

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

Arap Türk Bankası Anonim Şirketi

**Unconsolidated Financial Statements
As of and For the Three Month Period Ended 31 March 2017
With Limited Audit Report Thereon**
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

26 April 2017

*This report contains “Limited Auditors’ Report”
comprising 2 pages and; “Unconsolidated 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 Unconsolidated Financial Statements

We have reviewed the accompanying unconsolidated statements of financial position of Arap Türk Bankası A.Ş. (the "Bank") as at 31 March 2017 and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

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



Basis of Qualified Conclusion

The accompanying unconsolidated financial information as of 31 March 2017 include a general provision total amounting to TL 16,000 thousands provided by the Bank management for the possible result of the negative circumstances which may arise from any circumstances from any change in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not presented fairly in all material respects, the financial position of Arap Türk Bankası A.Ş. at 31 March 2017 and of the results of its operations and its cash flows for three-month-period then ended in all aspects in accordance with the "BRSA Accounting and Reporting Legislation".

Report on other regulatory requirements arising from legislation

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

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

Erdal Tıkmak, SMMM
Partner

26 April 2017
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**


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

The unconsolidated interim financial report as of and for the three month period ended 31 March 2017 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The accompanying unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying unconsolidated interim financial statements are presented in thousands of Turkish Lira (TL) as of 31 March 2017 and have been subject to limited review.


Yılmaz Ertürk
Chairman of the Board of
Directors


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


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


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


Abdulhakim A. E. Khamag
General Manager


Salih Hatipoğlu
Assistant General Manager
Responsible For Financial Reporting


Feyzullah Küpeli
Manager

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

Name / Title: Feyzullah Küpeli / Manager

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

SECTION ONE

General Information About The Bank

I.	Bank's date of establishment, beginning statute, its history regarding changes on its statute	2
II.	Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about the Bank's group	2
III.	Information about the bank's chairman and members of board of directors, members of audit committee, general manager and assistant general managers and their qualifications, related changes within the year and their shares at the bank	2
IV.	Information on people and entities who have qualified share in the bank	2
V.	Information about the services and nature of activities of the bank	3
VI.	Differences between the communicate 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 Bank and its subsidiaries or the reimbursement of liabilities	3

SECTION TWO

Unconsolidated Financial Statements

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

SECTION THREE

Explanations on Accounting Policies

I.	Explanations for basis of presentation	12
II.	Information on strategy for the use of financial instruments and foreign currency transactions	12
III.	Explanations on investments in associates and subsidiaries	13
IV.	Information on forward transactions, options and derivative instruments	13
V.	Information on interest income and expense	14
VI.	Information on fees and commission	14
VII.	Information on financial assets	14- 15
VIII.	Information on impairment of financial assets	16
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	17
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	19
XVI.	Information on liabilities regarding employee benefits	19
XVII.	Information on tax applications	20
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 Financial Position of the Bank

I.	Information on Shareholder's Equity	23-26
II.	Information on foreign currency exchange rate risk	27-29
III.	Information on interest rate risk	30-33
IV.	Information on stock position risk	34
V.	Liquidity risk management and liquidity coverage ratio	34-40
VI.	Explanations of leverage ratio	41
VII.	Information on risk management	42
VIII.	Information on business segments	43

SECTION FIVE

Information on Disclosures and Footnotes of Unconsolidated Financial Statements

I.	Information on disclosures and footnotes of assets	44-54
II.	Information and disclosures related to liabilities	55-62
III.	Information and disclosures related to off-balance sheets	63
IV.	Information and footnotes related to statement of income	64-68
V.	Information on the bank's risk group	69
VI.	Subsequent events	69

SECTION SIX

Limited Auditors' Report

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

SECTION SEVEN

I.	Evaluation of the Chairman and General Manager for the period	71
II.	Unconsolidated Financial Highlights for the Period	72
III.	Unconsolidated Main Financial Ratios	73
IV.	Evaluation of the Bank's Financial Position and Performance	73
V.	Amendments to the Articles of Association	73
VI.	Changes in the Membership Structure of the Board of Directors	73
VII.	Changes in the Membership Structure of the Audit Committee and Managers of the Units responsible for the Internal Systems	74
VIII.	Changes in the Membership Structure of Other Governance Committees	74
IX.	Other Issues	74

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

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

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

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

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

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

As of 31 March 2017, the Bank's share capital at the balance sheet date as follows:

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

⁽¹⁾ Emek İnşaat ve İşletme A.Ş. has 0,0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2016: 0,0000014% share and TL 6.20 (full digit in TL)).

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

Name	Job Title - Description
Yılmaz Ertürk	Chairman of the Board of Directors
Ahmed Mohamed M. Benbarka	Deputy Chairman of the Board of Directors and Head of the Audit Committee
Abdulhakim A. E. Khamag	Member of the Board of Directors and General Manager
Abdurauf İbrahim G.Shneba	Member of the Board of Directors and Audit Committee
Osman Arslan	Member of the Board of Directors and Audit Committee
Bilgehan Kuru	Member of the Board of Directors and Audit Committee
Kemal Şahin	Member of the Board of Directors
Abdulfatah A. Enaami	Member of the Board of Directors
Hani Alhmalı Allafı İbrahim	Member of the Board of Directors

(1) As of 27 March 2017, Bilgehan Kuru was elected to Board Member pursuant to General Assembly due to the resignation of Ömer Muzaffer Baktır on 20 April 2017.

General Manager and Deputies

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

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

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

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

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

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

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

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

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

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

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

Arap Türk Bankası Anonim Şirketi
Unconsolidated Balance Sheet (Statement of Financial Position)
As of 31 March 2017

(Thousands of Turkish Lira)

ASSETS	Footnotes (5-I)	Reviewed			Audited		
		CURRENT PERIOD (31/03/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	5,838	1,062,325	1,068,163	12,613	968,469	981,082
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	19,277	450,864	470,141	467	550,350	550,817
2.1 Financial assets held for trading		19,277	450,864	470,141	467	550,350	550,817
2.1.1 Public sector debt securities		19,277	329,195	348,472	-	430,997	430,997
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		-	-	-	467	-	467
2.1.4 Other marketable securities		-	121,669	121,669	-	119,353	119,353
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans granted		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	3,128	1,260,473	1,263,601	2,174	1,365,571	1,367,745
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	224	1,455	1,679	224	1,410	1,634
5.1 Securities representing a share in capital		224	1,455	1,679	224	1,410	1,634
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(5)	735,927	729,302	1,465,229	732,834	694,462	1,427,296
6.1 Loans and Receivables		733,795	729,302	1,463,097	728,534	694,462	1,422,996
6.1.1 Loans granted to the Bank's risk group		-	151,172	151,172	-	151,292	151,292
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		733,795	578,130	1,311,925	728,534	543,170	1,271,704
6.2 Loans under follow-up		21,011	-	21,011	21,049	-	21,049
6.3 Specific provisions (-)		18,879	-	18,879	16,749	-	16,749
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	26,924	384,924	411,848	19,060	380,483	399,543
8.1 Public sector debt securities		10,400	291,593	301,993	12,269	293,582	305,851
8.2 Other marketable securities		16,524	93,331	109,855	6,791	86,901	93,692
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Consolidated by equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	77,211	-	77,211	77,211	-	77,211
10.1 Financial subsidiaries		77,211	-	77,211	77,211	-	77,211
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated by equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Revenue (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	112,493	-	112,493	18,679	-	18,679
XV. INTANGIBLE ASSETS (Net)		2,356	-	2,356	2,478	-	2,478
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,356	-	2,356	2,478	-	2,478
XVI. INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
XVII. TAX ASSET	(14)	-	-	-	4,599	-	4,599
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		-	-	-	4,599	-	4,599
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		6	-	6	8	-	8
18.1 Held for sale purpose	(15)	6	-	6	8	-	8
18.2 Held from discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS		22,349	2,259	24,608	8,739	3,018	11,757
TOTAL ASSETS	(16)	1,005,733	3,891,602	4,897,335	879,086	3,963,763	4,842,849

Arap Türk Bankası Anonim Şirketi
Unconsolidated Balance Sheet (Statement of Financial Position)
As of 31 March 2017

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes (5-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(31/03/2017)			(31/12/2016)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	(1)	60,492	3,878,399	3,938,891	103,378	3,990,176	4,093,554
1.1 Deposits held by the Bank's risk group		1,036	2,885,819	2,886,855	55,453	2,843,611	2,899,064
1.2 Other		59,456	992,580	1,052,036	47,925	1,146,565	1,194,490
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	23	-	23	-	-	-
III. FUNDS BORROWED	(3)	606	94,521	95,127	1,482	2,343	3,825
IV. INTERBANK MONEY MARKET		20,005	-	20,005	3,495	-	3,495
4.1 Interbank money market payables		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		20,005	-	20,005	3,495	-	3,495
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		342	3,710	4,052	341	24,639	24,980
VIII. OTHER EXTERNAL RESOURCES	(4)	19,119	9,267	28,386	7,717	4,648	12,365
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASING TRANSACTIONS PAYABLES	(5)	-	-	-	-	-	-
10.1 Finance leasing payables		-	-	-	-	-	-
10.2 Operational leasing payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	52,344	2,137	54,481	52,126	2,059	54,185
12.1 General provisions		24,408	-	24,408	24,116	-	24,116
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserves for employee benefit		11,678	-	11,678	11,716	-	11,716
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		16,258	2,137	18,395	16,294	2,059	18,353
XIII. TAX LIABILITY	(8)	10,504	-	10,504	9,689	-	9,689
13.1 Current tax liability		6,229	-	6,229	9,689	-	9,689
13.2 Deferred tax liability		4,275	-	4,275	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Held from discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	745,866	-	745,866	640,756	-	640,756
16.1 Paid-in capital		440,000	-	440,000	440,000	-	440,000
16.2 Supplementary capital		83,476	-	83,476	(2,795)	-	(2,795)
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		86,476	-	86,476	-	-	-
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		(3,000)	-	(3,000)	(2,795)	-	(2,795)
16.3 Profit reserves		21,662	-	21,662	18,662	-	18,662
16.3.1 Legal reserves		21,662	-	21,662	18,662	-	18,662
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		-	-	-	-	-	-
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		200,728	-	200,728	184,889	-	184,889
16.4.1 Prior years income/loss		181,889	-	181,889	123,292	-	123,292
16.4.2 Current year income/loss		18,839	-	18,839	61,597	-	61,597
TOTAL LIABILITIES		909,301	3,988,034	4,897,335	818,984	4,023,865	4,842,849

Arap Türk Bankası Anonim Şirketi
Statement of Unconsolidated Off Balance Sheet Items
As of 31 March 2017

(Thousands of Turkish Lira)

	Footnotes (5-III)	Reviewed			Audited		
		CURRENT PERIOD (31/03/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		208,846	2,429,065	2,637,911	204,006	2,399,070	2,603,076
I. GUARANTEES AND WARRANTIES	(1),(2)	179,084	2,403,595	2,582,679	176,285	2,353,468	2,529,753
1.1. Letters of guarantee		172,259	1,927,332	2,099,591	176,285	1,855,365	2,031,650
1.1.1. Guarantees subject to State Tender Law		627	207	834	110	201	311
1.1.2. Guarantees given for foreign trade operations		45,977	1,671,334	1,717,311	44,154	1,607,539	1,651,693
1.1.3. Other letters of guarantee		125,655	255,791	381,446	132,021	247,625	379,646
1.2. Bank acceptances		-	4,548	4,548	-	4,415	4,415
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	4,548	4,548	-	4,415	4,415
1.3. Letters of credit		-	364,275	364,275	-	244,951	244,951
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	364,275	364,275	-	244,951	244,951
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		6,825	107,440	114,265	-	248,737	248,737
1.9. Other warranties		-	-	-	-	-	-
II. COMMITMENTS	(1)	4,156	-	4,156	10,275	27,943	38,218
2.1. Irrevocable commitments		4,156	-	4,156	10,275	27,943	38,218
2.1.1. Asset purchase and sales commitments		-	-	-	5,867	11,132	16,999
2.1.2. Deposit purchase and sales commitments		-	-	-	-	16,811	16,811
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		800	-	800	1,250	-	1,250
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitments for checks		3,356	-	3,356	3,158	-	3,158
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		25,606	25,470	51,076	17,446	17,659	35,105
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		25,606	25,470	51,076	17,446	17,659	35,105
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		25,606	25,470	51,076	17,446	17,659	35,105
3.2.2.1. Foreign currency swap-buy		-	25,470	25,470	-	17,659	17,659
3.2.2.2. Foreign currency swap-sell		25,606	-	25,606	17,446	-	17,446
3.2.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.2.3. Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		406,087	245,000	651,087	384,299	240,919	625,218
IV. ITEMS HELD IN CUSTODY		289,429	2,143	291,572	262,637	1,867	264,504
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		288,504	2,143	290,647	261,832	1,867	263,699
4.4. Commercial notes received for collection		175	-	175	55	-	55
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		750	-	750	750	-	750
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		116,658	242,857	359,515	121,662	239,052	360,714
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		89,486	145,830	235,316	94,487	144,873	239,360
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		27,144	92,784	119,928	27,147	90,061	117,208
5.6. Other pledged items		28	4,243	4,271	28	4,118	4,146
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		614,933	2,674,065	3,288,998	588,305	2,639,989	3,228,294

Arap Türk Bankası Anonim Şirketi
Unconsolidated Income Statement
For The Period Ended 31 March 2017
(Thousands of Turkish Lira)

INCOME AND EXPENSES	Dipnot (5-IV)	Reviewed	Reviewed
		CURRENT PERIOD (01/01/2017-31/03/2017)	PRIOR PERIOD (01/01/2016-31/03/2016)
I. INTEREST INCOME	(1)	52,851	54,813
1.1 Interest on loans		26,824	28,646
1.2 Interest received from reserve deposits		916	518
1.3 Interest received from banks		7,411	4,775
1.4 Interest received from money market transactions		22	-
1.5 Interest received from marketable securities portfolio		17,677	20,762
1.5.1 Financial assets held for trading		12,417	12,642
1.5.2 Financial assets where value change is reflected to income statement		-	-
1.5.3 Financial assets available for sale		-	-
1.5.4 Investments held to maturity		5,260	8,120
1.6 Finance lease income		-	-
1.7 Other interest income		1	112
II. INTEREST EXPENSE	(2)	12,547	7,991
2.1 Interest on deposits		12,270	7,808
2.2 Interest on funds borrowed		45	37
2.3 Interest on money market transactions		232	59
2.4 Interest on securities issued		-	-
2.5 Other interest expense		-	87
III. NET INTEREST INCOME/EXPENSE (I - II)		40,304	46,822
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		11,159	9,741
4.1 Fees and commissions received		11,416	9,928
4.1.1 Non-cash loans		5,702	5,216
4.1.2 Other	(11)	5,714	4,712
4.2 Fees and commissions paid		257	187
4.2.1 Non-cash loans		1	1
4.2.2 Other		256	186
V. DIVIDEND INCOME		-	0
VI. NET TRADING INCOME/EXPENSE	(3)	1,026	(386)
6.1 Capital markets transactions		-	-
6.2 Profit/losses on trading account securities		524	(5,176)
6.3 Foreign exchange profit/losses		502	4,790
VII. OTHER OPERATING INCOME	(4)	464	408
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		52,953	56,585
IX. PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)	(5)	8,454	17,662
X. OTHER OPERATING EXPENSES (-)	(6)	20,715	18,313
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		23,784	20,610
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM CONTINUING OPERATIONS		-	-
XIV. NET MONETARY POSITION GAIN/LOSS		-	-
XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(7)	23,784	20,610
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(4,945)	(5,456)
16.1 Current tax provision	(8)	(3,672)	(6,287)
16.2 Deferred tax provision		(1,273)	831
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(9)	18,839	15,154
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from asset 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 Expenses on asset 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)	(10)	18,839	15,154
Earning/Loss Per Share		0.0004	0.0003

Arap Türk Bankası Anonim Şirketi
Statement of Recognized Income and Expense in Unconsolidated Shareholders' Equity
For The Period Ended 31 March 2017

(Thousands of Turkish Lira)

INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2017-31/03/2017)	(01/01/2016-31/03/2016)
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	94,128	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(256)	(456)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	(7,601)	91
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	86,271	(365)
XI.	CURRENT PROFIT/LOSSES	18,839	15,154
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	18,839	15,154
XII.	TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	105,110	14,789

Arap Türk Bankası Anonim Şirketi
Statement of Changes In Unconsolidated Shareholders' Equity
For The Period Ended 31 March 2017

(Thousands of Turkish Lira)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Capital Reserves from Inflation Adjustments	Share premium Premium	Share Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/Loss	Prior Period Net Profit/Loss	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets	Total Shareholders'
PRIOR PERIOD (31/12/2016)																	
I. Balances at the beginning of the period		440,000	-	-	-	15,189	-	-	(2,131)	70,106	78,659	-	-	-	-	-	601,823
II. Corrections made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the period (I+II)		440,000	-	-	-	15,189	-	-	(2,131)	70,106	78,659	-	-	-	-	-	601,823
Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedges for Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves From Inflation Adjustments To Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	(365)	-	-	-	-	-	-	-	(365)
XIX. Current Period Net Profit		-	-	-	-	-	-	-	-	15,154	-	-	-	-	-	-	15,154
XX. Profit distribution		-	-	-	-	3,473	-	-	-	(70,106)	66,633	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	3,473	-	-	-	(70,106)	66,633	-	-	-	-	-	-
20.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of period (III+IV+V+.....+XVIII+XIX+XX)		440,000	-	-	-	18,662	-	-	(2,496)	15,154	145,292	-	-	-	-	-	616,612
CURRENT PERIOD (31/03/2017)																	
I. Balances at end of prior period		440,000	-	-	-	18,662	-	-	(2,795)	61,597	123,292	-	-	-	-	-	640,756
Changes within the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedges for Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Net Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	86,476	-	-	-	86,476
VI. Revaluation surplus on intangible 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 issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves From Inflation Adjustments To Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	(205)	-	-	-	-	-	-	-	(205)
XVII. Current Period Net Profit		-	-	-	-	-	-	-	-	18,839	-	-	-	-	-	-	18,839
XVIII. Profit distribution		-	-	-	-	3,000	-	-	-	(61,597)	58,597	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to legal reserves		-	-	-	-	3,000	-	-	-	(61,597)	58,597	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of period (I+II+III+...+XVI+XVII+XVIII)		440,000	-	-	-	21,662	-	-	(3,000)	18,839	181,889	-	86,476	-	-	-	745,866

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

Arap Türk Bankası Anonim Şirketi
Statement of Unconsolidated Cash Flow
For The Period Ended 31 March 2017

(Thousands of Turkish Lira)

		Reviewed	Reviewed
	Footness (5-VI)	CURRENT PERIOD (31/03/2017)	PRIOR PERIOD (31/03/2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		31,876	39,332
1.1.1 Interests Received		51,393	54,813
1.1.2 Interest Paid		(4,410)	(3,317)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		11,416	9,928
1.1.5 Other Income		1,478	(5,521)
1.1.6 Collections From Previously Written-off Loans and Other Receivables		162	15
1.1.7 Payments to Personnel and Service Suppliers		(18,340)	(14,969)
1.1.8 Taxes Paid		469	(4,859)
1.1.9 Other		(10,292)	3,242
1.2 Changes in Operating Assets and Liabilities		(96,927)	(699,068)
1.2.1 Net Decrease in Financial Assets Held For Trading		89,137	(284,109)
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		(3,986)	(337,709)
1.2.4 Net (Increase) in Loans		(41,915)	(115,618)
1.2.5 Net Decrease in Other Assets		(12,505)	(8,255)
1.2.6 Net Increase /(Decrease) in Bank Deposits		(202,300)	63,297
1.2.7 Net Increase (Decrease) in Other Deposits		(19,887)	(19,795)
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		90,965	(4,284)
1.2.9 Net Increase/ (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities		3,564	7,405
I. Net Cash Flow From Banking Operations		(65,051)	(659,736)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow From Investing Activities		8,626	27,425
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		(198)	(501)
2.4 Sales of Tangible Assets		27	-
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		(16,400)	(79,797)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		25,441	107,827
2.9 Other		(244)	(104)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. 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 Other		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		24,724	(1,997)
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(31,701)	(634,308)
VI. Cash and Cash Equivalents at Beginning of Period		1,644,352	1,755,480
VII. Cash and Cash Equivalents at the End of Period		1,612,651	1,121,172

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

As indicated in Note XIII and Note XIV of Section Three, except the changes in the current period on accounting policies from historical cost method to revaluation / fair value method for the real estates which held for the Group's own use and investment properties, the accounting policies are consistent with the financial statements in prior period.

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

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

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

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

Explanation for convenience translation into English:

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

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

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

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

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

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

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

Derivatives are initially recorded at their purchase costs and does not including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

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

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets Available-for-Sale

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

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

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

c. Loans and Receivables

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

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

d. Financial Assets Held to Maturity

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

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

VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Bank's intangible assets consist of software.

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

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

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

XIII. INFORMATION ON TANGIBLE ASSETS

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

The Bank had measured the real estates which are classified under the tangible assets at its cost in accordance with the "TAS 16- Property, Plant and Equipment". Beginning from the current year, the Bank has changed its accounting policies and has started to use revaluation method for the real estates that are held for own use. The positive valuation differences between the net book value of real estate property values and the expertise values which are determined by the licensed expertize companies are recognized under the equity.

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

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

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessor

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

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

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

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 other benefits to employees

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2017 is TL 4,426.16 (full TL) (31 December 2016: TL 4,297.21 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

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

Other benefits to employees

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

XVII. INFORMATION ON TAX APPLICATIONS

Corporate tax

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

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

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

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

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

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

Deferred taxes

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

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

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

XVII. INFORMATION ON TAX APPLICATIONS (Continued)

Transfer Pricing

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

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

XVIII. ADDITIONAL INFORMATION ON BORROWINGS

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

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XIX. INFORMATION ON SHARE ISSUANCES

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

XX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XXI. INFORMATION ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank as of 31 March 2017 and 31 December 2016.

XXII. INFORMATION ON SEGMENT REPORTING

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

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

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

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

Related parties

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. INFORMATION ON SHAREHOLDER'S EQUITY

Information about Total Capital:

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	743,507	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	437,000	
Share issue premiums	-	
Reserves	21,662	
Gains recognized in equity as per TAS	86,476	
Profit	200,728	
Current Period Profit	18,839	
Prior Period Profit	181,889	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	745,866	
Deductions from Common Equity Tier 1 Capital	2,359	2,830
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	474	474
Goodwill (net of related tax liability)	1,885	2,356
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	2,359	
Total Common Equity Tier 1 Capital	743,507	

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial		
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	471	
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(-)	471	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	743,036	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	24,408	
Tier II Capital Before Deductions	24,408	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	24,408	
Total Capital (The sum of Tier I Capital and Tier II Capital)	767,444	
Deductions from Total Capital	767,444	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	6	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
TOTAL CAPITAL	767,438	783,438
Total Capital	767,438	783,438
Total risk weighted amounts	3,631,440	3,631,440
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	20.47	-
Tier 1 Capital Adequacy Ratio (%)	20.46	-
Capital Adequacy Ratio (%)	21.13	21.57
BUFFERS		
Total buffer requirement	1.376	-
Capital conservation buffer requirement (%)	1.250	-
Bank specific counter-cyclical buffer requirement (%)	0.126	-
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	15.97	-
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	24,408	24,408
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	24,408	24,408
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-
⁽¹⁾ The amounts of items in accordance with transition provisions	-	-

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Informations on addition debt instruments to shareholders' equity calculating:	Current Period
Exporter	-
Code of debt instrument (CUSIP, ISIN etc.)	-
Legislation of debt instrument	-
Attention Situation of Shareholders' Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2016)	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-
Type of debt instrument	-
Considered amount of shareholders' equity calculation. (By last report date of – Million TL)	-
Nominal value of debt instrument (Million TL)	-
Related account of debt instrument	-
Export date of debt instrument	-
Maturity structure of debt instrument (demand/term)	-
Beginning term of debt instrument	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-
Following reimbursement option dates	-
Interest/Dividend Payments	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
Feature of being convertible bonds	
If there's convertible bonds, trigger incidents cause this conversion	-
If there's convertible bonds, feature of full or partially conversion	-
If there's convertible bonds, rate of conversion	-
If there's convertible bonds, feature of conversion -obligatory or optional-	-
If there's convertible bonds, types of convertible instruments	-
If there's convertible bonds, exporter of convertible debt instruments	-
Feature of value reduction	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-

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

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

II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

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

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	Euro
24 March 2017	TL 3.6134	TL 3.8973
27 March 2017	TL 3.6185	TL 3.9051
28 March 2017	TL 3.5931	TL 3.9045
29 March 2017	TL 3.6186	TL 3.9283
30 March 2017	TL 3.6416	TL 3.9268
31 March 2017	TL 3.6386	TL 3.9083

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

The basic arithmetical average of the Bank's foreign exchange bid rate for March 2017 is TL 3.6695 for USD, TL 3.9162 for EURO.

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

Current Period	Euro	USD Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	496,864	565,306	155	1,062,325
Banks	668,915	582,969	8,589	1,260,473
Financial Assets through Profit or Loss	174,637	276,227	-	450,864
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	90	1,365	-	1,455
Loans ⁽¹⁾	556,794	243,503	-	800,297
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	149,836	235,088	-	384,924
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	455	1,804	-	2,259
Total Assets	2,047,591	1,906,262	8,744	3,962,597
Liabilities				
Bank Deposits	1,816,046	1,555,180	3,514	3,374,740
Foreign Currency Deposits	222,330	276,929	4,400	503,659
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	981	93,540	-	94,521
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2,432	1,272	6	3,710
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	3,136	8,102	166	11,404
Total Liabilities	2,044,925	1,935,023	8,086	3,988,034
Net Balance Sheet Position	2,666	(28,761)	658	(25,437)
Net Off Balance Sheet Position	-	25,470	-	25,470
Financial Derivatives (Assets)	-	25,470	-	25,470
Financial Derivatives (Liabilities)	-	-	-	-
Non-Cash Loans	801,793	1,089,109	512,693	2,403,595
Prior Period				
Total Assets	2,394,201	1,612,989	4,422	4,011,612
Total Liabilities	2,385,012	1,634,669	4,184	4,023,865
Balance Sheet Position, net	9,189	(21,680)	238	(12,253)
Off Balance Sheet Position, net	(8,385)	20,141	88	11,844
Financial Derivatives (Assets)	-	20,229	88	20,317
Financial Derivatives (Liabilities)	(8,385)	(88)	-	(8,473)
Non-cash Loans	703,810	1,162,720	486,938	2,353,468

⁽¹⁾ As of 31 March 2017 loan balance includes foreign currency indexed loans amounting to TL 70,995 (31 December 2016: TL 47,849).

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

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 31 March 2017 and 31 December 2016 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	(267)	(267)	(80)	(80)
US Dollar	329	329	154	154
Other Currencies	(66)	(66)	(33)	(33)
Total	(4)	(4)	41	41

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	267	267	80	80
US Dollar	(329)	(329)	(154)	(154)
Other Currencies	66	66	33	33
Total	4	4	(41)	(41)

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

III. INFORMATION ON INTEREST RATE RISK

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

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

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

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

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

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

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

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	567,049	-	-	-	-	501,114	1,068,163
Banks	1,082,624	180,977	-	-	-	-	1,263,601
Financial assets at fair value through Profit or Loss	-	31,992	145,874	292,275	-	-	470,141
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	1,679	1,679
Loans	656,746	314,999	385,500	58,527	47,325	2,132	1,465,229
Investment securities held-to-maturity	2,400	58,845	39,800	293,109	17,694	-	411,848
Other assets ⁽¹⁾	-	-	-	-	-	216,674	216,674
Total assets	2,308,819	586,813	571,174	643,911	65,019	721,599	4,897,335
Liabilities							
Bank deposits	1,673,532	262,173	1,469,934	-	-	92	3,405,731
Other deposits	37,892	11,178	32,147	-	-	451,943	533,160
Money market borrowings	20,005	-	-	-	-	-	20,005
Miscellaneous payables	-	-	-	-	-	4,052	4,052
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From							
Other Fin. Ins.	839	1,716	1,600	90,972	-	-	95,127
Other liabilities ⁽²⁾	23	-	-	-	-	839,237	839,260
Total liabilities	1,732,291	275,067	1,503,681	90,972	-	1,295,324	4,897,335
Long Position in the Balance Sheet	576,528	311,746	-	552,939	65,019	-	1,506,232
Short Position in the Balance Sheet	-	-	(932,507)	-	-	(573,725)	(1,506,232)
Long Position in the Off-balance Sheet	25,470	-	-	-	-	-	25,470
Short Position in the Off-balance Sheet	(25,606)	-	-	-	-	-	(25,606)
Total Position	576,392	311,746	(932,507)	552,939	65,019	(573,725)	(136)

⁽¹⁾ Other Assets: The amount of TL 216,674 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 112,493, Intangible Assets amounting to TL 2,356, Assets Held for Sale amounting to TL 6, and Non-Interest Bearing amounts of Other Assets amounting to TL 24,608.

⁽²⁾ Other Liabilities: The amount of TL 839,237 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 745,866, Provisions amounting to TL 54,481, Tax, Duty and Premium Payable amounting to TL 10,504 and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 28,386.

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

III. INFORMATION ON INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	403,429	-	-	-	-	577,653	981,082
Banks	1,194,285	162,345	11,115	-	-	-	1,367,745
Financial assets at fair value through Profit or Loss	368	120,949	139,324	290,176	-	-	550,817
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	1,634	1,634
Loans	601,728	421,793	253,705	100,024	45,746	4,300	1,427,296
Investment securities held-to-maturity	2,054	59,682	48,344	272,288	17,175	-	399,543
Other assets ⁽¹⁾	-	-	-	-	-	114,732	114,732
Total assets	2,201,864	764,769	452,488	662,488	62,921	698,319	4,842,849
Liabilities							
Bank deposits	1,881,979	348,332	603,889	706,546	-	-	3,540,746
Other deposits	26,664	10,746	31,097	-	-	484,301	552,808
Money market borrowings	3,495	-	-	-	-	-	3,495
Miscellaneous payables	-	-	-	-	-	24,980	24,980
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	-	358	3,467	-	-	-	3,825
Other liabilities ⁽²⁾	-	-	-	-	-	716,995	716,995
Total liabilities	1,912,138	359,436	638,453	706,546	-	1,226,276	4,842,849
Long Position in the Balance Sheet	289,726	405,333	-	-	62,921	-	757,980
Short Position in the Balance Sheet	-	-	(185,965)	(44,058)	-	(527,957)	(757,980)
Long Position in the Off-balance Sheet	-	17,659	-	-	-	-	17,659
Short Position in the Off-balance Sheet	-	(17,446)	-	-	-	-	(17,446)
Total Position	289,726	405,546	(185,965)	(44,058)	62,921	(527,957)	213

⁽¹⁾ Other Assets: The amount of TL 114,732 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 18,679, Intangible Assets amounting to TL 2,478, Deferred Tax Assets amounting to TL 4,599, Assets Held for Sale amounting to TL 8, and Non-Interest Bearing amounts of Other Assets amounting to TL 11,757.

⁽²⁾ Other Liabilities: The amount of TL 716,995 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 640,756, Provisions amounting to TL 54,185, Tax, Duty and Premium Payable amounting to TL 9,689 and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 12,365.

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

Current Period	EURO	USD	YEN	TL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	0.57	-	3.47
Banks	1.76	2.71	-	12.03
Financial assets at fair value through profit or loss	2.27	3.90	-	10.86
Money Market Placements	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	2.97	4.20	-	13.09
Investment securities held-to-maturity	2.74	5.89	-	11.32
Liabilities				
Interbank deposits	0.78	2.49	-	11.75
Other deposits	1.19	2.02	-	8.85
Money market borrowings	-	-	-	9.25
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	1.25	3.28	-	6.69
Prior Period	EURO	USD	YEN	TL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	0.49	-	3.36
Banks	2.06	2.93	-	8.50
Financial assets at fair value through profit or loss	1.57	3.88	-	-
Money Market Placements	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	3.23	4.05	-	11.88
Investment securities held-to-maturity	2.80	5.79	-	10.03
Liabilities				
Interbank deposits	0.72	2.60	-	6.13
Other deposits	0.91	1.93	-	8.63
Money market borrowings	-	-	-	8.00
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	1.25	2.41	-	6.72

IV. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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

None.

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

None.

V. LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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

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

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

The Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya and has an asset value more than 18 billion USD. Funds received from the main shareholder Libyan Foreign Bank correspond to 33% of total liabilities. On the other hand, funds received from the Bank’s risk group have a 61% share in liabilities.

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

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

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

A large portion of the Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 55% of these funds are USD and 44% are Euro.

Information regarding to the liquidity risk mitigation techniques used

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

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

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

General information on the emergency and contingency plan of Liquidity

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

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

Liquidity coverage ratio

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

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

	Week	FC	Week	FC+LC
Lowest	06.01.2017	70	17.02.2017	84
Highest	06.01.2017	82	31.03.2017	103

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

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

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,855,420	1,836,469	1,496,696	1,477,646
CASH OUTFLOWS				
2 Real person deposits and retail deposits	271,590	256,506	23,015	25,651
3 Stable deposit	82,883	-	4,144	-
4 Deposit with low stability	188,707	256,506	18,871	25,651
5 Unsecured debts except real person deposits and retail deposits	3,346,403	3,219,136	3,062,867	2,954,967
6 Operational deposit	-	-	-	-
7 Non-operating deposits	3,255,131	3,192,414	2,971,595	2,928,245
8 Other unsecured debts	91,272	26,722	91,272	26,722
9 Secured debts	20,848	-	-	-
10 Other cash outflows	2,723,995	2,530,569	161,558	134,405
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	2,723,995	2,530,569	161,558	134,405
16 TOTAL CASH OUTFLOW	6,362,836	6,006,211	3,247,440	3,115,023
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,801,992	1,208,769	1,638,566	1,192,703
19 Other cash inflows	2,657	2,137	2,657	2,137
20 TOTAL CASH INFLOWS	1,804,649	1,210,906	1,641,223	1,194,840
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			1,496,696	1,477,646
22 TOTAL NET CASH OUTFLOWS			1,606,217	1,920,182
23 LIQUIDITY COVERAGE RATIO (%)			93.18	76.95

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

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

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

Prior Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	LC+FC	FC	LC+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	1,606,345	1,587,047	1,262,159	1,242,861
CASH OUTFLOWS				
2 Real person deposits and retail deposits	249,938	220,753	21,416	23,503
3 Stable deposit	71,557	-	3,578	-
4 Deposit with low stability	178,381	220,753	17,838	23,503
5 Unsecured debts except real person deposits and retail deposits	3,034,988	2,863,443	2,772,883	2,640,218
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,951,083	2,840,464	2,688,978	2,617,239
8 Other unsecured debts	83,905	22,979	83,905	22,979
9 Secured debts	8,591	-	-	-
10 Other cash outflows	2,419,246	2,223,625	144,754	118,518
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	2,419,246	2,223,625	144,754	118,518
16 TOTAL CASH OUTFLOW	5,712,763	5,322,101	2,939,053	2,782,239
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,711,343	1,144,514	1,508,706	1,118,919
19 Other cash inflows	8,168	869	8,168	869
20 TOTAL CASH INFLOWS	1,719,511	1,145,383	1,516,874	1,119,788
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			1,262,159	1,242,861
22 TOTAL NET CASH OUTFLOWS			1,422,179	1,662,451
23 LIQUIDITY COVERAGE RATIO (%)			88.75	74.76

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

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

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

Sections High-quality liquid assets comprised of

High-quality liquid assets consist of cash, effectives, debt instruments issued by CBRT and treasury, debt instruments with a credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 62% of high-quality liquid assets of the Bank, while 38% 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. 80% 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 TL 135 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. 80% 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 Bank's liquidity transfer and liquidity risk exposure

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

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

None.

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	7,807	1,060,356	-	-	-	-	-	1,068,163
Banks	31,070	1,051,553	180,978	-	-	-	-	1,263,601
Financial Assets at Fair Value through Profit or Loss	-	-	31,992	145,874	292,275	-	-	470,141
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	-	1,679	1,679
Loans	-	656,746	285,236	417,395	58,527	47,325	-	1,465,229
Investment securities held-to-maturity	-	2,400	24,683	73,964	293,107	17,694	-	411,848
Other assets ⁽¹⁾	-	-	-	-	-	-	216,674	216,674
Total Assets	38,877	2,771,055	522,889	637,233	643,909	65,019	218,353	4,897,335
Liabilities								
Interbank Deposits	811,462	862,162	262,173	1,469,934	-	-	-	3,405,731
Other Deposits	451,943	37,892	11,178	32,147	-	-	-	533,160
Funds provided from other financial institutions	-	837	1,717	1,600	90,973	-	-	95,127
Money market borrowings	-	20,005	-	-	-	-	-	20,005
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	4,052	4,052
Other liabilities ⁽²⁾	-	2,576	3,676	-	-	-	833,008	839,260
Total Liabilities	1,263,405	923,472	278,744	1,503,681	90,973	-	837,060	4,897,335
Net Liquidity Gap	(1,224,528)	1,847,583	244,145	(866,448)	552,936	65,019	(618,707)	-
Prior Period								
Total Assets	93,769	2,685,747	707,269	514,289	662,488	62,921	116,366	4,842,849
Total Liabilities	1,345,992	1,056,196	363,376	638,453	706,546	-	732,286	4,842,849
Net Liquidity Gap	(1,252,223)	1,629,551	343,893	(124,164)	(44,058)	62,921	(615,920)	-

(1) Other Assets: The amount of TL 216,674 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 77,211, Tangible Assets amounting to TL 112,493, Intangible Assets amounting to TL 2,356, Assets Held for Sale amounting to TL 6, and Unallocated amounts of Other Assets amounting to TL 24,608.

(2) Other Liabilities: The amount of TL 833,008 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 745,866, Provisions amounting to TL 54,481, Deferred Tax Liability amounting to TL 4,275 and Unallocated amounts of Other Foreign Resources amounting to TL 28,386.

VI. EXPLANATIONS ON LEVERAGE RATIO**Leverage Ratio****Information on subjects that causes difference in leverage ratio between current and prior periods:**

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

Leverage ratio disclosure as follows:

	Balance sheet assets	Prior Period	Current Period
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	4,704,079	4,999,628
2	(Assets deducted from main capital)	(2,674)	(2,846)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	4,701,405	4,996,782
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	347	909
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	347	909
	Security or secured financing transactions		
7	Risk amount of security or secured financing transactions (Except balance sheet)	-	-
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	-	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	2,490,093	2,705,675
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)	2,490,093	2,705,675
	Equity and total risk		
13	Main capital	633,458	679,522
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	7,191,845	7,703,366
	Leverage ratio		
15	Leverage ratio	8.81%	8.82%

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

VII. INFORMATION ON RISK MANAGEMENT**Overview of Risk Weighted Amount**

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	3,167,301	3,092,040	253,384
2	Standardised approach (SA)	3,167,301	3,092,040	253,384
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	51	322	4
5	Standardised approach for counterparty credit risk (SA-CCR)	51	322	4
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 12.50% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	148,263	158,800	11,861
17	Standardised approach (SA)	148,263	158,800	11,861
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	315,825	268,975	25,266
20	Basic Indicator Approach	315,825	268,975	25,266
21	Standart Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	3,631,440	3,520,137	290,515

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

None.

RWA flow statements of market risk exposures under an IMA

None.

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

VIII. INFORMATION ON BUSINESS SEGMENTS

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

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(337)	25,536	15,105	-	40,304
Commission Income (Net)	-	11,159	-	-	11,159
Unallocated Income/Expenses (Net)	-	-	-	(27,679)	(27,679)
Operating Income	(337)	36,695	15,105	(27,679)	23,784
Income from Subsidiaries	-	-	-	-	-
Income before tax	-	-	-	-	23,784
Tax Provision	-	-	-	-	(4,945)
Net Profit for the period					18,839

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	363	1,270,937	3,400,198	-	4,671,498
Associates and Subsidiaries	-	-	-	77,211	77,211
Unallocated assets	-	-	-	148,626	148,626
Total Assets	363	1,270,937	3,400,198	225,837	4,897,335
Segment Liabilities	178,704	378,310	3,497,009	-	4,054,023
Unallocated Liabilities	-	-	-	97,446	97,446
Equity	-	-	-	745,866	745,866
Total Liabilities	178,704	378,310	3,497,009	843,312	4,897,335

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(264)	27,807	19,279	-	46,822
Commission Income (Net)	-	9,741	-	-	9,741
Unallocated Income/Expenses (Net)	-	-	-	(35,953)	(35,953)
Operating Income	(264)	37,548	19,279	(35,953)	20,610
Income from Subsidiaries	-	-	-	-	-
Income before tax	-	-	-	-	20,610
Tax Provision	-	-	-	-	(5,456)
Net Profit for the period					15,154

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	573	1,267,257	3,445,670	-	4,713,500
Associates and Subsidiaries	-	-	-	77,211	77,211
Unallocated assets	-	-	-	52,138	52,138
Total Assets	573	1,267,257	3,445,670	129,349	4,842,849
Segment Liabilities	262,720	288,832	3,549,322	-	4,100,874
Unallocated Liabilities	-	-	-	101,219	101,219
Equity	-	-	-	640,756	640,756
Total Liabilities	262,720	288,832	3,549,322	741,975	4,842,849

SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF
UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

1. Information on cash equivalents and Central Bank of Turkey

Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,348	6,459	1,817	11,289
Central Bank of Turkey	4,490	1,055,866	10,796	957,180
Other	-	-	-	-
Total	5,838	1,062,325	12,613	968,469

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	4,490	-	10,796	-
Unrestricted Time Deposits	-	338,159	-	265,646
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	717,707	-	691,534
Total	4,490	1,055,866	10,796	957,180

⁽¹⁾ General reserve amount requirements maintained at CBRT

Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 4% and 10.5% (31 December 2016: between 4% and 10.5%), and for USD or EUR at the rates of 4% and 24% respectively according to their maturities as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey (31 December 2016: between 4% and 24%). As per the change in the Reserve Deposits Communiqué which is no of 29588 issued in Official Gazette numbered 2016/2 interest rates of foreign banks deposits subjected to interest rates of other liabilities except the deposits /participation funds other than interest rates of deposits /participation funds in the current application.

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

Among financial assets at fair value through profit or loss; there is TL 12,143 marketable securities subjected to repurchase transaction (31 December 2016: None). There is no collateral /blocked financial assets at fair value through profit or loss in the current period (31 December 2016: None).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

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

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

Positive differences related to trading derivative financial assets;

*None.***3. Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	3,128	1,229,146	2,174	1,310,654
Foreign banks	-	31,327	-	54,917
Foreign head offices and branches	-	-	-	-
Total	3,128	1,260,473	2,174	1,365,571

4. Information on available for sale financial assets*Information on transaction of repo and collateral/blocked financial assets (Net)**None.**Major types of available for sale financial assets*

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

Information on available for sale financial assets

	Current period	Prior period
Debt Securities	-	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	1,679	1,634
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	1,679	1,634
Impairment provision (-)	-	-
Total	1,679	1,634

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

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	3	24,344	-	32,850
Corporate Shareholders	3	24,344	-	32,850
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank's personnel	361	-	567	-
Total	364	24,344	567	32,850

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)**5. Information on Loans (Continued)**

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

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring			
	Total Loans and Other Receivables	Restructured or Rescheduled		Total Loans and Other Receivables	Restructured or Rescheduled
		Extended compensation plans	Other		Extended compensation plans
Cash Loans					
Non-specialized loans	1,410,883	-	-	-	52,214
Corporate loans	-	-	-	-	-
Export loans	119,466	-	-	-	-
Import loans	-	-	-	-	-
Loans given to financial sector	720,642	-	-	-	-
Consumer loans	363	-	-	-	-
Credit cards	-	-	-	-	-
Other	570,412	-	-	-	52,214
Specialized loans	-	-	-	-	-
Other receivables	-	-	-	-	-
Total	1,410,883	-	-	-	52,214

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

<i>Number of Extension</i>	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	-	52,214
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-

The time extended via the amendment on payment plan

<i>Extension periods</i>	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	4,889
2 - 5 Years	-	-
5 Years and over	-	47,325

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

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	2	-	2
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	2	-	2
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	19	342	361
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	19	342	361
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	21	342	363

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)*Information on installment commercial loans and commercial credit cards*

	Short Term	Middle and Long Term	Total
Commercial Installment Loans-TL	1,956	-	1,956
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1,956	-	1,956
Other	-	-	-
Commercial Installment Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans -FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credited Deposit Account-TL (Legal Person)	-	-	-
Credited Deposit Account -FC (Legal Person)	-	-	-
Total	1,956	-	1,956

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	1,462,006	1,405,814
Foreign loans	1,091	17,182
Total	1,463,097	1,422,996

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

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	2,261
Uncollectible loans and receivables	18,879	14,488
Total	18,879	16,749

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

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	4,521	16,528
Additions (+)	-	-	124
Transfers from other categories of nonperforming loans (+)	-	-	4,521
Transfers to other categories of nonperforming loans (-)	-	4,521	-
Collections (-)	-	-	162
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	21,011
Specific provisions (-)	-	-	18,879
Net Balance on Balance Sheet	-	-	2,132

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 6,370 which is followed in Turkish Lira accounts.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Non-performing loans and receivables
Current Period (Net)	-	-	2,132
Loans granted to real persons and legal entities (Gross)	-	-	16,528
Specific provisions (-)	-	-	14,396
Loans granted to real persons and legal entities (Net)	-	-	2,132
Banks (Gross) ⁽¹⁾	-	-	4,483
Specific provisions (-)	-	-	4,483
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	2,260	2,040
Loans granted to real persons and legal entities (Gross)	-	-	16,428
Specific provisions (-)	-	-	14,388
Loans granted to real persons and legal entities (Net)	-	-	2,040
Banks (Gross) ⁽¹⁾	-	4,521	100
Specific provisions (-)	-	2,261	100
Banks (Net)	-	2,260	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

⁽¹⁾ Foreign bank

Collection policy on loans determined as loss and other receivables

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

Information on write-off policy

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

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

As of 31 March 2017, the Bank has TL 7,899 marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2016: 3,365).

As of 31 March December 2017, the Bank has TL 1,850 held on collateral/blocked for guarantee from assets available-for-sale (31 December 2016: 3,085).

Information on government held to maturity financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	10,400	-	12,269	-
Treasury Bonds	-	-	-	-
Other Public Bonds	-	291,593	-	293,582
Total	10,400	291,593	12,269	293,582

Information of investments held to maturity

	Current Period	Prior Period
Debt Instruments	416,463	404,398
Quoted at stock exchange	306,376	310,697
Not-quoted at stock exchange	110,087	93,701
Impairment loss provision (-)	(4,615)	(4,855)
Total	411,848	399,543

Movement of marketable securities held to maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	399,543	281,558
Foreign Currency Gains / Losses on Monetary assets	20,926	56,050
Purchases during the Period	21,435	254,588
Disposals through sales and redemptions ⁽¹⁾	(25,441)	(187,798)
Impairment loss provision ⁽²⁾	(4,615)	(4,855)
Period end balance	411,848	399,543

⁽¹⁾ In the current period redemption amounting to TL 25,441 (31 December 2016: TL 187,798) has been realized from the portfolio.

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

7. Information on associates

The Bank does not have an associate.

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

The Bank does not have an unconsolidated subsidiary.

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

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	77,000	77,000
Capital Reserves	71	80
Legal Reserves	2,649	2,649
Extraordinary Reserves – Legal Reserve per General		
Legislation	1	1
Profit / Loss	12,730	10,826
<i>Net Profit</i>	1,904	8,630
<i>Prior Period Profit/Loss</i>	10,826	2,196
Intangible Assets (-)	241	268
Total Core Capital	92,210	90,288
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	92,210	90,288
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL⁽¹⁾	92,210	90,288

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 92,210.

⁽²⁾ As decided in the Annual General Meeting which is held on 27 March 2017, the capital is increased amount of TL 8,000 and amount of TL 536 have been reserved as legal reserves.

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

Summary information on basic features of equity items

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

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

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

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

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

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

Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Year Profit / Loss	Prior Years Profit / Loss	Fair value ⁽¹⁾
322,972	92,451	4,416	6,464	-	1,904	8,630	-

⁽¹⁾ The related subsidiary has no fair value as of 31 March 2017.***Movement related to subsidiaries***

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

Sectoral Information on the subsidiaries

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

Quoted Subsidiaries

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

9. Information on joint ventures

The Bank has no joint ventures.

10. Information on Financial Lease Receivables (Net)

The Bank has no financial lease operation.

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

The Bank has no financial derivatives for hedging.

12. Information on tangible assets

As a result of the valuations that are carried out by licensed expertise firms, revaluation difference amounting to TL 94,128 recognized under shareholders' equity. The carrying amount of real estates before valuation was TL 15,700.

13. Information on investment property

The Bank has no investment property.

14. Information on tax assets

As of 31 March 2017, there is no tax receivable under current tax asset after the deduction of tax liability.

The net amount of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset. Detailed information on net deferred tax asset amounting to TL 4,275 is presented in footnote II-8 in Section Five.

15. Information about fixed assets held for sale

	Current Period	Prior Period
Cost	17	17
Impairment (-)	9	8
Accumulated Depreciation (-)	-	-
Prior Period Net Book Value	8	9
Opening Balance	17	17
Additions	-	-
Disposals (-)	4	-
Accumulated Impairment (-)	7	8
Impairment (-)	-	1
Accumulated Depreciation (-)	-	-
Depreciation of disposals	-	-
Depreciation Expenses (-)	-	-
Closing Net Book Value	6	8

16. Information on other assets

Other assets is amounting to TL 24,608 (31 December 2016: TL 11,757) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	8,445	-	814	3,177	366	-	-	-	12,802
Foreign Currency Deposits	426,921	-	6,714	12,639	24,652	1,014	31,719	-	503,659
Residents in Turkey	157,422	-	3,763	5,018	18,612	149	161	-	185,125
Residents Abroad	269,499	-	2,951	7,621	6,040	865	31,558	-	318,534
Public Sector Deposits	1	-	-	-	-	-	-	-	1
Commercial Deposits	14,982	-	13	109	-	-	-	-	15,104
Other Ins. Deposits	1,594	-	-	-	-	-	-	-	1,594
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	811,462	-	248,550	637,877	207,970	372,249	1,127,623	-	3,405,731
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	152,194	-	30,010	-	-	-	-	-	182,204
Foreign Banks	659,268	-	218,540	637,877	207,970	372,249	1,127,623	-	3,223,527
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,263,405	-	256,091	653,802	232,988	373,263	1,159,342	-	3,938,891

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	10,473	-	2,978	828	12	-	-	-	14,291
Foreign Currency Deposits	462,578	-	5,809	16,789	7,232	982	30,586	-	523,976
Residents in Turkey	191,496	-	5,773	6,748	938	144	156	-	205,255
Residents Abroad	271,082	-	36	10,041	6,294	838	30,430	-	318,721
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	9,500	-	2,878	410	3	-	-	-	12,791
Other Ins. Deposits	1,750	-	-	-	-	-	-	-	1,750
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	861,691	-	350,263	893,209	125,868	231,599	1,078,116	-	3,540,746
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	40,231	-	20,167	21,687	-	-	-	-	82,085
Foreign Banks	821,460	-	330,096	871,522	125,868	231,599	1,078,116	-	3,458,661
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,345,992	-	361,928	911,236	133,115	232,581	1,108,702	-	4,093,554

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit***

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8,915	10,061	3,887	4,230
Foreign Currency Saving Deposits	67,327	66,053	174,813	182,376
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	76,242	76,114	178,700	186,606

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	1,796	1,578
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 December 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	1,796	1,578

2. Information on financial derivatives through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	23	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	23	-	-	-

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)**3. Information on Funds Borrowed***Information on banks and other financial institutions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing from Central Bank	-	-	-	-
From Domestic Banks and Institutions	606	3,548	1,482	2,343
From Foreign Banks, Institutions and Funds	-	90,973	-	-
Total	606	94,521	1,482	2,343

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	606	3,548	1,482	2,343
Long-Term	-	90,973	-	-
Total	606	94,521	1,482	2,343

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

Bank's liabilities come from 80% of deposits which mainly come from Libyan Foreign Bank and its subsidiaries.

4. Information on other foreign resources

The other external resources is amounting to TL 28,386 (31 December 2016: TL 12,365) and this amount does not exceed 10% of the total balance sheet.

5. Information on financial lease obligations

None.

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

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

7. Information on provisions*Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	16,756	16,784
Additional provisions for the loans with extended payment plan	-	-
Provisions for Loans and Receivables in Group II	2,474	-
Additional provisions for the loans with extended payment plan	-	2,193
Provisions for Non-Cash Loans	5,178	5,139
Other	-	-
Total	24,408	24,116

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)***Provisions for currency exchange gain/loss on foreign currency indexed loans***

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans ⁽¹⁾	988	4

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

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

As of 31 March 2017, special provisions set aside for non-funded and non-cash loans amounting to TL 2,395 (31 December 2016: TL 2,316).

Reserve for employee termination benefits

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

As at 31 March 2017 and 31 December 2016, the major actuarial assumptions used in the calculation of the total liability are as follows:

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

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 March 2017 is TL 4,426.16 (full TL) (31 December 2016: TL 4,297.21 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

	Current Period	Prior Period
Balances at Beginning of Period	7,170	5,968
Provision booked in current period	448	676
Gains and losses accounted under Shareholder's equity	256	830
Provision paid in current period (-)	499	304
Balances at End of the Period	7,375	7,170

The employee termination benefit liability of the Bank is the amount as at 31 March 2017 is TL 7,375 (31 December 2016: TL 7,170). In addition to this, the unused vacation provision and other employee benefits amount as at 31 March 2017 is TL 4,303 (31 December 2016: TL 4,546).

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

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

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

	Current Period	Prior Period
Free provisions for possible risks	16,000	16,000
Provisions for non-cash loans	2,395	2,316
Provisions for law suits	-	37
Total	18,395	18,353

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

As of 31 March 2017, corporate tax payable after deducting the prepaid tax is TL 3,676 (31 December 2016: TL 3,940)

Information on tax payables

	Current Period	Prior Period
Corporate Tax	3,676	3,940
Banking Insurance Transaction Tax (BITT)	719	596
Taxation of Securities	211	3,074
Value added taxes payable	23	87
Corporate tax payable-limited	6	9
Foreign Exchange Legislation Tax	-	-
Property tax	22	20
Other	745	1,244
Total	5,402	8,970

Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee	307	267
Social Security Premiums - Employer	455	395
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	22	19
Unemployment Insurance - Employer share	43	38
Other	-	-
Total	827	719

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

The Bank has calculated TL 4,035 deferred tax asset and TL 8,310 deferred tax liability over taxable temporary differences as of 31 March 2017 and recorded the net amount of asset and liability to the financial statement. (31 December 2016: TL 4,873 deferred tax asset and TL 274 deferred tax liability).

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Provisions for employee rights	11,678	2,336	11,716	2,343
Unearned Income	3,322	664	3,243	649
Interest accruals	4,050	810	9,065	1,813
Depreciation difference for tangible and intangible assets	178	36	297	59
Derivative financial instruments	23	5	-	-
Other	919	184	45	9
Deferred tax asset	20,170	4,035	24,366	4,873
Tangible assets revaluation increase	94,128	7,652	-	-
Other	3,288	658	1,372	274
Deferred tax liability	97,416	8,310	1,372	274
Deferred tax asset / (liability), net		(4,275)		4,599

The movement of deferred tax asset is as follows:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	(4,599)	(2,830)
Deferred Tax Benefit / (Charge) (Net)	1,273	(1,603)
Deferred Tax Recognized under Equity	7,601	(166)
Net Deferred Tax (Asset)/Liability	4,275	(4,599)

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

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

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

The Banks has no subordinated loans.

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

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

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

Registered share capital system is not implemented in the Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

Information on marketable securities value increase fund

The Bank does not have marketable securities value increase fund.

Information on legal reserve

As decided in the 39th Annual General Meeting which is held on 28 March 2017, in the current period, amount of TL 3,000 have been transferred to legal reserves from profits of previous years according to 519th amendment of Turkish Commercial Code no 6102. (31 December 2016: TL 3,473).

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 Bank has TL 4,156 (31 December 2016: TL 38,218) as irrevocable commitments.

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

As of the balance sheet date, the Bank has allocated the provision amounting TL 7,573 over total non-cash loans (31 December 2016: TL 7,455).

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 483,088 (31 December 2016: TL 498,103).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Bank's guarantee letters is TL 2,099,591 (31 December 2016: TL 2,031,650).

2. Total amount of Non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	281,802	449,561
Less Than or Equal to One Year with Original Maturity	124,846	266,230
More Than One Year with Original Maturity	156,956	183,331
Other Non-Cash Loans	2,300,877	2,080,192
Total	2,582,679	2,529,753

IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME

1. Information on interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ⁽¹⁾				
Short- Term Loans	20,489	2,054	22,606	2,446
Medium and Long- Term Loans	12	4,269	210	3,384
Interest Received From Non-Performing Loans	-	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	20,501	6,323	22,816	5,830

⁽¹⁾ It contains fee and commission income related to cash loans.

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	495	6,737	515	4,184
From Foreign Banks	-	179	8	68
From Foreign Headquarter and Branches	-	-	-	-
Total	495	6,916	523	4,252

Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	227	12,190	700	11,942
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	-	-	-	-
Investments held to maturity	516	4,744	665	7,455
Total	743	16,934	1,365	19,397

Information on interest income received from associates and subsidiaries

None.

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

2. Interest Expense

Information on interest paid for funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	20	25	34	3
Central Bank	-	-	-	-
Domestic Banks	20	17	34	3
Foreign Banks	-	8	-	-
Other Institutions	-	-	-	-
Total	20	25	34	3

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

Maturity structure of the interest expense on deposits

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	882	-	-	-	-	-	882
Saving deposits	-	17	50	24	-	-	-	91
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	13	35	2	-	-	-	50
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	912	85	26	-	-	-	1,023
Foreign Currency								
Foreign currency deposits	-	20	52	74	3	191	-	340
Interbank deposits	89	930	2,624	885	1,583	4,796	-	10,907
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	89	950	2,676	959	1,586	4,987	-	11,247
Grand Total	89	1,862	2,761	985	1,586	4,987	-	12,270

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

3. Information on trading gain/loss

	Current Period	Prior Period
Gain	3,860,591	1,780,328
Gain from money market transactions	-	-
Gain from financial derivative transactions	547	910
Gain from exchange transactions	3,860,044	1,779,418
Loss (-)	(3,859,565)	(1,780,714)
Loss from money market transactions	-	-
Loss from financial derivative transactions	(23)	(6,086)
Loss from exchange transactions	(3,859,542)	(1,774,628)
Net Trading Gain/Loss	1,026	(386)

4. Information on income from other operations

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	64	15
From Communication Income	343	366
Gain on sales of assets	18	-
Other Income	39	27
Total	464	408

5. Information on impairment in loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	2,156	26
<i>Loans and Receivables in Group III</i>	-	-
<i>Loans and Receivables in Group IV</i>	-	-
<i>Loans and Receivables in Group V</i>	2,156	26
<i>Doubtful Receivables</i>	-	-
General Provision Expenses	292	2,150
Provision for Possible Losses	-	4,000
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	5,573	7,108
<i>Financial Assets through Profit or Loss</i>	5,573	7,108
<i>Investment Securities Available-for-Sale</i>	-	-
Other Impairment Losses	433	4,378
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	433	4,378
Other	-	-
Total	8,454	17,662

IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME (Continued)**6. Information on other operating expense**

	Current Period	Prior Period
Personnel Expenses	14,595	12,892
Employee Termination Benefits Expense	448	218
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	505	594
Intangible Fixed Asset Impairment Expense	-	-
<i>Goodwill Impairment Expense</i>	-	-
Amortization Expenses of Intangible Assets	368	372
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	-	1
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Other Operating Expenses	3,169	2,865
<i>Operating Lease Expenses</i>	413	423
<i>Maintenance Expenses</i>	792	628
<i>Advertisement Expenses</i>	104	138
<i>Other Expenses</i>	1,860	1,676
Losses from sales of Assets	-	-
Other	1,630	1,371
Total	20,715	18,313

Information on dividend expense

None.

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

The pre-tax income amount from continued operations is TL 23,784 (31 March 2016: TL 20,610).

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

For the period ended 31 March 2017, taxation charge is TL 3,672 (31 March 2016: TL 6,287 corporate tax income) and deferred tax income is TL 1,273 (31 March 2016: TL 831 as deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The Bank has TL 1,273 as deferred tax expense arising from origination of temporary differences (31 March 2016: TL 831 deferred tax income).

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

The Bank has TL 1,273 as deferred tax expense reflected in the income statement computed over temporary difference and tax deductions and exemptions (31 March 2016: TL 831 deferred tax income).

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

9. Information on net profit or loss of the period including profit/loss from continued and discontinued operations

Current period profit from continued operations is TL 18,839 (31 March 2016: TL 15,154).

10. Information on net profit or loss of the period

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

None.

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

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

Profit/loss regarding minority rights

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

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

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 5,714 (31 March 2016: TL 4,712) consist of transfer commissions, letter of credit commissions and other.

	Current Period	Prior Period
Letter of Credit Commissions	4,086	3,812
Transfer Commissions	1,399	635
Other	229	265
Total	5,714	4,712

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

Current Period						
Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	1,002	-	32,850	151,292	93,085
Balance at the end of the period	-	1,591	3	24,344	151,169	118,125
Interest and Commission Income received ⁽²⁾	-	-	-	-	936	-

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

⁽²⁾ Loans given to the 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	-	569	-	11,681	89,650	127,945
Balance at the end of the period	-	1,002	-	32,850	151,292	93,085
Interest and Commission Income received	-	-	-	-	4,108	-

⁽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	1,097	84	2,022,582	2,134,349	875,385	345,621
Balance at the end of the period	39	1,098	1,791,532	2,022,581	1,095,284	875,385
Interest expense on deposits	-	-	1,278	2,027	1,189	196

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

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

None.

Information on benefits provided for top level management:

For the period ended 31 March 2017, TL 2,879 (31 March 2016: TL 2,342) has been paid to the top level management of the Bank as salaries and fringe benefit.

VI. SUBSEQUENT EVENTS

None.

SECTION SIX

LIMITED AUDITOR’S REPORT

I. INFORMATION ON LIMITED AUDITOR’S REPORT

As of 31 March 2017, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative) and Independent Auditor’s Report dated 26 April 2017 is presented preceding the financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

SECTION SEVEN

UNCONSOLIDATED INTERIM ACTIVITY REPORT

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

In the first quarter of 2017, global markets focused on signals of the economic policies which will be followed by the new US government and process and timing of interest rate hikes by the US Federal Reserve (FED). In addition, the UK's Brexit process, elections in the Eurozone, developments in Chinese economy and increase in geopolitical risks were other important topics of the first quarter of 2017.

Since the macroeconomic data in the USA showed that developments on the economy is on progress, the FED raised its policy interest rate by 25 basis points to 0.75-1.00% interval. Two more interest rate hike by the FED are expected for the rest of 2017. On the other hand, the European Central Bank did not make any changes on the policy interest rates in the first quarter and kept its current asset purchase program on hold in parallel with the expectations. China's economy, leading of developing countries, has started the year with a moderate economic growth performance.

Turkish economy recorded a moderate growth performance with 2.9% in 2016 in spite of the extraordinary developments and shocks. Current account deficit rose due to increases in commodity prices and sharp decline in tourism revenues. As of February 2017, the deficit expanded by 3.4% compared to the end of 2016 to twelve months figure of USD 33.7 billion. Meanwhile, annual increase in consumer price index, which was 8.53% at the end of 2016, reached to 11.29% at end-March 2017 as a result of the increasing trend in food prices and the depreciation in Turkish lira. On monetary policy side, the Central Bank of the Republic of Turkey raised the late liquidity interest rate from 10% to 11.75%.

The banking sector continues its moderate growth. At end-February 2017, total assets increased by 3.3% compared to the end of 2016 to TL 2,820 billion. In this period, loans and deposits volumes grew by 3.1% and 2.1%, respectively. In comparison with the same period of the previous year, net term profit climbed by 25% to TL 8.5 billion mainly due to the increase in interest incomes and annual return on equity ratio went up to 15.31%. The sector's capital adequacy ratio realized as 15.91%.

A&T Bank operates in line with the target of 'sustainable growth with profitability'. At end-March 2017, total assets and shareholders' equity of the Bank stood at TL 4.9 billion and TL 745.9 million, respectively. At the same period, cash loans realized as TL 1,463.1 million, while guaranties and suretyships increased to TL 2,582.7 million. On profitability side, net term profit of the Bank increased by 24.3% compared to the same period of the previous year to TL 18.8 million and return on equity ratio stood at 10.85%. Capital adequacy standard ratio maintained its robust outlook by 21.13%.

In the coming period, our primary goal will be providing accurate and accelerated solutions to our customers in all our target markets especially in North Africa, as it was in the past. As A&T Bank, we will continue to contribute in the Turkish economy in the context of being Turkey's door to this region.

Best regards,

Abdulahkim A. E. KHAMAG
General Manager

Yılmaz ERTURK
Chairman

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017**

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

II. Unconsolidated Financial Highlights for the Period

Assets (TL Thousand) (1)	2016/12	2017/03
Cash and Balances with the CBT (2)	981,082	1,068,163
Banks	1,367,745	1,263,601
Securities Portfolio (Net) (3)	951,994	883,668
Loans and Receivables	1,427,296	1,465,229
Investment in Subsidiaries (Net)	77,211	77,211
Tangible and Intangible Assets (4)	21,157	114,849
Other Assets (5)	16,364	24,614
Total Assets	4,842,849	4,897,335

Liabilities (TL Thousand) (1)	2016/12	2017/03
Deposits	4,093,554	3,938,891
Funds Borrowed	3,825	95,127
Interbank Money Market	3,495	20,005
Other Liabilities (6)	101,219	97,446
Shareholders' Equity (7)	640,756	745,866
Total Liabilities	4,842,849	4,897,335

Off-Balance Sheet Commitments (TL Thousand)	2016/12	2017/03
Guarantees and Suretyships	2,529,753	2,582,679
Commitments	38,218	4,156
Derivative Financial Instruments	35,105	51,076
Total Off-Balance Sheet Commitments	2,603,076	2,637,911

Income Statement (TL Thousand)	2016/03	2017/03
Interest Income	54,813	52,851
Interest Expense (-)	7,991	12,547
Net Interest Income	46,822	40,304
Net Fees and Commission Income	9,741	11,159
Trading Profit / Loss (+ / -)	(386)	1,026
Other Operating Income	408	464
Total Operating Income	56,585	52,953
Provisions for Loans or Other Receivables Losses (-)	17,662	8,454
Other Operating Expenses (-)	18,313	20,715
Profit / Loss Before Tax	20,610	23,784
Tax Provision (-)	5,456	4,945
Net Profit / Loss	15,154	18,839

(1) Rate sensitive assets and liabilities include rediscounts.

(2) Consists of TL and FC Cash, Checks, CBT and Required Reserves.

(3) Consists of Financial Assets where Fair Value Change is Reflected to Income Statement (Net), Investments Held to Maturity (Net) and Financial Assets Available for Sale (Net).

(4) TL 94,128 thousand of quarterly increase in Tangible and Intangible Assets comes from the Real Estate Re-evaluation Differences.

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

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

(7) TL 86,476 thousand of quarterly increase in Shareholders' Equity comes from the Real Estate Re-evaluation Differences.

III. Unconsolidated Main Financial Ratios

(%)	2016/03	2016/12	2017/03
Return on Assets (8)	1.85	1.41	1.42
Return on Equity (8)	12.88	10.53	10.85
Capital Adequacy Standard Ratio	19.70	18.80	21.13
Loans / Total Assets	35.84	29.47	29.92
Deposits / Total Assets	82.75	84.53	80.43
Non-performing loans (net)	1.10	1.66	1.65

(8) The ratios are annualized.

IV. Evaluation of the Bank's Financial Position and Performance

- In the first quarter of 2017, total assets of the Bank went up by 1.1% compared to 2016 from TL 4,843 million to TL 4,897 million. In the period examined, the most significant investment instruments of the Bank included loans and receivables (29.9%) totaling TL 1,465.2 million, banks (25.8%) totaling TL 1,263.6 million, cash and balances with the CBT (21.8%) totaling TL 1,068.2 million.

As of the end of March-2017, compared to the year-end, the most important increases the Bank recorded in total assets were in tangible and intangible assets by TL 93.7 million, in cash and balances with CBT by TL 87.1 million and in loans and receivables by TL 37.9 million. Meanwhile, the most notable decreases in assets items included in receivables from banks by TL 104.1 million and in marketable securities portfolio by TL 68.3 million.

- External sources constituted 84.8% of the Bank's total liabilities. Total deposits, which was the most significant part of the external sources, realized as TL 3,938.9 million. Shareholders' equity increased by 16.4% (TL 105.1 million) to TL 745.9 million and constituted 15.2% of total liabilities.
- Guaranties and suretyships, which includes letters of guarantee, letters of credit and bank acceptances, went up by 2.1% (TL 52.9 million) to TL 2,582.7 million.
- At end-March 2017, net term profit of A&T Bank stood at TL 18,839 thousand, up by 24.3% from the same period of the previous year. Return on assets and return on equity ratios are 1.42% and 10.85%, respectively.

V. Amendments to the Articles of Association

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

VI. Changes in the Membership Structure of the Board of Directors

According to the resolution of the Board of Directors dated March 27, 2017 with the resolution no: CRC/306-H/2/17; Mr. Ömer Muzaffer Bakır vacated his position as member of the Board of Directors. Mr. Bilgehan Kuru was appointed to replace him in this post as of the same date.

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

- According to the resolution of the Board of Directors dated March 28, 2017 with the resolution no: 1/306-S/2/17; the chairman and the members of the Audit Committee were determined as follows:

Ahmed M. Benbarka	Chairman
Osman Arslan	Member
Abdurauf I. Shneba	Member
Bilgehan Kuru	Member

- No changes were made in the membership structure of the Units responsible for the Internal Systems.

VIII. Changes in the Membership Structure of Other Governance Committees

- According to the resolution of the Board of Directors dated March 28, 2017 with the resolution no: 17/306/2/17; the membership structures of other governance committees were changed and the chairman and the members of the committees were determined as follows:

Compensation Committee

Abdulfatah A.Enaami	Chairman
Osman Arslan	Member
Kemal Şahin	Member
Hani Alhmali Allafi Ibrahim	Member

Credit Committee

Osman Arslan	Chairman
Abdulahkim Ali Emhemed Khamag	Member
Abdulfatah A.Enaami	Member
Kemal Şahin	Member

IX. Other Issues

- There is no significant changes apart from the above mentioned explanations compared to the 2016 Annual Activity Report of the Bank, which has been prepared according to "the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks".