>	<b>675</b>

***Information on deferred tax liability***

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

**Information on liabilities for assets held for sale and discontinued operation**

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

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

The Parent Bank has no subordinated loans.

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

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

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

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

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

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

None.

*Information on share capital increases from capital reserves*

None.

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

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

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

None.

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

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)*****Information on marketable securities value increase fund***

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

***Information on legal reserve***

In the current period there is TL 3,473 transferred to legal reserves from retained earnings. (31 December 2015: TL 3,823).

***Information on Minority Shares***

None.

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

The Group has TL 12,506 (31 December 2015: TL 54,779) as irrevocable commitments.

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

As of 31 March 2016, the Group has allocated the provision amounting TL 5,879 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 418,688 (31 December 2015: TL 487,547).

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

The total amount of the Group's guarantee letters is TL 1,769,256 (31 December 2015: TL 1,874,863).

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans granted for Cash Loan Assurance	360,789	416,082
Less Than or Equal to One Year with Original Maturity	174,575	178,466
More Than One Year with Original Maturity	186,214	237,616
Other Non-Cash Loans	1,827,155	1,946,328
<b>Total</b>	<b>2,187,944</b>	<b>2,362,410</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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 <sup>(1)</sup>				
Short- Term Loans	22,606	2,446	14,223	1,190
Medium and Long- Term Loans	210	3,384	276	5,680
Interest Received From Non-Performing Loans	-	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>22,816</b>	<b>5,830</b>	<b>14,499</b>	<b>6,870</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	1,312	4,201	824	6,394
From Foreign Banks	8	68	189	15
From Foreign Headquarter and Branches	-	-	-	-
<b>Total</b>	<b>1,320</b>	<b>4,269</b>	<b>1,013</b>	<b>6,409</b>

*Information on interest income received from marketable securities*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	700	11,942	981	1,195
Financial Assets Where Fair Value Change is Reflected to Income Statement	-	-	-	-
Financial Assets Available for Sale	-	-	-	-
Investments Held to Maturity	665	7,455	571	2,399
<b>Total</b>	<b>1,365</b>	<b>19,397</b>	<b>1,552</b>	<b>3,594</b>

*Information on interest income received from associates and subsidiaries*

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>35</b>	<b>1,377</b>	<b>127</b>	<b>1,247</b>
Central Bank	-	-	-	-
Domestic Banks	35	722	127	643
Foreign Banks	-	655	-	604
<b>Other Institutions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>35</b>	<b>1,377</b>	<b>127</b>	<b>1,247</b>

*Information on interest expense paid to subsidiaries and associates*

None.

*Information on interest expense given on securities issued*

None.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Turkish Lira</b>	-	551	-	-	-	-	-	551
Interbank deposits	-	15	32	23	-	-	-	70
Saving deposits	-	-	-	-	-	-	-	-
Public sector deposits	-	8	3	2	-	-	-	13
Commercial deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	551	-	-	-	-	-	551
<b>Total</b>		574						
<b>Foreign Currency</b>								
Foreign currency deposits	-	14	35	40	68	142	-	299
Interbank deposits	82	861	1,685	202	2,050	1,995	-	6,875
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	82	875	1,720	242	2,118	2,137	-	7,174
<b>Grand Total</b>	82	1,449	1,755	267	2,118	2,137	-	7,808

**3. Information on dividend income**

None.

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

	Current Period	Prior Period
<b>Gain</b>	<b>1,787,575</b>	<b>1,536,890</b>
Gain from money market transactions	-	-
Gain from financial derivative transactions	911	5,241
Gain from exchange transactions	1,786,664	1,531,649
<b>Loss (-)</b>	<b>(1,787,930)</b>	<b>(1,538,313)</b>
Loss from money market transactions	-	-
Loss from financial derivative transactions	(6,087)	(7,808)
Loss from exchange transactions	(1,781,843)	(1,530,505)
<b>Net Trading Gain/Loss</b>	<b>(355)</b>	<b>(1,423)</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)****5. Information on income from other operations**

	<b>Current Period</b>	<b>Prior Period</b>
From Reversal of Provisions of Prior Year	175	14
From Communication Income	366	424
Gain on sales of assets	5	1
Other Income	27	78
<b>Total</b>	<b>573</b>	<b>517</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions on Loans and Other Receivables	26	1,537
<i>Loans and Receivables in Group III</i>	-	165
<i>Loans and Receivables in Group IV</i>	-	-
<i>Loans and Receivables in Group V</i>	26	1,372
<i>Doubtful Receivables</i>	-	-
General Provision Expenses	2,150	653
Provision for Possible Losses	4,000	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	7,108	112
<i>Financial Assets through Profit or Loss</i>	7,108	112
<i>Investment Securities Available-for-Sale</i>	-	-
Other Impairment Losses	4,378	205
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	4,378	205
Other	96	220
<b>Total</b>	<b>17,758</b>	<b>2,727</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)****7. Information on other operating expense**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	13,939	11,637
Employee Termination Benefits Expense	246	13
Tangible Fixed Asset Impairment Expense	-	-
Intangible Fixed Asset Impairment Expense	633	621
Amortization Expenses of Tangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	399	318
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	1	1
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Assets Impairment Expense	-	-
Other Operating Expenses	3,383	2,965
<i>Operating Lease Expenses</i>	469	432
<i>Maintenance Expenses</i>	632	530
<i>Advertisement Expenses</i>	156	81
<i>Other Expenses</i>	2,126	1,922
Losses from sales of Assets	-	-
Other	1,710	2,076
<b>Total</b>	<b>20,311</b>	<b>17,631</b>

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

The pre-tax income amount from continued operations is TL 23,200 (31 March 2015: TL 20,853).

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

As of 31 March 2016, taxation charge is TL 6,767 (31 March 2015: TL 4,339 tax expense) and deferred tax income is TL 788 (31 March 2015: TL 158 deferred tax expense).

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

The Group has TL 788 as deferred tax income arising from origination of temporary differences (31 March 2015: TL 258 deferred tax expense).

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

The Group has TL 788 as deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions (31 March 2015: TL 55 deferred tax expense).



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME  
(Continued)****10. Information on net profit or loss of the period including profit/loss from continued and discontinued operations:**

Current period profit from continued operations is TL 17,221 (31 March 2015: TL 16,356).

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

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

*None.*

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

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

*Profit/loss regarding minority rights*

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

**12. 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 4,810 (31 March 2015: TL 7,170) consist of transfer commissions, letter of credit commissions and other.

	Current Period
Letter of Credit Commissions	3,812
Transfer Commissions	634
Other	364
<b>Total</b>	<b>4,810</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**V. INFORMATION ON THE GROUP'S RISK GROUP****1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period*****Information on the loans of the Group's risk group*****Current Period**

Bank's Risk Group (1)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables Balance at the beginning of the period	-	-	-	11,681	89,650	127,945
Balance at the end of the period	-	-	-	8,899	222,084	67,291
Interest and Commissio Income received	-	-	-	-	408	-

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

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

**Prior Period**

Bank's Risk Group (1)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables Balance at the beginning of the period	-	-	-	161	36,570	158,329
Balance at the end of the period	-	-	-	11,681	89,650	127,945
Interest and Commission Income received	-	-	-	-	1,191	-

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

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

Bank's Risk Group (1)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits Balance at the beginning of the period	-	-	2,134,348	1,525,229	345,621	545,393
Balance at the end of the period	-	-	2,238,078	2,134,348	322,833	345,621
Interest expense on deposits	-	-	2,027	1,018	196	851

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

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

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

*None.*

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

*None.*

*Information on benefits provided for top level management:*

31 March 2016, TL 2,695 (31 March 2015: TL 2,296) has been paid to the top level management of the Bank as salaries and fringe benefit.

**SECTION SIX**

**OTHER DISCLOSURES AND FOOTNOTES**

**I. OTHER INFORMATION ON GROUP'S OPERATIONS**

*None.*

**II. INFORMATION ON EVENTS AFTER THE BALANCE SHEET DATE**

*None.*

**SECTION SEVEN**

**INDEPENDENT AUDITOR'S REPORT**

**I. INFORMATION ON INDEPENDENT AUDITOR'S REPORT**

As of 31 March 2016, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative) and Independent Auditor's Report is presented preceding the financial statements.

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

*None.*

**SECTION EIGHT**

**INTERIM ACTIVITY REPORT**

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

In spite of moderate outlook in developed countries, global geopolitical developments, low commodity prices and slowdown in Chinese economy caused not only increasing risk perception towards developing countries, but also causing the global economic activities to stay below expectations.

In such a global economic environment, in spite of reduced capital inflows to developing countries, Turkey continued growing at a solid pace. GDP growth of Turkish economy realized as 4% by constant prices at end-2015. With the contribution of depreciation in Turkish Lira and decline in global energy prices, current account balance continues to improve. The current account deficit decreased to 4.5% of gross domestic product at end-2015. On inflation side, annual increase of consumer price index, which climbed to 8.8% at end-2015, declined to 7.5% at the first quarter of 2016.

In the banking system, total assets increased by 2.5% compared to the end of 2015 to TL 2,416 billion at end-February 2016. In this period, while loans and deposits volumes grew slightly, net term profit climbed by 31.7% compared to the same period of the previous year to TL 4.6 billion. On the other hand, profitability ratios of the sector continue to decline. Return on equity ratio decreased to 11.5% at end-February 2016 which was 12.0% at end- February 2015.

We operate in line with the target of "sustainable healthy growth". At end-March 2016, consolidated total assets and shareholders' equity of our Group stood at TL 4.3 billion and TL 630.4 million, respectively. Our significant support to Turkish economy continued through TL 1.7 billion cash and TL 2.2 billion non-cash loans. Consolidated capital adequacy standard ratio maintained its robust outlook by 18.8%. Net term profit of the Group increased by 5.3% compared to the same period of the previous year to TL 17.2 million at the end of the first quarter of 2016.

Our priorities in the coming period will be accelerating activities in Africa and Middle East, notably in North Africa and benefiting more from trade finance activities. In addition, we will expend much time and effort to configure business processes, ensure cost control and improve operational efficiency.

Continuation of activities with the mission of adding value for our shareholders, customers, employees and all other business partners will remain always our main working principle, as it was in the past.

Best regards,

Abdulahkim A. E. KHAMAG

General Manager

Yılmaz ERTÜRK

Chairman

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**II. FINANCIAL HIGHLIGHTS OF THE GROUP**

<b>ASSETS (TL Thousand) <sup>(1)</sup></b>	<b>2015/12</b>	<b>2016/03</b>
Cash and Balances with the CBT <sup>(2)</sup>	858,155	980,690
Banks	1,247,907	821,194
Securities Portfolio (Net) <sup>(3)</sup>	491,288	738,764
Loans and Receivables	1,357,903	1,465,783
Lease Receivables (Net)	247,592	244,130
Tangible and Intangible Assets	26,541	26,129
Other Assets <sup>(4)</sup>	20,370	29,087
<b>Total Assets</b>	<b>4,249,756</b>	<b>4,305,777</b>
<b>LIABILITIES (TL Thousand) (1)</b>	<b>2015/12</b>	<b>2016/03</b>
Deposits	3,347,631	3,384,157
Funds Borrowed	210,585	196,462
Interbank Money Market	3,493	3,574
Other Liabilities (5)	74,512	91,191
Shareholders' Equity	613,535	630,393
<b>Total Liabilities</b>	<b>4,249,756</b>	<b>4,305,777</b>
<b>OFF-BALANCE SHEET COMMITMENTS (TL Thousand)</b>	<b>2015/12</b>	<b>2016/03</b>
Guarantees and Warranties	2,362,410	2,187,944
Commitments	64,228	33,392
Derivative Financial Instruments	88,255	-
<b>Total Off-Balance Sheet Commitments</b>	<b>2,514,893</b>	<b>2,221,336</b>
<b>INCOME STATEMENT (TL Thousand)</b>	<b>2015/03</b>	<b>2016/03</b>
Interest Income	38,926	60,589
Interest Expense (-)	8,930	9,366
Net Interest Income	29,996	51,223
Net Fees and Commission Income	12,121	9,828
Trading Profit / Loss (+ / -)	(1,423)	(355)
Other Operating Income	517	573
Total Operating Income	41,211	61,269
Provisions for Loans or Other Receivables Losses (-)	2,727	17,758
Other Operating Expenses (-)	17,631	20,311
Profit / Loss Before Tax	20,853	23,200
Tax Provision (-)	4,497	5,979
<b>Net Profit / Loss</b>	<b>16,356</b>	<b>17,221</b>

<sup>(1)</sup> Rate sensitive assets and liabilities include rediscounts,<sup>(2)</sup> Consists of TL and FC Cash, Checks, CBT and Required Reserves,<sup>(3)</sup> 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),<sup>(4)</sup> Consists of Assets for Tax, Property and Equipment Held for Sale Purpose and Other Assets,<sup>(5)</sup> Consists of Derivatives Financial Liabilities Held for Trading, Miscellaneous Payables, Other External Sources, Provisions, Leasing Transactions Payables and Liabilities for Taxes,

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

- In the first quarter of 2016, total assets of the Group went up by 1.3% compared to 2015 from TL 4,250 million to TL 4,306 million, In the period examined, the most significant investment instruments in consolidated assets included loans and receivables (34%) totaling TL 1,465.8 million, cash and balances with the CBT (22.8%) totaling TL 980.7 million and receivables from banks (19.1%) in the amount of TL 821.2 million, Lease receivables totaling TL 244.1 million constituted 5.7% of consolidated assets,

As of end 31 March-2016, compared to the previous period, the most important increases the Group recorded in total assets were in marketable securities portfolio by TL 247.5 million, in cash and balances with CBT by TL 122.5 million and loans and receivables by TL 107.9 million, Meanwhile, the most notable decrease in assets items included in receivables from banks by TL 426.7 million,

- At end March-2016, external sources constituted 85.4% of consolidated liabilities, Total deposits which was the most significant part of the external sources, increased by 1.1% (TL 36.5 million) compared to 2015 to TL 3,384.2 million, Shareholders' equity which constituted 14.6% of consolidated liabilities, increased by 2.7% (TL 16.9 million) to TL 630.4 million,
- Guaranties and warranties, which includes letters of guarantee, letters of credit and bank acceptances, went down by 7.4% (TL 174.5 million) to TL 2,188 million,
- At end-March 2016, net term profit of the Group stood at TL 17,221 thousand, up by 5.3% from the same period of the previous year,

**IV. RATING OF THE PARENT BANK**

The credit ratings of the Parent Bank were affirmed by the international credit rating agency Fitch Ratings on January 12, 2016, The ratings are as follows:

Type of Rating	Rating	Outlook
Long-Term Foreign Currency IDR	BB-	Stable
Long-Term Local Currency IDR	BB-	Stable
Short-Term Foreign Currency IDR	B	Stable
Short-Term Local Currency IDR	B	Stable
Viability Rating	bb-	
Support Rating	5	
National Long-Term Rating	A+(tur)	

## **ARAP TÜRK BANKASI A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

---

#### **V. INFORMATION ON SUBSIDIARY SUBJECT TO CONSOLIDATION**

The Parent Bank has a subsidiary that operates in the field of financial leasing,

A&T Finansal Kiralama A,Ş was established to conduct domestic and foreign financial leasing operations regarding to the permission of Undersecretariat of Treasury and Foreign Trade pursuant to Law No, 3226 with the publication of the Articles of Association in the Turkish Trade Registry Gazette on July 4, 1997,

Arap Türk Bankası A,Ş, is the main shareholder of the company by 99,98% share, Operations of the company includes leasing transactions of construction equipment, machinery and real estate,

The company carries out its leasing activities mainly in Turkey,

#### **VI. OTHER ISSUES**

There is no significant changes apart from the above mentioned explanations compared to the 2015 Annual Activity Report of the Bank, which has been prepared according to "the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks".