

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

# **Arap Türk Bankası Anonim Şirketi**

**Consolidated Financial Statements  
As of and For Three-Month Period Ended 31 March 2020  
With Auditors' Review Report Thereon**  
*(Convenience Translation of Consolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

14 May 2020

*This report contains "Independent Auditors' Review Report" comprising 2 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 88 pages.*



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

## REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

### *Introduction*

We have reviewed the accompanying consolidated balance sheet of Arap Türk Bankası A.Ş. (the "Bank") and its consolidated financial subsidiaries (together referred to as the "Group") as at 31 March 2020 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of review*

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



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the financial position of Arap Türk Bankası A.Ş. and its consolidated financial subsidiaries at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

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

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

## *Additional paragraph for convenience translation to English*

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

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

Erdal Tıkmak, SMMM  
Partner

14 May 2020  
İstanbul, Turkey

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT  
AS OF AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

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

The consolidated interim financial report as of and for the three month period ended 31 March 2020 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

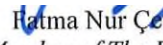
The subsidiaries, associates and jointly controlled companies included in the consolidated interim financial report are as follows:

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


The consolidated financial statements for the three-month period and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.



**Bilgehan Kuru**  
*Chairman of the Board of  
Directors*



**Hatma Nur Çetinel**  
*Member of The Board of  
Directors and The Audit  
Committee*



**Wail J. A. Belgasem**  
*General Manager*



**Salih Hatipoğlu**  
*Assistant General Manager  
Responsible For Financial Reporting*



**Feyzullah Küpeli**  
*Manager*

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

Name / Title: Feyzullah Küpeli / Manager

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## **SECTION ONE**

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**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

Arap Türk Bankası Anonim Şirketi (“the Bank” or “the Parent 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. THE PARENT BANK’S SHARE CAPITAL STRUCTURE, SHAREHOLDERS DIRECTLY OR INDIRECTLY, ALONE OR TOGETHER HOLDING THE MANAGEMENT AND CONTROL OF THE BANK, RELATED CHANGES WITHIN THE YEAR AND INFORMATION ABOUT THE BANK’S GROUP**

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

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

As of 31 March 2020, the Parent Bank’s share capital at the balance sheet date as follows:

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

<sup>(1)</sup> Emek İnşaat ve İşletme A.Ş. has 0.0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2019: 0.0000014% share and TL 6.20 (full digit in TL).



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

İsim	Görev ve Sorumluluk Alanı
Bilgehan Kuru	Chairman of the Board of Directors
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Mohamed Masoud A. Aldrogi	Member of the Board of Directors and Chairman of Audit Committee
Fatma Nur Çetinel	Member of the Board of Directors and Audit Committee
Salah Bandi	Member of the Board of Directors and Audit Committee
Aflah Omar Magsi	Member of the Board of Directors
Abdulahakim A. E. Khamag	Member of the Board of Directors
Volkan Kublay	Member of the Board of Directors
Tülin İnhan	Member of the Board of Directors

**General Manager and Deputie**

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

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

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

Name Surname/Entity Title	Share Amount	Share Percentage %	Paid-in 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 PARENT BANK**

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

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

**SECTION ONE**

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

**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 Parent Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Consolidated Financial Statements of Banks in Turkey.

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

None.



## **SECTION TWO**

### **Consolidated Financial Statements**

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

**ARAP TÜRK BANKASI A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AT 31 MARCH 2020**  
(Thousands of Turkish Lira ("TL"))

ASSETS	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31.03.2020			PRIOR PERIOD 31.12.2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>394,906</b>	<b>2,166,093</b>	<b>2,560,999</b>	<b>617,606</b>	<b>2,054,189</b>	<b>2,671,795</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>1</b>	<b>368,616</b>	<b>1,526,035</b>	<b>1,894,651</b>	<b>614,302</b>	<b>1,714,171</b>	<b>2,328,473</b>
1.1.1 Cash and Balances with Central Bank		6,053	834,380	840,433	4,577	561,989	566,566
1.1.2 Banks	3	68,418	691,659	760,077	76,583	1,152,182	1,228,765
1.1.3 Money Markets		295,573	--	295,573	535,166	--	535,166
1.1.4 Expected Credit Loss (-)		1,428	4	1,432	2,024	--	2,024
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>	<b>2</b>	<b>26,066</b>	<b>101,741</b>	<b>127,807</b>	--	<b>94,252</b>	<b>94,252</b>
1.2.1 Government Securities		26,066	101,741	127,807	--	94,252	94,252
1.2.2 Equity Securities		--	--	--	--	--	--
1.2.3 Other Financial Assets		--	--	--	--	--	--
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	<b>4</b>	<b>224</b>	<b>538,317</b>	<b>538,541</b>	<b>3,304</b>	<b>245,766</b>	<b>249,070</b>
1.3.1 Government Securities		--	241,017	241,017	3,079	104,587	107,666
1.3.2 Equity Securities		224	2,611	2,835	225	2,381	2,606
1.3.3 Other Financial Assets		--	294,689	294,689	--	138,798	138,798
<b>1.4 Derivative Financial Assets</b>		--	--	--	--	--	--
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		--	--	--	--	--	--
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		--	--	--	--	--	--
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>	<b>5</b>	<b>654,895</b>	<b>2,626,474</b>	<b>3,281,369</b>	<b>412,028</b>	<b>1,986,579</b>	<b>2,398,607</b>
<b>2.1 LOANS (NET)</b>		<b>610,628</b>	<b>1,455,420</b>	<b>2,066,048</b>	<b>456,747</b>	<b>1,273,496</b>	<b>1,730,243</b>
<b>2.2 Lease Receivables</b>		<b>58,818</b>	<b>230,459</b>	<b>289,277</b>	<b>50,743</b>	<b>242,534</b>	<b>293,277</b>
<b>2.3 Factoring Receivables</b>		--	--	--	--	--	--
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>6</b>	<b>7,216</b>	<b>948,113</b>	<b>955,329</b>	<b>1,322</b>	<b>477,415</b>	<b>478,737</b>
2.4.1 Government Securities		7,216	586,226	593,442	1,322	329,700	331,022
2.4.2 Other Financial Assets		--	361,887	361,887	--	147,715	147,715
<b>2.5 Expected Credit Loss (-)</b>		<b>21,767</b>	<b>7,518</b>	<b>29,285</b>	<b>96,784</b>	<b>6,866</b>	<b>103,650</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>1,000</b>	--	<b>1,000</b>	<b>1,000</b>	--	<b>1,000</b>
3.1 Held for Sale Purpose		1,000	--	1,000	1,000	--	1,000
3.2 Related to Discontinued Operations		--	--	--	--	--	--
<b>IV. EQUITY INVESTMENTS</b>		--	--	--	--	--	--
<b>4.1 Associations (Net)</b>	<b>7</b>	--	--	--	--	--	--
4.1.1 Associates Accounted Based on Equity Method		--	--	--	--	--	--
4.1.2 Unconsolidated Financial Subsidiaries		--	--	--	--	--	--
<b>4.2 Subsidiaries (Net)</b>	<b>8</b>	--	--	--	--	--	--
4.2.1 Unconsolidated Financial Subsidiaries		--	--	--	--	--	--
4.2.2 Unconsolidated Non-Financial Subsidiaries		--	--	--	--	--	--
<b>4.3 JOINT VENTURES (Net)</b>	<b>9</b>	--	--	--	--	--	--
4.3.1 Joint Ventures Accounted Based on Equity Method		--	--	--	--	--	--
4.3.2 Unconsolidated Joint Ventures		--	--	--	--	--	--
<b>V. TANGIBLE ASSETS (Net)</b>		<b>146,347</b>	--	<b>146,347</b>	<b>146,788</b>	--	<b>146,788</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>5,656</b>	--	<b>5,656</b>	<b>6,350</b>	--	<b>6,350</b>
6.1 Goodwill		--	--	--	--	--	--
6.2 Other		5,656	--	5,656	6,350	--	6,350
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>12</b>	--	--	--	--	--	--
<b>VIII. CURRENT TAX ASSET</b>	<b>13</b>	--	--	--	--	--	--
<b>IX. DEFERRED TAX ASSET</b>	<b>13</b>	<b>4,417</b>	--	<b>4,417</b>	--	--	--
<b>X. OTHER ASSETS (Net)</b>	<b>15</b>	<b>24,825</b>	<b>13,598</b>	<b>38,423</b>	<b>13,487</b>	<b>11,616</b>	<b>25,103</b>
<b>TOTAL ASSETS</b>		<b>1,232,046</b>	<b>4,806,165</b>	<b>6,038,211</b>	<b>1,197,259</b>	<b>4,052,384</b>	<b>5,249,643</b>

**ARAP TÜRK BANKASI A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AT 31 MARCH 2020**  
(Thousands of Turkish Lira ("TL"))

LIABILITIES	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31.03.2020			PRIOR PERIOD 31.12.2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	<b>1</b>	<b>50,683</b>	<b>3,146,611</b>	<b>3,197,294</b>	<b>49,521</b>	<b>2,406,400</b>	<b>2,455,921</b>
<b>II. FUNDS BORROWED</b>	<b>3</b>	--	<b>1,643,103</b>	<b>1,643,103</b>	--	<b>1,611,843</b>	<b>1,611,843</b>
<b>III. MONEY MARKETS</b>		--	--	--	--	--	--
<b>IV. SECURITIES ISSUED (Net)</b>		--	--	--	--	--	--
4.1 Bills		--	--	--	--	--	--
4.2 Asset Backed Securities		--	--	--	--	--	--
4.3 Bonds		--	--	--	--	--	--
<b>V. FUNDS</b>		--	--	--	--	--	--
5.1 Borrower Funds		--	--	--	--	--	--
5.2 Other		--	--	--	--	--	--
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		--	--	--	--	--	--
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		--	--	--	--	--	--
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		--	--	--	--	--	--
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		--	--	--	--	--	--
<b>VIII. FACTORING LIABILITIES</b>		--	--	--	--	--	--
<b>IX. LEASE LIABILITIES (Net)</b>		<b>1,116</b>	<b>432</b>	<b>1,548</b>	<b>1,040</b>	<b>786</b>	<b>1,826</b>
<b>X. PROVISIONS</b>	<b>7</b>	<b>57,090</b>	<b>222</b>	<b>57,312</b>	<b>57,237</b>	<b>267</b>	<b>57,504</b>
10.1 Restructuring Provisions		--	--	--	--	--	--
10.2 Reserve for Employee Benefits		21,937	--	21,937	20,188	--	20,188
10.3 Insurance Technical Provisions (Net)		--	--	--	--	--	--
10.4 Other Provisions		35,153	222	35,375	37,049	267	37,316
<b>XI. CURRENT TAX LIABILITY</b>	<b>8</b>	<b>11,453</b>	--	<b>11,453</b>	<b>10,824</b>	--	<b>10,824</b>
<b>XII. DEFERRED TAX LIABILITY</b>		--	--	--	<b>1,849</b>	--	<b>1,849</b>
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		--	--	--	--	--	--
13.1 Held for Sale Purpose		--	--	--	--	--	--
13.2 Related to Discontinued Operations		--	--	--	--	--	--
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		--	--	--	--	--	--
14.1 Loans		--	--	--	--	--	--
14.2 Other Debt Instruments		--	--	--	--	--	--
<b>XV. OTHER LIABILITIES</b>	<b>4</b>	<b>18,964</b>	<b>28,088</b>	<b>47,052</b>	<b>11,562</b>	<b>25,367</b>	<b>36,929</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>9</b>	<b>1,093,848</b>	<b>(13,399)</b>	<b>1,080,449</b>	<b>1,068,261</b>	<b>4,686</b>	<b>1,072,947</b>
16.1 Paid-in capital		440,000	--	440,000	440,000	--	440,000
16.2 Capital Reserves		--	--	--	--	--	--
16.2.1 Share Premium		--	--	--	--	--	--
16.2.2 Share Cancellation Profits		--	--	--	--	--	--
16.2.3 Other Capital Reserves		--	--	--	--	--	--
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		99,558	--	99,558	99,664	--	99,664
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		6,237	(13,399)	(7,162)	381	4,686	5,067
16.5 Profit Reserves		35,276	--	35,276	35,276	--	35,276
16.5.1 Legal Reserves		35,275	--	35,275	35,275	--	35,275
16.5.2 Status Reserves		--	--	--	--	--	--
16.5.3 Extraordinary Reserves		1	--	1	1	--	1
16.5.4 Other Profit Reserves		--	--	--	--	--	--
16.6 Profit or (Loss)		512,777	--	512,777	492,940	--	492,940
16.6.1 Prior Periods' Profit or (Loss)		492,940	--	492,940	328,431	--	328,431
16.6.2 Current Period Profit or (Loss)		19,837	--	19,837	164,509	--	164,509
16.7 Minority shares		--	--	--	--	--	--
<b>TOTAL LIABILITIES</b>		<b>1,233,154</b>	<b>4,805,057</b>	<b>6,038,211</b>	<b>1,200,294</b>	<b>4,049,349</b>	<b>5,249,643</b>

**ARAP TÜRK BANKASI A.Ş.**
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS**
**AT 31 MARCH 2020**

(Thousands of Turkish Lira ("TL"))

		Note	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31.03.2020			PRIOR PERIOD 31.12.2019		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>140,791</b>	<b>4,332,722</b>	<b>4,473,513</b>	<b>226,070</b>	<b>3,894,348</b>	<b>4,120,418</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>2</b>	<b>119,114</b>	<b>4,301,439</b>	<b>4,420,553</b>	<b>207,270</b>	<b>3,860,951</b>	<b>4,068,221</b>
1.1.	Letters of Guarantee		119,114	3,184,079	3,303,193	207,270	2,948,876	3,156,146
1.1.1.	Guarantees Subject to State Tender Law		7,380	--	7,380	7,415	--	7,415
1.1.2.	Guarantees Given for Foreign Trade Operations		1,150	3,176,143	3,177,293	1,150	2,941,666	2,942,816
1.1.3.	Other Letters of Guarantee		110,584	7,936	118,520	198,705	7,210	205,915
1.2.	Bank Acceptances		--	--	--	--	--	--
1.2.1.	Import Letter of Acceptance		--	--	--	--	--	--
1.2.2.	Other Bank Acceptances		--	--	--	--	--	--
1.3.	Letters of Credit		--	498,563	498,563	--	450,008	450,008
1.3.1.	Documentary Letters of Credit		--	--	--	--	--	--
1.3.2.	Other Letters of Credit		--	498,563	498,563	--	450,008	450,008
1.4.	Prefinancing Given as Guarantee		--	--	--	--	--	--
1.5.	Endorsements		--	--	--	--	--	--
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		--	--	--	--	--	--
1.5.2.	Other Endorsements		--	--	--	--	--	--
1.6.	Purchase Guarantees on Marketable Security Issuance		--	--	--	--	--	--
1.7.	Factoring Guarantees		--	--	--	--	--	--
1.8.	Other Guarantees		--	618,797	618,797	--	462,067	462,067
1.9.	Other Collaterals		--	--	--	--	--	--
<b>II.</b>	<b>COMMITMENTS</b>	<b>1</b>	<b>21,677</b>	<b>31,283</b>	<b>52,960</b>	<b>18,800</b>	<b>33,397</b>	<b>52,197</b>
2.1.	Irrevocable Commitments		284	11,746	12,030	8,303	17,513	25,816
2.1.1.	Asset Purchase and Sale Commitments		--	3,174	3,174	7,993	9,578	17,571
2.1.2.	Deposit Purchase and Sales Commitments		--	--	--	--	--	--
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		--	--	--	--	--	--
2.1.4.	Loan Granting Commitments		--	--	--	--	--	--
2.1.5.	Securities Issue Brokerage Commitments		--	--	--	--	--	--
2.1.6.	Commitments for Reserve Deposit Requirements		--	--	--	--	--	--
2.1.7.	Commitments for Cheques		284	--	284	310	--	310
2.1.8.	Tax and Fund Liabilities from Export Commitments		--	--	--	--	--	--
2.1.9.	Commitments for Credit Card Limits		--	--	--	--	--	--
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		--	--	--	--	--	--
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		--	--	--	--	--	--
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		--	--	--	--	--	--
2.1.13.	Other Irrevocable Commitments		--	8,572	8,572	--	7,935	7,935
2.2.	Revocable Commitments		21,393	19,537	40,930	10,497	15,884	26,381
2.2.1.	Revocable Loan Granting Commitments		--	--	--	--	--	--
2.2.2.	Other Revocable Commitments		21,393	19,537	40,930	10,497	15,884	26,381
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		--	--	--	--	--	--
3.1.	Hedging Derivative Financial Instruments		--	--	--	--	--	--
3.1.1.	Transactions for Fair Value Hedge		--	--	--	--	--	--
3.1.2.	Transactions for Cash Flow Hedge		--	--	--	--	--	--
3.1.3.	Transactions for Foreign Net Investment Hedge		--	--	--	--	--	--
3.2.	Trading Transactions		--	--	--	--	--	--
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		--	--	--	--	--	--
3.2.1.1.	Forward Foreign Currency Transactions-Buy		--	--	--	--	--	--
3.2.1.2.	Forward Foreign Currency Transactions-Sell		--	--	--	--	--	--
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		--	--	--	--	--	--
3.2.2.1.	Foreign Currency Swap-Buy		--	--	--	--	--	--
3.2.2.2.	Foreign Currency Swap-Sell		--	--	--	--	--	--
3.2.2.3.	Interest Rate Swap-Buy		--	--	--	--	--	--
3.2.2.4.	Interest Rate Swap-Sell		--	--	--	--	--	--
3.2.3.	Foreign Currency, Interest rate and Securities Options		--	--	--	--	--	--
3.2.3.1.	Foreign Currency Options-Buy		--	--	--	--	--	--
3.2.3.2.	Foreign Currency Options-Sell		--	--	--	--	--	--
3.2.3.3.	Interest Rate Options-Buy		--	--	--	--	--	--
3.2.3.4.	Interest Rate Options-Sell		--	--	--	--	--	--
3.2.3.5.	Securities Options-Buy		--	--	--	--	--	--
3.2.3.6.	Securities Options-Sell		--	--	--	--	--	--
3.2.4.	Foreign Currency Futures		--	--	--	--	--	--
3.2.4.1.	Foreign Currency Futures-Buy		--	--	--	--	--	--
3.2.4.2.	Foreign Currency Futures-Sell		--	--	--	--	--	--
3.2.5.	Interest Rate Futures		--	--	--	--	--	--
3.2.5.1.	Interest Rate Futures-Buy		--	--	--	--	--	--
3.2.5.2.	Interest Rate Futures-Sell		--	--	--	--	--	--
3.2.6.	Other		--	--	--	--	--	--
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>1,295,520</b>	<b>4,575,511</b>	<b>5,871,031</b>	<b>1,122,645</b>	<b>4,285,956</b>	<b>5,408,601</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>3,282</b>	--	<b>3,282</b>	<b>2,755</b>	--	<b>2,755</b>
4.1.	Customer Fund and Portfolio Balances		--	--	--	--	--	--
4.2.	Investment Securities Held in Custody		--	--	--	--	--	--
4.3.	Checks Received for Collection		3,282	--	3,282	2,755	--	2,755
4.4.	Commercial Notes Received for Collection		--	--	--	--	--	--
4.5.	Other Assets Received for Collection		--	--	--	--	--	--
4.6.	Assets Received for Public Offering		--	--	--	--	--	--
4.7.	Other Items Under Custody		--	--	--	--	--	--
4.8.	Custodians		--	--	--	--	--	--
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>1,292,238</b>	<b>4,575,511</b>	<b>5,867,749</b>	<b>1,119,890</b>	<b>4,285,956</b>	<b>5,405,846</b>
5.1.	Marketable Securities		--	--	--	--	--	--
5.2.	Guarantee Notes		71,612	152,018	223,630	73,062	137,029	210,091
5.3.	Commodity		--	--	--	--	--	--
5.4.	Warranty		--	--	--	--	--	--
5.5.	Immovable		19,964	161,597	181,561	20,059	147,317	167,376
5.6.	Other Pledged Items		1,200,662	4,261,896	5,462,558	1,026,769	4,001,610	5,028,379
5.7.	Pledged Items-Depository		--	--	--	--	--	--
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		--	--	--	--	--	--
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1,436,311</b>	<b>8,908,233</b>	<b>10,344,544</b>	<b>1,348,715</b>	<b>8,180,304</b>	<b>9,529,019</b>

**ARAP TÜRK BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Thousands of Turkish Lira ("TL"))

STATEMENT OF PROFIT OR LOSS	Note	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2020-31/03/2020)	(01/01/2019-31/03/2019)
<b>I. INTEREST INCOME</b>	<b>1</b>	<b>61,105</b>	<b>93,579</b>
1.1 Interest on Loans		26,909	45,003
1.2 Interest on Reserve Requirements		--	2,669
1.3 Interest on Banks		4,993	7,725
1.4 Interest on Money Market Transactions		13,145	17,155
1.5 Interest on Marketable Securities Portfolio		9,122	8,818
1.5.1 Fair Value Through Profit or Loss		444	1,336
1.5.2 Fair Value Through Other Comprehensive Income		2,802	1,685
1.5.3 Measured at Amortised Cost		5,876	5,797
1.6 Financial Lease Income		6,935	7,870
1.7 Other Interest Income		1	4,339
<b>II. INTEREST EXPENSE (-)</b>	<b>2</b>	<b>11,379</b>	<b>14,983</b>
2.1 Interest on Deposits		2,210	6,847
2.2 Interest on Funds Borrowed		8,418	8,028
2.3 Interest Expense on Money Market Transactions		--	--
2.4 Interest on Securities Issued		--	--
2.5 Lease Interest Expenses		56	108
2.6 Other Interest Expenses		695	--
<b>III. NET INTEREST INCOME (I - II)</b>		<b>49,726</b>	<b>78,596</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>18,140</b>	<b>20,623</b>
4.1 Fees and Commissions Received		18,890	21,005
4.1.1 Non-cash Loans		7,853	8,829
4.1.2 Other	11	11,037	12,176
4.2 Fees and Commissions Paid		750	382
4.2.1 Non-cash Loans		1	1
4.2.2 Other		749	381
<b>V. DIVIDEND INCOME</b>		<b>3</b>	<b>3</b>
<b>VI. TRADING INCOME /(LOSS) (Net)</b>	<b>3</b>	<b>2,592</b>	<b>3,395</b>
6.1 Trading Gains / (Losses) on Securities		--	(467)
6.2 Gains / (Losses) on Derivative Financial Transactions		(20)	98
6.3 Foreign Exchange Gains / (Losses)		2,612	3,764
<b>VII. OTHER OPERATING INCOME</b>	<b>4</b>	<b>2,997</b>	<b>2,909</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>73,458</b>	<b>105,526</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>5</b>	<b>4,953</b>	<b>1,243</b>
<b>X. OTHER PROVISION EXPENSE (-)</b>	<b>6</b>	<b>1,222</b>	<b>186</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>29,226</b>	<b>24,691</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>7</b>	<b>12,614</b>	<b>12,319</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>	<b>8</b>	<b>25,443</b>	<b>67,087</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>--</b>	<b>--</b>
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>--</b>	<b>--</b>
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>--</b>	<b>--</b>
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>		<b>25,443</b>	<b>67,087</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>		<b>(5,606)</b>	<b>(13,913)</b>
18.1 Current Tax Provision		(7,856)	(13,403)
18.2 Deferred Tax Income Effect (+)		5,703	4,438
18.3 Deferred Tax Expense Effect (-)		7,953	3,928
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>9</b>	<b>19,837</b>	<b>53,174</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>--</b>	<b>--</b>
20.1 Income from Non-current Assets Held for Sale		--	--
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		--	--
20.3 Income from Other Discontinued Operations		--	--
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>--</b>	<b>--</b>
21.1 Expenses for Non-current Assets Held for Sale		--	--
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		--	--
21.3 Expenses for Other Discontinued Operations		--	--
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>--</b>	<b>--</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>--</b>	<b>--</b>
23.1 Current Tax Provision		--	--
23.2 Deferred Tax Expense Effect (+)		--	--
23.3 Deferred Tax Income Effect (-)		--	--
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>--</b>	<b>--</b>
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>10</b>	<b>19,837</b>	<b>53,174</b>
25.1 Group Profit (Loss)		19,837	53,174
25.2 Minority shares Profit (Loss)		--	--
Earning/(Loss) per share (in TL full)		0.0005	0.0012

## ARAP TÜRK BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2020-31/03/2020)	(01/01/2019-31/03/2019)
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>19,837</b>	<b>53,174</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(12,335)</b>	<b>(1,135)</b>
<b>2.1</b>	<b>Not Reclassified to Profit or Loss</b>	<b>(106)</b>	<b>(813)</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(133)	(1,026)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	27	213
<b>2.2</b>	<b>Reclassified to Profit or Loss</b>	<b>(12,229)</b>	<b>(322)</b>
2.2.1	Foreign Currency Translation Differences	-	-
	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other		
2.2.2	Comprehensive Income	(16,218)	(370)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	3,989	48
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>7,502</b>	<b>52,039</b>

**ARAP TÜRK BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED AT 31 MARCH 2020**

(Thousands of Turkish Lira ("TL"))

						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in capital	Share premium	Share certificate cancel profits	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity Before Minority Interest	Minority Interest	Total Equity
PRIOR PERIOD 31.03.2019																	
I.	Balance at the beginning of the period	440,000	--	--	--	82,093	(3,029)	--	--	500	--	29,449	231,015	103,243	883,271	--	883,271
II.	Adjustment in accordance with TMS 8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effect of adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effect of changes in accounting policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	New balance (I+II)	440,000	--	--	--	82,093	(3,029)	--	--	500	--	29,449	231,015	103,243	883,271	--	883,271
IV.	Total comprehensive income (loss)	--	--	--	--	--	(813)	--	--	(322)	--	--	--	53,174	52,039	--	52,039
V.	Capital increase in cash	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VI.	Capital increase through internal reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Issued capital inflation adjustment difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase (decrease) through other changes, equity	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI.	Profit distribution	--	--	--	--	--	--	--	--	--	--	871	102,372	(103,243)	--	--	--
11.1	Dividends distributed	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to legal reserves	--	--	--	--	--	--	--	--	--	--	871	102,372	(103,243)	--	--	--
11.3	Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Balances (III+IV+.....+X+XI)		440,000	--	--	--	82,093	(3,842)	--	--	178	--	30,320	333,387	53,174	935,310	--	935,310
CURRENT PERIOD 31.03.2020																	
I.	Balance at the beginning of the period	440,000	--	--	--	104,679	(5,015)	--	--	5,067	--	35,276	328,431	164,509	1,072,947	--	1,072,947
II.	Adjustment in accordance with TMS 8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effect of adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effect of changes in accounting policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	New balance (I+II)	440,000	--	--	--	104,679	(5,015)	--	--	5,067	--	35,276	328,431	164,509	1,072,947	--	1,072,947
IV.	Total comprehensive income (loss)	--	--	--	--	--	(106)	--	--	(12,229)	--	--	--	19,837	7,502	--	7,502
V.	Capital increase in cash	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VI.	Capital increase through internal reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Issued capital inflation adjustment difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase (decrease) through other changes, equity	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI.	Profit distribution	--	--	--	--	--	--	--	--	--	--	--	164,509	(164,509)	--	--	--
11.1	Dividends distributed	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to legal reserves	--	--	--	--	--	--	--	--	--	--	164,509	(164,509)	--	--	--	--
11.3	Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Balances (III+IV+.....+X+XI)		440,000	--	--	--	104,679	(5,121)	--	--	(7,162)	--	35,276	492,940	19,837	1,080,449	--	1,080,449



**ARAP TÜRK BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED AT 31 MARCH 2020**

(Thousands of Turkish Lira ("TL"))

	Note	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2020-31/03/2020)	PRIOR PERIOD (01/01/2019-31/03/2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>(253,118)</b>	<b>(389,115)</b>
1.1.1 Interest Received		59,152	88,622
1.1.2 Interest Paid		(12,187)	(4,911)
1.1.3 Dividend Received		4	3
1.1.4 Fees and Commissions Received		18,890	21,005
1.1.5 Other Income		5,544	9,377
1.1.6 Collections from Previously Written-off Loans and Other Receivables		2,051	393
1.1.7 Payments to Personnel and Service Suppliers		(36,195)	(26,832)
1.1.8 Taxes Paid		(11,243)	(14,870)
1.1.9 Other		(279,134)	(461,902)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>179,691</b>	<b>(545,979)</b>
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(181,833)	72,969
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(142,670)	-
1.2.3 Net (increase) / decrease in loans		(107,085)	895,626
1.2.4 Net (increase) / decrease in other assets		(13,335)	6,818
1.2.5 Net increase / (decrease) in bank deposits		180,278	(1,730,097)
1.2.6 Net increase / (decrease) in other deposits		481,395	(187,901)
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		40,429	191,733
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(77,488)	204,873
<b>I. Net Cash Provided from Banking Operations</b>		<b>(73,427)</b>	<b>(935,094)</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>II. Net Cash Provided from Investing Activities</b>		<b>(556,801)</b>	<b>48,316</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		(3,189)	(2,487)
2.4 Disposals of property and equipment		-	943
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(141,198)	-
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		12,774	10,528
2.7 Purchase of Financial Assets Measured at Amortised Cost		(467,822)	-
2.8 Sale of Financial Assets Measured at Amortised Cost		43,328	39,796
2.9 Other		(694)	(464)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>III. Net Cash Provided from Financing Activities</b>		<b>(56)</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(56)	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>40,790</b>	<b>242,508</b>
<b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(589,494)</b>	<b>(644,270)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>2,023,195</b>	<b>2,532,454</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>1,433,701</b>	<b>1,888,184</b>

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS FOR BASIS OF PRESENTATION**

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority 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").

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

Consolidated financial statements other than property, 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.

**Other**

A new type of coronavirus (Covid-19) first emerging in China, has been classified as an epidemic among countries where the World Health Organization was global on 11 March 2020. The Covid-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and remain uncertain about the future. These effects are regularly monitored by the Parent Bank's equity management and capital adequacy, credit quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk under bank account values, and the Parent Bank's Management. The Parent bank takes necessary precautions to control and to maintain the negative effects at the lowest level although the effects of the situation is not known exactly.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

The derivative transactions are measured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under trading derivative financial assets and if the fair value difference is negative, it is disclosed under trading derivative financial liabilities.

Gains and losses arising from a change in fair value of trading derivatives after the re measurement are accounted in the 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.

**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.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS**

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

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

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

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in BIST are carried at weighted average exchange prices of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at other valuation models. All gains and losses arising from these valuations are reflected in the income statement.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

At initial recognition, it can be made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies.

The subsequent measurement of financial assets at fair value through other comprehensive income is based on fair value. However, if the fair value can not be determined reliably, the fair value for the floating rate securities is measured at the amortized cost using the most probable effective interest method; for fixed interest securities, fair value pricing models or discounted cash flow techniques are used.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

**d. Loans**

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

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



**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment**

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

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

*Individual Evaluation*

A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected EIR (Effective Interest Rate) value and discounted cash flows.

When cash flows are estimated, the following conditions are taken into account.

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

*Definition of Default*

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

These conditions have stated below:

- 1) To have a past due more than 90 days. (150 days for the financial leasing receivables)
- 2) The decision taken for bankruptcy or concordatum registration.
- 3) To have a loan classified as standard receivable by restructuring while monitored as non-performing loan and to have a past due more than 30 days of principal and/or interest payment delayed within the 1 year monitoring period or to have a loan restructured once more during this monitoring period.
- 4) Other neutral criteria deemed appropriate by management

*Significant increase in credit risk definition (criterias and explanations)*

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

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

Although the classification criteria are still used under the third, fourth and fifth groups in the current process, the classification criteria, as specified in the regulation and as non-performing loans, have been revised. In accordance with TFRS 9, these loans, which are subject to a lifetime impairment application, are classified under the Stage 3.

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

In the context of contractual cash flows, cash flows from collateral sales and cash flows from loans are also taken into account.

Under TFRS 9, probability weighted scenarios are taken into account for the expected life of the financial instrument to estimate expected losses. The evaluation consists of an assessment of the possible outcomes, including the determination of the amount and timing of cash flows for specific outputs and of possible scenarios indicating the estimated likelihood of that outcome. The Parent Bank's loans have been evaluated and classified as of 31 March 2020 in line with the Regulation on the Classification of Loans and the Procedures and Principles Regarding Provisions to be Reserved for them and taking into account the effects of Covid-19; accordingly, a provision has been set aside.

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

As of 31 March 2020, the Parent Bank does not have any loans in the framework of the above circular.

**VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The Group’s intangible assets consist of software.

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

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

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

**SECTION THREE****EXPLANATIONS ON ACCOUNTING POLICIES (Continued)****XII. INFORMATION ON TANGIBLE ASSETS**

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

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

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

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

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

<b>Tangible Assets</b>	<b>Estimated Useful Life (Years)</b>	<b>Depreciation Rate (%)</b>
Buildings	37-44	2-3
Motor vehicles	5	20
Office equipment, furniture and fixture	3-50	2-33

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

At each reporting date, the Group 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.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. INFORMATION ON LEASING ACTIVITIES**

*Finance leasing activities as the lessee*

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in the Group’s assets and liabilities, respectively. 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.

*Finance leasing activities as the lessor*

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

*Operational leases*

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

*Reserve for other benefits to employees*

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group 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 2020 is TL 6,730.15 (full TL) (31 December 2019: TL 6,379.86 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

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

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

*Other benefits to employees*

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



**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. INFORMATION ON TAX APPLICATIONS**

**Corporate tax**

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

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

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

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

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

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

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Deferred taxes**

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

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

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

**Transfer pricing**

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

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

**XVII. ADDITIONAL INFORMATION ON BORROWINGS**

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

**XVIII. INFORMATION ON SHARE ISSUANCES**

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

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

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

There are no acceptances presented as liabilities against any assets.

**XX. INFORMATION ON GOVERNMENT INCENTIVES**

None.

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXI. CASH AND CASH EQUIVALENTS**

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

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

**XXII. INFORMATION ON SEGMENT REPORTING**

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

**XXIII. OTHER DISCLOSURES**

**Profit reserves and profit distribution**

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

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

**Related parties**

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

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP****I. INFORMATION ON SHAREHOLDER'S EQUITY (Current Period)****Informations about Total Capital**

	Amount (Current Period)	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>1,080,449</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	
Share issue premiums	-	
Reserves	35,276	
Gains recognized in equity as per TAS	92,396	
Profit	512,777	
Current Period Profit	19,837	
Prior Period Profit	492,940	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities' shares	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,080,449</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>5,905</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	249	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	5,656	5,656
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>5,905</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>1,074,544</b>	

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER'S EQUITY (Current Period) (Continued)****Informations about Total Capital (Continued)**

	Amount (Current Period)	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I Capital	-	
Third parties' share in the Additional Tier I Capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated 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	-	
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,074,544</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA		
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		
Provisions (Article 8 of the Regulation on the Equity of Banks)	39,714	
<b>Tier II Capital Before Deductions</b>	<b>39,714</b>	
<b>Deductions From Tier II Capital</b>	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>39,714</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>1,114,258</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>1,114,258</b>	
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	-	
Other items to be defined by the BRSA (-)	-	

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**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER'S EQUITY (Current Period) (Continued)****Informations about Total Capital (Continued)**

	<b>Amount (Current Period)</b>	<b>Amounts related to treatment before 1/1/2014<sup>(*)</sup></b>
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital during the Transition Period</b>		
The Portion of the Total 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	
<b>TOTAL CAPITAL</b>	<b>1,114,258</b>	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,114,258	
Total risk weighted amounts	5,541,785	
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	19.63	
Consolidated Tier 1 Capital Adequacy Ratio (%)	19.63	
Consolidated Capital Adequacy Ratio (%) <sup>(*)</sup>	20.35	
<b>BUFFERS</b>		
Total buffer requirement	2.685	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.185	
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	15.13	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of consolidated 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 consolidated 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 mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>	<b>39,714</b>	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	39,714	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4</b>		
<b>(to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER'S EQUITY (Prior Period)****Informations about Total Capital**

	<b>Amount (Prior Period)</b>	<b>Amounts related to treatment before 1/1/2014<sup>(1)</sup></b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>1,072,947</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	
Share issue premiums	-	
Reserves	35,276	
Gains recognized in equity as per TAS	104,731	
Profit	492,940	
Current Period Profit	164,509	
Prior Period Profit	328,431	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities' shares	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,072,947</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>6,647</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	297	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	6,350	6,350
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>6,647</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>1,066,300</b>	



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**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER'S EQUITY (Prior Period) (Continued)****Informations about Total Capital (Continued)**

	Amount (Prior Period)	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I Capital	-	
Third parties' share in the Additional Tier I Capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated 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	-	
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	1,066,300	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	35,653	
<b>Tier II Capital Before Deductions</b>	35,653	
<b>Deductions From Tier II Capital</b>	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	35,653	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	1,101,953	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	1,101,953	
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	-	
Other items to be defined by the BRSA (-)	-	

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER'S EQUITY (Prior Period) (Continued)****Informations about Total Capital (Continued)**

	Amount (Prior Period)	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital during the Transition Period</b>		
The Portion of the Total 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	
<b>TOTAL CAPITAL</b>	<b>1,101,953</b>	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,101,953	
Total risk weighted amounts	5,294,862	
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	20.14	
Consolidated Tier I Capital Adequacy Ratio (%)	20.14	
Consolidated Capital Adequacy Ratio (%)	20.81	
<b>BUFFERS</b>		
Total buffer requirement	2.666	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.166	
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	15.64	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	
Portion of the total of net long positions of investments in equity items of consolidated 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 consolidated 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 mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>	-	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	<b>35,653</b>	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

## SECTION FOUR

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

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

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

The Parent Bank has procedures and reports under the name of internal capital assessment process. In order to assess the capital adequacy of the current year, 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.

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

	Balance sheet value	Amount of correction	Value at capital report
Paid-in capital	440,000	-	440,000
Other Capital Reserves	-	-	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures	-	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-	-	-
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	99,558	-	99,558
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(7,162)	-	(7,162)
Profit Reserves	35,276	-	35,276
Profit or Loss	512,777	-	512,777
Prior Periods' Profit/Loss	492,940	-	492,940
Current Period Net Profit/Loss	19,837	-	19,837
Deductions from Common Equity Tier 1 Capital (*)	-	5,905	(5,905)
<b>Common Equity Tier 1 capital</b>	-	-	<b>1,074,544</b>
Tier 1 capital	-	-	<b>1,074,544</b>
Provisions	-	(39,714)	39,714
<b>Tier 2 capital (**)</b>	-	(39,714)	39,714
Shareholders's Equity Adjustments (***)	-	-	-
<b>Total Shareholders's Equity</b>	<b>1,080,449</b>	<b>(33,809)</b>	<b>1,114,258</b>

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

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

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK**

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

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

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

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

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

**Foreign exchange risk management policy**

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

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

<b>Date</b>	<b>US Dollars</b>	<b>Euro</b>
24 March 2020	6.5864 TL	7.0484 TL
25 March 2020	6.4943 TL	7.0455 TL
26 March 2020	6.4024 TL	6.9271 TL
27 March 2020	6.4560 TL	7.0610 TL
30 March 2020	6.4346 TL	7.0896 TL
31 March 2020	6.5160 TL	7.2150 TL

**The basic arithmetical average of the Parent 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 2020 is TL 6.3105 for USD, TL 6.9775 for EURO.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)****Information on Currency Risk of the Group**

<b>Current Period</b>	<b>Euro</b>	<b>USD Dollars</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	501,454	332,808	118	834,380
Banks	299,922	376,482	15,255	691,659
Financial Assets Measured at Fair Value through Profit or Loss	101,741	-	-	101,741
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Comprehensive Income	255,186	283,131	-	538,317
Loans	1,086,206	369,214	-	1,455,420
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	524,021	424,092	-	948,113
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	222,391	14,144	-	236,535
<b>Total Assets</b>	<b>2,990,921</b>	<b>1,799,871</b>	<b>15,373</b>	<b>4,806,165</b>
<b>Liabilities</b>				
Bank Deposits	962,112	585,961	1,949	1,550,022
Foreign Currency Deposits	855,339	726,328	14,922	1,596,589
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	1,157,914	485,189	-	1,643,103
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	17,958	10,399	385	28,742
<b>Total Liabilities <sup>(1)</sup></b>	<b>2,993,323</b>	<b>1,807,877</b>	<b>17,256</b>	<b>4,818,456</b>
<b>Net Balance Sheet Position</b>	<b>(2,402)</b>	<b>(8,006)</b>	<b>(1,883)</b>	<b>(12,291)</b>
<b>Net Off Balance Sheet Position</b>	<b>(1,587)</b>	<b>1,587</b>	<b>-</b>	<b>-</b>
Financial Derivatives (Assets)	-	1,587	-	1,587
Financial Derivatives (Liabilities)	(1,587)	-	-	(1,587)
Non-Cash Loans	1,575,307	1,847,264	878,868	4,301,439
<b>Prior Period</b>				
Total Assets	2,498,094	1,544,485	9,805	4,052,384
Total Liabilities	2,492,688	1,541,699	10,276	4,044,663
Balance Sheet Position, net	5,406	2,786	(471)	7,721
Off Balance Sheet Position, net	(8,779)	799	-	(7,980)
Financial Derivatives (Assets)	-	799	-	799
Financial Derivatives (Liabilities)	(8,779)	-	-	(8,779)
Non-cash Loans	1,486,014	1,567,267	807,670	3,860,951

<sup>(1)</sup> In accordance with the provisions of the "Regulation on the Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio in Banks' Consolidated and Non-Consolidated Basis"; Equity has not been taken into consideration in calculating the risk of exchange rate amounting to TL 13,399.

<sup>(2)</sup> Includes financial lease receivables.

## SECTION FOUR

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

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

## Exposed currency risk

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

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity <sup>(1)</sup>	Income Statement	Shareholders' Equity <sup>(1)</sup>
Euro	399	1,023	337	337
US Dollar	642	1,358	(359)	(359)
Other Currencies	188	188	47	47
<b>Total</b>	<b>1,229</b>	<b>2,569</b>	<b>25</b>	<b>25</b>

<sup>(1)</sup> 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 <sup>(1)</sup>	Income Statement	Shareholders' Equity <sup>(1)</sup>
Euro	(399)	(1,023)	(337)	(337)
US Dollar	(642)	(1,358)	359	359
Other Currencies	(188)	(188)	(47)	(47)
<b>Total</b>	<b>(1,229)</b>	<b>(2,569)</b>	<b>(25)</b>	<b>(25)</b>

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

**SECTION FOUR**

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

**III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK**

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

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

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

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

The Board of Directors has determined limits for the amount exposed to market risk / 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.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

### SECTION FOUR

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	840,433	840,433
Banks	687,003	49,229	-	-	-	23,845	760,077
Financial assets at fair value through Profit or Loss	-	101,741	15,757	10,309	-	-	127,807
Interbank Money Market Placements	295,573	-	-	-	-	-	295,573
Financial Assets at Fair Value Through Other Comprehensive Income	6,696	85,850	73,069	370,092	-	2,834	538,541
Loans	579,546	341,447	573,297	564,261	-	7,497	2,066,048
Financial Assets Measured at Amortized Cost	5,606	211,667	13,764	724,292	-	-	955,329
Other assets <sup>(1)</sup>	13,369	20,315	89,208	152,534	-	178,977	454,403
<b>Total assets</b>	<b>1,587,793</b>	<b>810,249</b>	<b>765,095</b>	<b>1,821,488</b>	<b>-</b>	<b>1,053,586</b>	<b>6,038,211</b>
<b>Liabilities</b>							
Bank Deposits	1,326,988	32,924	190,736	-	-	103	1,550,751
Other Deposits	130,559	30,911	9,991	-	-	1,475,082	1,646,543
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	199,323	443,985	999,795	-	-	-	1,643,103
Other liabilities <sup>(2)</sup>	932	17	143	456	-	1,196,266	1,197,814
<b>Total liabilities</b>	<b>1,657,802</b>	<b>507,837</b>	<b>1,200,665</b>	<b>456</b>	<b>-</b>	<b>2,671,451</b>	<b>6,038,211</b>
Long Position in the Balance Sheet	-	302,412	-	1,821,032	-	-	2,123,444
Short Position in the Balance Sheet	(70,009)	-	(435,570)	-	-	(1,617,865)	(2,123,444)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(70,009)</b>	<b>302,412</b>	<b>(435,570)</b>	<b>1,821,032</b>	<b>-</b>	<b>(1,617,865)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 178,977 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 146,347, Expected Credit Loss amounting to TL 30,717, Intangible Assets amounting to TL 5,656, Deferred Tax Assets amounting to TL 4,417, other non-interest bearing amounting to TL 52,274 Available for Sale Financial Assets amounting to TL 1,000 of other undistributed amounts.

<sup>(2)</sup> Other Liabilities: The amount of TL 1,196,266 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,080,449, Provisions amounting to TL 57,312, Current Tax Liability amounting to TL 11,453 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 47,052.

<sup>(3)</sup> Includes financial lease receivables



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

### SECTION FOUR

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	566,566	566,566
Banks	1,191,331	20,849	-	-	-	16,585	1,228,765
Financial assets at fair value through Profit or Loss	-	-	94,252	-	-	-	94,252
Interbank Money Market Placements	535,166	-	-	-	-	-	535,166
Financial Assets at Fair Value Through Other Comprehensive Income	9,077	5,518	87,147	144,723	-	2,605	249,070
Loans	407,128	184,573	576,461	475,889	-	86,192	1,730,243
Financial Assets Measured at Amortized Cost	8,965	33,508	196,342	211,036	28,886	-	478,737
Other assets <sup>(1) (3)</sup>	12,602	21,680	91,706	152,281	-	88,575	366,844
<b>Total assets</b>	<b>2,164,269</b>	<b>266,128</b>	<b>1,045,908</b>	<b>983,929</b>	<b>28,886</b>	<b>760,523</b>	<b>5,249,643</b>
<b>Liabilities</b>							
Bank Deposits	1,027,216	59,608	187,265	17,844	-	-	1,291,933
Other Deposits	123,973	22,803	8,508	83	-	1,008,621	1,163,988
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	21,572	265,347	956,820	368,104	-	-	1,611,843
Other liabilities <sup>(2)</sup>	75	94	69	464	1,124	1,180,053	1,181,879
<b>Total liabilities</b>	<b>1,172,836</b>	<b>347,852</b>	<b>1,152,662</b>	<b>386,495</b>	<b>1,124</b>	<b>2,188,674</b>	<b>5,249,643</b>
Long Position in the Balance Sheet	991,433	-	-	597,434	27,762	-	1,616,629
Short Position in the Balance Sheet	-	(81,724)	(106,754)	-	-	(1,428,151)	(1,616,629)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>991,433</b>	<b>(81,724)</b>	<b>(106,754)</b>	<b>597,434</b>	<b>27,762</b>	<b>(1,428,151)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 88,575 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 146,788, Expected Credit Loss amounting to TL 105,674, Intangible Assets amounting to TL 6,350, and other non-interest bearing amounting to TL 40,111 and Available for Sale Financial Assets amounting to TL 1,000 of other undistributed amounts.

<sup>(2)</sup> Other Liabilities: The amount of TL 1,180,053 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,072,947, Provisions amounting to TL 57,504, Current Tax Liability amounting to TL 10,824, Deferred Tax Liability amounting to TL 1,849 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 36,929.

<sup>(3)</sup> Includes financial lease receivables

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	-	-	-
Banks	0.01	2.26	10.81
Financial Assets at Fair Value through Profit or Loss	2.52	-	10.83
Money Market Placements	-	-	9.05
Financial Assets at Fair Value Through Other Comprehensive Income	2.78	6.02	-
Loans	3.50	5.33	12.27
Financial Assets Measured at Amortized Cost	2.87	6.70	11.36
Financial Lease Receivables	6.56	7.93	18.33
<b>Liabilities</b>	-	-	-
Interbank Deposits	0.74	0.94	-
Other Deposits	0.22	0.93	8.58
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	1.19	3.67	-
<b>Prior Period</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey.	-	1.83	12.21
Banks	0.01	1.69	10.49
Financial assets at Fair Value through Profit or Loss	-	-	-
Money Market Placements	-	-	11.34
Financial Assets at Fair Value Through Other Comprehensive Income	3.38	6.91	25.08
Loans	3.74	6.19	14.52
Financial Assets Measured at Amortized Cost	2.84	7.40	21.46
Financial Lease Receivables	6.19	8.03	19.47
<b>Liabilities</b>	-	-	-
Interbank Deposits	0.75	2.41	-
Other Deposits	0.34	1.81	10.34
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	1.30	4.10	-

**SECTION FOUR**

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

**IV. INFORMATION ON CONSOLIDATED STOCK POSITION RISK**

**Equity investment risk due from banking book**

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

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

None.

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

None.

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

None.

**SECTION FOUR**

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

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT**

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

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

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

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

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

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

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

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

**SECTION FOUR**

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

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Parent Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has A&T Bank. Funds received from the Group’s risk group have a 20% share in liabilities.

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

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

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

A large portion of the Parent Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 53% of these funds are USD and 47% are EUR.

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

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

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

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)****General information on the emergency and contingency plan of Liquidity**

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

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

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

**Liquidity coverage ratio**

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

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

	Month	FC	Month	FC+TL
<b>Lowest</b>	February	186	March	276
<b>Highest</b>	January	211	January	329

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FOUR**

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

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**

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

Current Period	Consideration Ratio Not Applied Total Value <sup>(1)</sup>		Consideration Ratio Applied Total Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	<b>2,343,949</b>	<b>1,815,217</b>	<b>1,935,673</b>	<b>1,406,941</b>
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	525,070	484,125	50,496	48,413
3 Stable deposit	40,220	-	2,011	-
4 Deposit with low stability	484,850	484,125	48,485	48,413
5 Unsecured debts except real person deposits and retail deposits	2,078,562	1,931,530	1,524,447	1,381,863
6 Operational deposit	-	-	-	-
7 Non-operating deposits	1,912,415	1,901,049	1,358,300	1,351,382
8 Other unsecured debts	166,147	30,481	166,147	30,481
9 Secured debts	-	-	-	-
10 Other cash outflows	-	-	-	-
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	4,141,963	3,964,291	249,413	208,711
<b>16 TOTAL CASH OUTFLOW</b>	<b>6,745,595</b>	<b>6,379,946</b>	<b>1,824,356</b>	<b>1,638,987</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,268,313	909,466	1,135,739	872,795
19 Other cash inflows	15,919	15,919	15,919	15,919
<b>20 TOTAL CASH INFLOWS</b>	<b>1,284,232</b>	<b>925,385</b>	<b>1,151,658</b>	<b>888,714</b>
			Upper Limit Applied Amounts	
<b>21 TOTAL HQLA STOCK</b>			<b>1,935,673</b>	<b>1,406,941</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>683,496</b>	<b>753,180</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>283.20</b>	<b>186.80</b>

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

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**SECTION FOUR**
**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**
**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**

Prior Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	2,450,631	1,908,503	2,060,923	1,518,796
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	448,471	413,355	43,141	41,335
3 Stable deposit	34,120	-	1,706	-
4 Deposit with low stability	414,351	413,355	41,435	41,335
5 Unsecured debts except real person deposits and retail deposits	2,146,442	2,021,375	1,790,114	1,670,408
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,006,490	1,991,871	1,650,162	1,640,904
8 Other unsecured debts	139,952	29,504	139,952	29,504
9 Secured debts	-	-	-	-
10 Other cash outflows	1	1	1	1
11 Derivative liabilities and margin obligations	1	1	1	1
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	3,973,874	3,723,547	253,334	196,625
<b>16 TOTAL CASH OUTFLOW</b>	<b>6,568,788</b>	<b>6,158,278</b>	<b>2,086,590</b>	<b>1,908,369</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,292,841	984,313	1,147,551	940,392
19 Other cash inflows	12,796	12,796	12,796	12,796
<b>20 TOTAL CASH INFLOWS</b>	<b>1,305,637</b>	<b>997,109</b>	<b>1,160,347</b>	<b>953,188</b>
<b>21 TOTAL HQLA STOCK</b>			<b>2,060,923</b>	<b>1,518,796</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>940,064</b>	<b>959,827</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>219.23</b>	<b>158.24</b>

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



**SECTION FOUR**

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

**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (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 Parent bank. A major portion of high-quality liquid assets of the Parent Bank are consisted of treasury bills and free deposits held in CBRT. High-quality liquid assets been on the rise throughout the year had a positive effect on the calculation of liquidity coverage ratio.

**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 37% of high-quality liquid assets of the Parent Bank, while 61% comprised of debt instruments issued by the Treasury.

**Sections Funding sources comprised of and their densities within all funds**

A significant part of the funding sources are comprised of deposits received. 53% of the total liabilities are deposits received. 48% of these deposits are deposits obtained from banks.

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

Cash outflows due to derivative contracts occur during periods when the bank's derivative liabilities exceed its derivative receivables. As of 31 March 2020, the group has no derivative transactions.

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

A significant part of the funding sources are comprised of deposits received. 53% of the liability is deposits and 48% 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 Parent Bank obtains funds essentially from main shareholder Libyan Foreign Bank and its subsidiaries. These reliable and ongoing funds are renewed at different maturities and expected to continue for many years.

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

None.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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**SECTION FOUR**
**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**
**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**
**Presentation of assets and liabilities based on their outstanding maturities**

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
<b>Assets</b>								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	35,797	804,636	-	-	-	-	-	840,433
Banks	80,843	630,005	49,229	-	-	-	-	760,077
Financial Assets at Fair Value through Profit or Loss	-	-	101,742	15,756	10,309	-	-	127,807
Money Market Placements	-	295,573	-	-	-	-	-	295,573
Financial Assets at Fair Value Through Other Comprehensive Income	-	6,696	85,852	73,068	370,091	-	2,834	538,541
Loans	-	579,545	324,486	590,259	564,261	-	7,497	2,066,048
Financial Assets Measured at Amortised Cost	-	5,606	211,662	13,764	724,297	-	-	955,329
Other assets <sup>(1)</sup>	1,075	24,944	20,315	89,208	152,534	-	166,327	454,403
<b>Total Assets</b>	<b>117,715</b>	<b>2,347,005</b>	<b>793,286</b>	<b>782,055</b>	<b>1,821,492</b>	<b>-</b>	<b>176,658</b>	<b>6,038,211</b>
<b>Liabilities</b>								
Interbank Deposits	774,602	552,489	32,924	190,736	-	-	-	1,550,751
Other Deposits	1,475,082	130,559	30,911	9,991	-	-	-	1,646,543
Money market borrowings	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	175,881	390,619	953,764	122,839	-	-	1,643,103
Other liabilities <sup>(2)</sup>	-	2,431	654	143	456	-	1,194,130	1,197,814
<b>Total Liabilities</b>	<b>2,249,684</b>	<b>861,360</b>	<b>455,108</b>	<b>1,154,634</b>	<b>123,295</b>	<b>-</b>	<b>1,194,130</b>	<b>6,038,211</b>
<b>Net Liquidity Gap</b>	<b>(2,131,969)</b>	<b>1,485,645</b>	<b>338,178</b>	<b>(372,579)</b>	<b>1,698,197</b>	<b>-</b>	<b>(1,017,472)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	97,667	2,663,005	256,320	1,055,718	983,928	28,886	164,119	5,249,643
Total Liabilities	1,641,848	518,795	240,373	1,156,121	512,625	1,124	1,178,757	5,249,643
<b>Net Liquidity Gap</b>	<b>(1,544,181)</b>	<b>2,144,210</b>	<b>15,947</b>	<b>(100,403)</b>	<b>471,303</b>	<b>27,762</b>	<b>(1,014,638)</b>	<b>-</b>

<sup>(1)</sup> Other Assets: The amount of TL 166,327 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 146,347, Expected credit loss amounting to TL 30,717, Intangible Assets amounting to TL 5,656, Deferred Tax Assets amounting to TL 4,417 and other Non-Interest Bearing amounting to TL 39,624 and Available for Sale Financial Assets amounting to TL 1,000 of other undistributed amounts.

<sup>(2)</sup> Other Liabilities: The amount of TL 1,194,130 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,080,449, Provisions amounting to TL 57,312, Deferred Tax Liabilities amounting to TL 11,453 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 44,916.

<sup>(3)</sup> Includes financial lease receivables

## SECTION FOUR

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

## VI. EXPLANATIONS ON LEVERAGE RATIO

## Leverage Ratio

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

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

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

## An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS

	Current Period <sup>(2)</sup>	Prior Period
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(1)</sup>	12,302	8,959
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	480	7,125
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	1,084,060	746,769
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	31,031	19,648
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
<b>Total Risk Amount</b>	<b>1,127,873</b>	<b>782,501</b>

<sup>(1)</sup> The related amounts are calculated from financial tables in the Consolidated Consolidated Financial Statements prepared in accordance with BRSA Accounting and Financial Reporting Legislation.

<sup>(2)</sup> The amounts shown in the table are 3 month averages.

## SECTION FOUR

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

## VI. EXPLANATIONS ON LEVERAGE RATIO (Continued)

## Leverage ratio disclosure as follows:

	Balance sheet assets	Current Period	Prior Period
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	5,572,846	5,044,910
2	(Assets deducted from main capital)	(6,151)	(4,481)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	5,566,695	5,040,429
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	-	443
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	443
	<b>Security or secured financing transactions</b>		
7	Risk amount of security or secured financing transactions (Except balance sheet)	41,043	20,411
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	41,043	20,411
	<b>Off-balance sheet transactions</b>		
10	Gross nominal amount of off-balance sheet transactions	4,277,714	4,003,679
11	(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
12	Risk amount of the off-balance sheet transactions (Sum of 10th and 11th rows)	4,277,714	4,003,679
	<b>Equity and total risk</b>		
13	Main capital	1,077,713	985,586
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	9,885,452	9,064,962
	<b>Leverage ratio</b>		
15	Leverage ratio	%10.93	%10.89

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FOUR****INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****VII. EXPLANATIONS 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)	4,806,680	4,756,615	384,535
2 Standardised approach (SA)	4,806,680	4,756,615	384,535
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	355	672	28
5 Standardised approach for counterparty credit risk (SA-CCR)	355	672	28
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	162,475	73,925	12,998
17 Standardised approach (SA)	162,475	73,925	12,998
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	572,275	463,650	45,782
20 Basic Indicator Approach	572,275	463,650	45,782
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>5,541,785</b>	<b>5,294,862</b>	<b>443,343</b>

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

None.

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

None.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

### SECTION FOUR

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

#### VIII. INFORMATION ON CONSOLIDATED OPERATING SEGMENTS

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

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

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

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Interest Income (Net)	(351)	24,372	19,066	6,639	-	49,726
Commission Income (Net)	-	17,974	-	166	-	18,140
Unallocated Income/Expenses (Net)	-	-	-	(4,739)	(37,684)	(42,423)
<b>Operating Income</b>	<b>(351)</b>	<b>42,346</b>	<b>19,066</b>	<b>2,066</b>	<b>(37,684)</b>	<b>25,443</b>
Income from Subsidiaries	-	-	-	-	-	-
Income before tax	-	-	-	-	25,443	25,443
<b>Tax Provision</b>	-	-	-	-	<b>(5,606)</b>	<b>(5,606)</b>
<b>Net Profit for the period</b>	-	-	-	-	<b>19,837</b>	<b>19,837</b>

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Segment Assets	1,643	551,056	3,805,650	398,458	-	4,756,807
Unallocated assets	-	-	-	-	1,281,404	1,281,404
<b>Total Assets</b>	<b>1,643</b>	<b>551,056</b>	<b>3,805,650</b>	<b>398,458</b>	<b>1,281,404</b>	<b>6,038,211</b>
Segment Liabilities	589,740	1,059,455	2,938,078	268,490	-	4,855,763
Unallocated Liabilities	-	-	-	-	101,999	101,999
Equity	-	-	-	-	1,080,449	1,080,449
<b>Total Liabilities</b>	<b>589,740</b>	<b>1,059,455</b>	<b>2,938,078</b>	<b>268,490</b>	<b>1,182,448</b>	<b>6,038,211</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Interest Income (Net)	(513)	43,578	27,923	7,608	-	78,596
Commission Income (Net)	-	20,259	-	364	-	20,623
Unallocated Income/Expenses (Net)	-	-	-	(4,737)	(27,395)	(32,132)
<b>Operating Income</b>	<b>(513)</b>	<b>63,837</b>	<b>27,923</b>	<b>3,235</b>	<b>(27,395)</b>	<b>67,087</b>
Income from Subsidiaries	-	-	-	-	-	-
Income before tax	-	-	-	-	67,087	67,087
<b>Tax Provision</b>	-	-	-	-	<b>(13,913)</b>	<b>(13,913)</b>
<b>Net Profit for the period</b>	-	-	-	-	<b>53,174</b>	<b>53,174</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Segment Assets	1,074	107,685	3,421,390	400,122	-	3,930,271
Unallocated assets	-	-	-	-	1,319,372	1,319,372
<b>Total Assets</b>	<b>1,074</b>	<b>107,685</b>	<b>3,421,390</b>	<b>400,122</b>	<b>1,319,372</b>	<b>5,249,643</b>
Segment Liabilities	464,664	700,981	2,643,711	271,619	-	4,080,975
Unallocated Liabilities	-	-	-	-	95,721	95,721
Equity	-	-	-	-	1,072,947	1,072,947
<b>Total Liabilities</b>	<b>464,664</b>	<b>700,981</b>	<b>2,643,711</b>	<b>271,619</b>	<b>1,168,668</b>	<b>5,249,643</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash/Effective	2,192	29,744	1,332	15,426
Central Bank of Turkey	3,861	804,636	3,245	546,563
Other	-	-	-	-
<b>Total</b>	<b>6,053</b>	<b>834,380</b>	<b>4,577</b>	<b>561,989</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits <sup>(1)</sup>	3,861	-	3,245	-
Unrestricted Time Deposits	-	344,435	-	239,743
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	460,201	-	306,820
<b>Total</b>	<b>3,861</b>	<b>804,636</b>	<b>3,245</b>	<b>546,563</b>

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

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 1% and 7% (31 December 2019: 1% - 7%), and for USD or EUR at the rates of 4% and 20% (31 December 2019: 5% - 21%) respectively according to their maturities as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of the current period, 3,293 TL (31 December 2019: None) are given as collateral/blocked from financial assets at fair value through profit or loss and there are no financial assets that are subject to repo transactions (31 December 2019: None).

*Positive differences related to derivative financial assets*

None.

## 3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	68,418	646,166	76,583	1,097,991
Foreign banks	-	45,493	-	54,191
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>68,418</b>	<b>691,659</b>	<b>76,583</b>	<b>1,152,182</b>

## Information on Expected Credit Losses

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,024	-	-	2,024
Additions during the Period (+)	1,404	-	-	1,404
Disposal (-)	(1,996)	-	-	(1,996)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>1,432</b>	<b>-</b>	<b>-</b>	<b>1,432</b>

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



## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 4. Information on financial assets at fair value through other comprehensive income

*Information on transaction of repo and collateral/blocked financial assets (Net)*

As of 31 March 2020, the Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions.

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

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

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

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>549,213</b>	<b>247,566</b>
Quoted in stock exchange	549,213	247,566
Not quoted in stock exchange	-	-
<b>Share Certificates</b>	<b>2,835</b>	<b>2,606</b>
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	2,835	2,606
<b>Impairment provision (-)</b>	<b>13,507</b>	<b>1,102</b>
<b>Total</b>	<b>538,541</b>	<b>249,070</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>65,948</b>	<b>31,345</b>	<b>59,486</b>	<b>11,700</b>
Corporate Shareholders	65,948	31,345	59,486	11,700
Individual Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans Granted to the Bank's personnel</b>	<b>1,643</b>	<b>116</b>	<b>1,074</b>	<b>106</b>
<b>Total</b>	<b>67,591</b>	<b>31,461</b>	<b>60,560</b>	<b>11,806</b>

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

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>2,058,551</b>	-	-	-
Commercial Loans	-	-	-	-
Export Loans	57,428	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,220,816	-	-	-
Consumer Loans	1,643	-	-	-
Credit Cards	-	-	-	-
Other	778,664	-	-	-
<b>Specialized Lending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Toplam</b>	<b>2,058,551</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Standard Loan <sup>(*)</sup>	Loans Under Close Monitoring <sup>(*)</sup>
12-Month expected credit losses	13,013	-
Significant increase in credit risk	-	1,194

<sup>(\*)</sup> Includes lease receivables.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 5. Information on Loans (Continued)

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

	Short Term	Middle and Long Term	Total
<b>Consumer Loans-TL</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Loans- TL</b>	<b>404</b>	<b>1,239</b>	<b>1,643</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	404	1,239	1,643
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Deposits with Credit Limit-TL (Individual)</b>	-	-	-
<b>Deposits with Credit Limit-FC (Individual)</b>	-	-	-
<b>Consumer Loans-TL</b>	<b>404</b>	<b>1,239</b>	<b>1,643</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 5. Information on Loans (Continued)

*Information on installment commercial loans and commercial credit cards*

	Short-Term	Medium and Long-Term	Total
<b>Commercial Installment Loans-TL</b>	-	50,727	50,727
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	50,727	50,727
Other	-	-	-
<b>Commercial Installment Loans- Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Commercial Installment Loans - FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	-	-	-
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total</b>	-	50,727	50,727

*Allocation of domestic and foreign loans*

	Current Period	Prior Period
Domestic loans	2,038,300	1,708,210
Foreign loans	20,251	22,033
<b>Total</b>	<b>2,058,551</b>	<b>1,730,243</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****5. Information on Loans (Continued)***Specific provisions for loans*

<b>Specific provisions</b>	<b>Current Period</b>	<b>Prior Period</b>
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	11,054	89,320
<b>Total</b>	<b>11,054</b>	<b>89,320</b>

(\*) Includes Financial lease receivables.

**Information related to non-performing loans (Net)***Information on loans and other receivables that are restructured by the bank from non-performing loans or linked to a new amortization schedule*

None.

*Information on movement of total non-performing loans*

	<b>III. Group Loans and receivables with limited collectibles</b>	<b>IV. Group Loans and receivables with doubtful collectibles</b>	<b>V. Group Uncollectible loans and receivables</b>
<b>Balances at Beginning of Period</b>	-	-	<b>97,082</b>
Additions (+)	-	-	2,401
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	2,051
Write-offs (-)	-	-	<b>78,601</b>
Institutional and commercial credits	-	-	78,601
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
<b>Balances at End of the Period</b>	-	-	<b>18,831</b>
Specific provisions (-)	-	-	11,054
<b>Net Balance on Balance Sheet</b>	-	-	<b>7,777</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 5. Information on Loans (Continued)

*Information on foreign currency non-performing loans*

There are non-performing loan receivables in foreign currency amounting TL 4,196 which is followed in Turkish Lira accounts. (31 December 2019: TL 26,712)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
<b>Current Period (Net)</b>	-	-	<b>7,777</b>
Loans granted to real persons and legal entities (Gross)	-	-	18,831
Specific provisions (-)	-	-	11,054
Loans granted to real persons and legal entities (Net)	-	-	7,777
Banks (Gross) <sup>(1)</sup>	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	-	-	<b>7,762</b>
Loans granted to real persons and legal entities (Gross)	-	-	96,982
Specific provisions (-)	-	-	89,220
Loans granted to real persons and legal entities (Net)	-	-	7,762
Banks (Gross) <sup>(1)</sup>	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross) <sup>(2)</sup>	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

*Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9*

None.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 5. Information on Loans (Continued)

*Collection policy on loans determined as loss and other receivables*

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

*Information on write-off policy*

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

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

Within the scope of TFRS 9, the Bank has written off loans amounting to TL 78,601(31 December 2019: 4,417), and its effect on NPL ratio is 3.8%.(31 December 2019: 0.22%)

**Expected credit loss for loans***Information on Expected Credit Loss*

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	10,700	-	84,219	94,919
Additions during the Period	3,222	-	-	3,222
Disposal	(2,376)	-	(163)	(2,539)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	(78,601)	(78,601)
<b>Balances at End of Period</b>	<b>11,546</b>	<b>-</b>	<b>5,455</b>	<b>17,001</b>

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****5. Information on Loans (Continued)***Information on Expected Loss provisions for Receivables from leasing transactions*

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	1,370	980	5,101	7,451
Additions during the Period	486	553	1,300	2,339
Disposal	(270)	(178)	(604)	(1,052)
Transfer to Stage1	-	(35)	-	(35)
Transfer to Stage 2	(119)	-	(198)	(317)
Transfer to Stage 3	-	(127)	-	(127)
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>1,467</b>	<b>1,193</b>	<b>5,599</b>	<b>8,259</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	1,000	766	721	2,487
Additions during the Period	876	168	256	1,300
Disposal	(349)	(482)	(232)	(1,063)
Transfer to Stage1	35	(61)	-	(26)
Transfer to Stage 2	(160)	633	(156)	317
Transfer to Stage 3	(32)	(44)	4,659	4,583
Write-offs	-	-	(147)	(147)
<b>Balances at End of Period</b>	<b>1,370</b>	<b>980</b>	<b>5,101</b>	<b>7,451</b>



## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 6. Information on financial assets measured at amortised cost

*Information on transaction of repo and collateral/blocked financial assets (Net)*

As of 31 March 2020, the Parent Bank does not have financial assets that are subject to repo transactions.

As of 31 March 2020, the Parent Bank does not have marketable securities subjected to repurchase transactions on financial assets measured at amortised cost. (31 December 2019: None)

*Information on government financial assets measured at amortised cost*

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	7,216	586,226	1,322	329,700
Treasury Bonds	-	-	-	-
Other Public Bonds	-	361,887	-	147,715
<b>Toplam</b>	<b>7,216</b>	<b>948,113</b>	<b>1,322</b>	<b>477,415</b>

*Information on financial assets measured at amortised cost*

	Current Period	Prior Period
<b>Debt Instruments</b>	<b>955,329</b>	<b>478,737</b>
Quoted at stock exchange	955,329	478,737
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
<b>Total</b>	<b>955,329</b>	<b>478,737</b>

*Movement of financial assets measured at amortised cost*

	Current Period	Prior Period
Balances at the Beginning of the Period	478,737	484,323
Foreign Currency Gains / Losses on Monetary assets	52,098	48,586
Purchases during the Period	467,822	145,427
Disposals through sales and redemptions <sup>(1)</sup>	(43,328)	(199,599)
Impairment loss provision	-	-
<b>Period end balance</b>	<b>955,329</b>	<b>478,737</b>

<sup>(1)</sup> In the current period redemption amounting to TL 43,328 has been realized from the portfolio.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****6. Information on financial assets measured at amortised cost (Continued)***Information on Expected Credit Loss*

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance at End of Prior Period	1,280	-	-	1,280
Additions during the Period	2,823	-	-	2,823
Disposals	(78)	-	-	(78)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at End of Period</b>	<b>4,025</b>	<b>-</b>	<b>-</b>	<b>4,025</b>

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

**7. Information on associates**

The Group does not have an associate.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****8. Information on subsidiaries (Net) (Continued)***Information on subsidiaries***A&T Finansal Kiralama A.Ş.****Information on Shareholder's Equity**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid in Capital	108,000	108,000
Capital Reserves	228	228
Legal Reserves	4,643	4,643
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	11,695	10,107
<i>Net Profit</i>	1,588	10,580
<i>Prior Period Profit/Loss</i>	10,107	(473)
Intangible Assets (-)	175	197
<b>Total Core Capital</b>	<b>124,392</b>	<b>122,782</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>124,392</b>	<b>122,782</b>
<b>DEDUCTION FROM CAPITAL</b>	<b>-</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL<sup>(1)</sup></b>	<b>124,392</b>	<b>122,782</b>

<sup>(1)</sup> There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 124,392.

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.

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****8. Information on subsidiaries (Net) (Continued)***Summary information on basic features of equity items (Continued)*

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.

*Information about the consolidated financial statements of the subsidiaries*

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 Period Profit / Loss	Prior Period Profit / Loss	Fair Value <sup>(*)</sup>
398,461	129,801	10,649	8,814	-	1,588	10,107	-

<sup>(1)</sup> The related subsidiary has no fair value as of 31 March 2020.

*Movement related to subsidiaries*

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

*Valuation of investments in subsidiaries*

The method used in accounting treatment of subsidiaries in consolidated financial statements is explained in Section III.

*Sectoral Information on the subsidiaries*

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****8. Information on subsidiaries (Net) (Continued)***Quoted Subsidiaries**The Parent Bank does not have a subsidiary that is quoted.**Subsidiaries sold and acquired in the current year**None.***9. Information on joint ventures**

The Parent Bank has no joint ventures.

**10. Information on Financial Lease Receivables (Net)**

	<b>Current Period</b>	<b>Prior Period</b>
Gross Financial Lease Investment	323,925	328,637
Earned Financial Lease Income (-)	34,648	35,360
Cancelled Leasing Amounts	-	-
<b>Net Investment on Leases</b>	<b>289,277</b>	<b>293,277</b>

	<b>Current Period</b>	<b>Prior Period</b>
Stage 1	243,771	258,722
Stage 2	34,172	23,666
Stage 3	11,334	10,889
<b>Total</b>	<b>289,277</b>	<b>293,277</b>

**Maturity analysis of financial lease receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	154,058	136,743	158,839	140,996
Between 1-4 years	169,867	152,534	169,798	152,281
Over 4 years	-	-	-	-
<b>Total</b>	<b>323,925</b>	<b>289,277</b>	<b>328,637</b>	<b>293,277</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 11. Information on financial derivatives for hedging

The Group has no financial derivatives for hedging.

## 12. Information on investment property

The Group has no investment property.

## 13. Information on tax assets

*Information on deferred tax asset*

As of 31 March 2020, the Bank calculated net deferred tax asset by netting off deferred tax asset of TL 22,188 and deferred tax liability of TL 17,771 on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

Detailed information on net deferred tax assets and liabilities 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	21,937	4,552	20,620	4,278
Unearned revenues	4,176	919	6,605	1,453
Interest discounts	32,096	7,061	5,942	1,307
Provisions	40,343	8,875	40,593	8,930
Other	3,551	782	3,193	703
<b>Deferred tax asset</b>	<b>102,103</b>	<b>22,189</b>	<b>76,953</b>	<b>16,671</b>
Revaluation differences on tangible assets	114,622	14,923	119,058	15,899
Other	13,133	2,849	12,081	2,622
<b>Deferred tax liability</b>	<b>127,755</b>	<b>17,772</b>	<b>131,138</b>	<b>18,520</b>
<b>Deferred tax asset / (liability) net</b>		<b>4,417</b>		<b>(1,849)</b>

Deferred tax asset/ (liability) movement table as follows:

	Current Period	Prior Period
Opening balance	(1,849)	1,566
Deferred tax income/(expense)(Net)	2,250	1,489
Deferred tax accounted under shareholder's equity	4,016	(4,904)
<b>Net Deferred Tax Asset/(Liability)</b>	<b>4,417</b>	<b>(1,849)</b>

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

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

**15. Information on other assets**

Other assets is amounting to TL 38,423 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments. (31 December 2019: TL 25,103)

**ARAP TÜRK BANKASI A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	32,551	-	2,682	2,264	2,329	-	-	-	39,826
<b>Foreign Currency Deposits</b>	1,432,619	-	1,627	128,035	24,153	5,679	4,476	-	1,596,589
Residents in Turkey	435,046	-	1,627	96,121	13,870	789	393	-	547,846
Residents Abroad	997,573	-	-	31,914	10,283	4,890	4,083	-	1,048,743
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	6,182	-	-	216	-	-	-	-	6,398
<b>Other Ins. Deposits</b>	3,730	-	-	-	-	-	-	-	3,730
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	774,602	-	335,028	72,154	-	178,231	190,736	-	1,550,751
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	228,062	-	-	-	-	-	228,062
Foreign Banks	774,602	-	106,966	72,154	-	178,231	190,736	-	1,322,689
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,249,684</b>	<b>-</b>	<b>339,337</b>	<b>202,669</b>	<b>26,482</b>	<b>183,910</b>	<b>195,212</b>	<b>-</b>	<b>3,197,294</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	31,451	-	2,319	4,004	2,177	-	-	-	39,951
<b>Foreign Currency Deposits</b>	968,523	-	5,032	111,442	21,316	4,929	3,987	-	1,115,229
Residents in Turkey	343,295	-	5,032	91,802	6,825	718	274	-	447,946
Residents Abroad	625,228	-	-	19,640	14,491	4,211	3,713	-	667,283
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	4,873	-	-	161	-	-	-	-	5,034
<b>Other Ins. Deposits</b>	3,774	-	-	-	-	-	-	-	3,774
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	633,227	-	114,072	66,516	192,872	243,559	41,687	-	1,291,933
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	633,227	-	114,072	66,516	192,872	243,559	41,687	-	1,291,933
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,641,848</b>	<b>-</b>	<b>121,423</b>	<b>182,123</b>	<b>216,365</b>	<b>248,488</b>	<b>45,674</b>	<b>-</b>	<b>2,455,921</b>



## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,405	10,618	28,421	29,333
Foreign Currency Saving Deposits	176,921	143,790	372,993	280,923
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>188,326</b>	<b>154,408</b>	<b>401,414</b>	<b>310,256</b>

*Saving deposits not covered by deposit insurance*

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

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

The Parent Bank's headquarter is located in Turkey.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

*Amounts not covered by deposit insurance*

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	4,424	3,508
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
<b>Total</b>	<b>4,424</b>	<b>3,508</b>

## 2. Information on derivative financial liabilities

## Negative differences on derivative financial assets

None.

## 3. Information on Funds Borrowed

*Information on banks and other financial institutions*

	Current Period		Prior Period	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks and Institutions	-	42,496	-	64,999
From Foreign Banks, Institutions and Funds	-	1,600,607	-	1,546,844
<b>Total</b>	<b>-</b>	<b>1,643,103</b>	<b>-</b>	<b>1,611,843</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 3. Information on Funds Borrowed (Continued)

*Presentation of funds borrowed based on maturity profile*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	510,038	-	432,993
Long-Term	-	1,133,065	-	1,178,850
<b>Total</b>	<b>-</b>	<b>1,643,103</b>	<b>-</b>	<b>1,611,843</b>

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

Group's liabilities come from 53% of deposits.

## 4. Information on other liabilities

Other liabilities in the balance sheet amounts to TL 47,052 and does not exceed 10% of the total balance sheet. (31 December 2019: TL 36,929).

## 5. Information on financial lease obligations

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	168	159	637	610
Between 1 – 4 years	1,560	1,147	1,320	932
More than four years	300	242	352	284
<b>Total</b>	<b>2,028</b>	<b>1,548</b>	<b>2,309</b>	<b>1,826</b>

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

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

## 7. Information on provisions

*Reserve for employee termination benefits*

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the updated "TAS 19 - Employee Benefits". Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The unused vacation provision amount as at 31 March 2020 is TL 9,347 (31 December 2019: 7,777). In addition to this, the employee termination benefit liability amount as at 31 March 2019 is TL 12,590 (31 December 2019: 12,411).

*Information on other provisions*

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

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

	Current Period	Prior Period
Free provisions for possible risks	15,000	15,000
Expected credit losses for non-cash loans	19,879	21,685
Provisions for law suits	496	631
<b>Total</b>	<b>35,375</b>	<b>37,316</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 8. Information on tax payables

*Information on corporate tax liability*

As of 31 March 2020, the Bank's corporate tax payable is TL 5,952 (31 December 2019 : TL 6,177) after offsetting prepaid corporate tax.

	Current Period	Prior Period
Corporate Taxes Payable	5,952	6,177
Banking Insurance Transaction tax (BITT)	472	588
Taxation on Securities Income	33	270
Value Added Tax Payable	1,203	174
Value Added Tax Payable (Limited tax payer)	34	27
Foreign exchange transaction tax	-	-
Taxation on real estate income	20	18
Other	1,935	2,304
<b>Total</b>	<b>9,649</b>	<b>9,558</b>

*Information on premium payables*

	Current Period	Prior Period
Social Security Premiums-Employee	678	479
Social Security Premiums-Employer	983	685
Bank Pension Fund Premium-Employee	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	48	34
Unemployment Insurance-Employer	95	68
Others	-	-
<b>Total</b>	<b>1,804</b>	<b>1,266</b>

*Information on deferred tax liability*

None.

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

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

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

The Parent Bank has no subordinated loans.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED 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 Parent Bank.

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

None.

*Information on share capital increases from capital reserves*

None.

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

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

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

None.

*Explanations on dividend distribution*

None.

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Continued)****9. Information on Shareholders' Equity (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 Parent Bank may not finance the acquisition of its own shares whether directly or indirectly.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	6,237	(13,399)	381	4,686
Exchange Rate Differences	-	-	-	-
<b>Toplam</b>	<b>6,237</b>	<b>(13,399)</b>	<b>381</b>	<b>4,686</b>

***Information on legal reserve***

There are no legal reserve amount from prior years' profits in the current period. (31 December 2019: TL 5,827).

***Information on Minority Shares***

None.

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS

## 1. Information on contingent liabilities in the off-balance sheets

*Type and amount of irrevocable commitments*

The Group has TL 12,030 as irrevocable commitments. (31 December 2019: TL 25,816)

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

As of the balance sheet date, the Group has allocated the provision amounting TL 222 over total non-cash loans. (31 December 2019: TL 267)

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 1,117,360 (31 December 2019: TL 912,075).

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

The total amount of the Group's guarantee letters is TL 3,303,193 (31 December 2019 : TL 3,156,146).

## 2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	499,246	645,997
Less Than or Equal to One Year with Original Maturity	291,965	394,120
More Than One Year with Original Maturity	207,281	251,877
Other Non-Cash Loans	3,921,307	3,422,224
<b>Total</b>	<b>4,420,553</b>	<b>4,068,221</b>

## 3. Information on expected credit losses for non-cash loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at End of Prior Period	21,418	-	267	21,685
Additions during the Period	2,251	-	-	2,251
Disposals	(4,012)	-	(45)	(4,057)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at End of Period</b>	<b>19,657</b>	<b>-</b>	<b>222</b>	<b>19,879</b>

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

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS****1. Information on interest income***Information on interest income received from loans*

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans <sup>(1)</sup>				
Short- Term Loans	12,630	6,370	32,045	5,226
Medium and Long- Term Loans	981	6,928	50	7,682
Interest Received From Non-Performing Loans	-	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>13,611</b>	<b>13,298</b>	<b>32,095</b>	<b>12,908</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	1,867	3,000	3,417	4,219
From Foreign Banks	-	126	-	89
From Foreign Headquarter and Branches	-	-	-	-
<b>Total</b>	<b>1,867</b>	<b>3,126</b>	<b>3,417</b>	<b>4,308</b>

*Information on interest income on marketable securities*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit or Loss	444	-	-	1,336
Financial Assets Measured at Fair Value Through Other Comprehensive Income	72	2,730	-	1,685
Financial Assets Measured at Amortised Cost	109	5,767	618	5,179
<b>Total</b>	<b>625</b>	<b>8,497</b>	<b>618</b>	<b>8,200</b>

*Information on interest income received from associates and subsidiaries*

None.



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)****2. Interest Expense***Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	-	<b>8,418</b>	-	<b>8,028</b>
Central Bank	-	-	-	-
Domestic Banks	-	1,013	-	827
Foreign Banks	-	7,405	-	7,201
<b>Other Institutions</b>	-	-	-	-
<b>Total</b>	-	<b>8,418</b>	-	<b>8,028</b>

*Information on interest expense paid to subsidiaries and associates*

None.

*Information on interest expense given on securities issued*

None.

*Maturity structure of the interest expense on deposits*

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Turkish Lira</b>								
Interbank deposits	-	1	-	-	-	-	-	1
Saving deposits	-	62	54	52	13	11	-	192
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	5	2	2	-	-	-	9
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>68</b>	<b>56</b>	<b>54</b>	<b>13</b>	<b>11</b>	-	<b>202</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	4	157	68	24	27	-	280
Interbank deposits	96	319	215	1	531	566	-	1,728
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>96</b>	<b>323</b>	<b>372</b>	<b>69</b>	<b>555</b>	<b>593</b>	-	<b>2,008</b>
<b>Grand Total</b>	<b>96</b>	<b>391</b>	<b>428</b>	<b>123</b>	<b>568</b>	<b>604</b>	-	<b>2,210</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)****3. Information on trading gain/loss**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gain</b>	<b>5,316,019</b>	<b>6,053,967</b>
Gain from money market transactions	-	-
Gain from financial derivative transactions	9	98
Gain from exchange transactions	5,316,010	6,053,869
<b>Loss (-)</b>	<b>(5,313,427)</b>	<b>(6,050,572)</b>
Loss from money market transactions	-	(467)
Loss from financial derivative transactions	(29)	-
Loss from exchange transactions	(5,313,398)	(6,050,105)
<b>Net Trading Gain/Loss</b>	<b>2,592</b>	<b>3,395</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Provisions of prior year	1,187	668
Income from communication	1,123	926
Gain on sales of assets	-	-
Other income	687	1,315
<b>Total</b>	<b>2,997</b>	<b>2,909</b>

**5. Information on impairment in loans**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provisions	4,953	1,243
12 month expected credit loss (stage 1)	3,437	506
Significant increase in credit risk (stage 2)	216	429
Non-performing loans (stage 3)	1,300	308
Marketable Securities Impairment Expense:	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities under Common Control Provision	-	-
Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>4,953</b>	<b>1,243</b>

**6. Information on Other Provision Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Securities Depreciation Expenses	1,222	-
Free Provision	-	-
Provisions Lawsuits	-	-
<b>Total</b>	<b>1,222</b>	<b>-</b>

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## 7. Information on other operating expense

	Current Period	Prior Period
Employee Termination Benefits Expense	562	335
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	-	-
Intangible Fixed Asset Impairment Expense	933	810
<i>Goodwill Impairment Expense</i>	-	-
Amortization Expenses of Intangible Assets	694	464
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Other Operating Expenses	6,427	4,919
<i>Operating Lease Expenses</i>	20	20
<i>Maintenance Expenses</i>	1,618	1,241
<i>Advertisement Expenses</i>	57	47
<i>Other Expenses</i>	4,732	3,611
Losses from sales of Assets	-	-
Other	3,998	5,791
<b>Total</b>	<b>12,614</b>	<b>12,319</b>

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

The pre-tax income amount from continued operations is TL 25,443 (31 March 2019: TL 67,087).

## 8. Information on tax provision related to continued operations and discontinued operations

*Current period taxation benefit or charge and deferred tax benefit or charge*

Current period, current taxation provision is TL 7,856 (31 March 2019 : TL 13,403 ) and the net impact of deferred tax income is TL 2,250 (31 March 2019 : TL 510 deferred tax expense).

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

The deferred tax income arising from origination of temporary differences is TL 2,250 (31 March 2019: TL 510 deferred tax expense).

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

The deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions is TL 2,250 (31 March 2019 : TL 510 deferred tax expense).

## SECTION FIVE

## INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (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 19,837 (31 March 2019: TL 53,174).

## 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 consolidated financial statements since the Parent Bank owns 99.98% of the consolidated subsidiary.

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

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 11,037 consist of transfer commissions, letter of credit commissions and other. (31 March 2019: TL 12,176).

	Current Period	Prior Period
Letter of Credit Commissions	7,386	8,819
Transfer Commissions	3,390	2,790
Other	261	567
<b>Total</b>	<b>11,037</b>	<b>12,176</b>

**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION FIVE****INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****V. INFORMATION ON THE GROUP'S RISK GROUP****1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period*****Information on the loans of the Group's risk group***

<b>Current Period</b>						
<b>Bank's Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
Loans and Other Receivables						
Balance at the beginning of the period	-	-	1,395	26,049	431,005	247,752
Balance at the end of the period	-	-	65,948	31,345	1	49,339
Interest and Commission Income received <sup>(2)</sup>	-	-	-	-	20	-

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.<sup>(2)</sup> Loans given to the Parent Bank's direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

<b>Prior Period</b>						
<b>Group's Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
Loans and Other Receivables						
Balance at the beginning of the period	-	-	1,395	26,049	431,005	247,752
Balance at the end of the period	-	-	59,486	11,700	-	88,731
Interest and Commission Income received	-	-	-	-	738	-

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.<sup>(2)</sup> Loans given to the Parent Bank's direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

The Group has a loan amounting to TL 650,925 (31 December 2019: TL 671,182) from the risk group. There was an interest expense of TL 5,554 in the current period related to the loans used. (31 March 2019: TL 5,615).

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

<b>Bank's Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
Deposits						
Balance at the beginning of the period	-	-	1,688	2,038,148	777,686	658,394
Balance at the end of the period	-	-	2,203	1,688	534,105	777,686
Interest expense on deposits	-	-	7	16,024	1,176	2,794

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.**Information on forward transactions, options and other contracts related to Group's risk group**

None.

***Information on benefits provided for top level management:***

As of 31 March 2020, TL 4,996 has been paid to the top level management of the Group as salaries and fringe benefit (31 March 2019: 6,409 TL).

**SECTION FIVE**

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

According to BRSA's article dated 18 April 2020, and the second paragraph of Article 43 and 93 of the Banking Law (Law) No. 5411, it has been decided that the Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an active ratio below 100% and participation banks below 80%. This regulation is valid as of 1 May 2020.

**SECTION SIX**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

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

As of 31 March 2020, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (the Turkish member firm of KPMG International Cooperative) and Independent Auditor's Review Report is presented preceding the financial statements. The independent audit report dated 31 March 2020 is presented before the consolidated financial statements.

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

None.

**SECTION SEVEN****EXPLANATIONS ON INTERIM ACTIVITY REPORT****I. Evaluation of the Chairman and General Manager for the Period**

The Covid-19 epidemic, which started in China in December and had an increasing severity especially in Europe and the USA in March by gaining "pandemic" dimension, is considered to increase risks on economies on the global basis. In this context, while downward revisions are repeatedly made in the estimations of the global economic outlook, opinions regarding the contraction of the world economy in 2020 are becoming widespread. According to the Global Economic Growth Report published by the IMF in April, developed economies are expected to contract by 6.1% in 2020 (Euro zone - 6.6%, USA - 5.9%). However, depending on the growth of China and India, the contraction in developing countries is expected to be limited at 1.0% level.

The World Trade Organization estimates that there may be a contraction of 13% to 32% in commercial activities on a global basis in 2020. Within this framework, oil prices also declined rapidly due to concerns about global demand and price wars.

In such a conjuncture, governments and central banks declare comprehensive measures to support the real sector and financial system. In March, the Fed lowered its policy rate by 150 basis points to 0-0.25% band. Announcing that it will purchase unlimited bonds, the Fed continues to cooperate with other central banks through swap and repo transactions so that the global dollar liquidity is not interrupted.

In such a global conjuncture, economic activity in Turkey is also affected negatively. The European countries became the center of the epidemic and considering the direct interaction of Turkey's economy to those countries, such situation adversely affect the predictions for the coming period. While the weak outlook in the financial markets continues, the rise in the 5-year CDS premium causes TL assets to remain under significant sales pressure. In this context, it is observed that the monetary and fiscal policies that are being followed and the regulations adopted by the relevant institutions in coordination are implemented without delay. In this context, a resource set of TL 100 billion has been put into operation under the name of Economic Stability Shield Package in order to eliminate the negative effects of the outbreak on economic activity and especially to prevent production and employment. Additionally, strong statements are made for improving the scope of this package further, in case of need.

Despite the capital outflows from developing countries and rising risk premiums as well as the risk of a sudden slowdown in economic activity, the strong outlook in the capital adequacy and liquidity performance of the Turkish banking sector continues. Compared to the same period of the previous year, the net term profit of the Turkish banking sector noticeably increased to TL 15,1 billion at the end of the first two months of the year. On the other hand, the fees and commissions income expected to decrease in the rest of the year and thus a weakening in core banking revenues. Also, it is considered that the negative effects of Covid-19 outbreak will be felt in the banks' balance sheets in the medium and long term starting from the second quarter of the year.

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

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

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

As of March 2020, the consolidated asset size of our Group increased by 15% compared to the end of the previous year and exceeded TL 6 billion. In this period, while the consolidated shareholders' equity and consolidated net term profit reached TL 1,080 million and TL 19,8 million, respectively, consolidated capital adequacy standard ratio maintains its strong outlook by 20.35%.

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

Best regards,

Wail J. A. BELGASEM  
General Manager

Bilgehan KURU  
Chairman



**ARAP TÜRK BANKASI A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

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

**SECTION SEVEN****EXPLANATIONS ON INTERIM ACTIVITY REPORT****II. Consolidated Financial Highlights for the Period (Continued)**

<b>Assets (Thousand TL) (1)</b>	<b>2019/12</b>	<b>2020/03</b>
Financial Assets (Net) (2)	2,671,795	2,560,999
Financial Assets Measured at Amortised Cost (Net) (3)	2,398,607	3,281,369
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	1,000	1,000
Equity Investments	-	-
Property and Equipment (Net)	146,788	146,347
Intangible Assets (Net)	6,350	5,656
Deferred Tax Assets	0	4,417
<b>Other Assets (Net)</b>	<b>25,103</b>	<b>38,423</b>

<b>Liabilities (Thousand TL) (1)</b>	<b>2019/12</b>	<b>2020/03</b>
Deposits	2,455,921	3,197,294
Funds Borrowed	1,611,843	1,643,103
Lease Liabilities (Net)	1,826	1,548
Provisions	57,504	57,312
Current Tax Liability	10,824	11,453
Deferred Tax Liability	1,849	-
Shareholders' Equity	1,072,947	1,080,449
Other Liabilities	36,929	47,052
<b>Total Liabilities</b>	<b>5,249,643</b>	<b>6,038,211</b>

<b>Off Balance Sheet Commitments (Thousand TL)</b>	<b>2019/12</b>	<b>2020/03</b>
Guarantees and Warranties	4,068,221	4,420,553
Commitments	52,197	52,960
<b>Total Off Balance Sheet Commitments</b>	<b>4,120,418</b>	<b>4,473,513</b>

<b>Statement of Profit / Loss (Thousand TL)</b>	<b>2019/03</b>	<b>2020/03</b>
Interest Income	93,579	61,105
Interest Expense (-)	14,983	11,379
Net Interest Income	78,596	49,726
Net Fees & Commission Income	20,623	18,140
Dividend Income	3	3
Trading Income / Loss (Net) (+/-)	3,395	2,592
Other Operating Income	2,909	2,997
Gross Operating Income	105,526	73,458
Expected Credit Loss (-)	1,243	4,953
Other Provisions Expenses (-)	186	1,222
Personnel Expense (-)	24,691	29,226
Other Operating Expenses (-)	12,319	12,614
Net Operating Income / Loss	67,087	25,443
Tax Provision (-)	13,913	5,606
<b>Net Term Profit</b>	<b>53,174</b>	<b>19,837</b>

(1) Rate sensitive assets and liabilities include rediscounts.

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

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

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**III. Assessment of the Financial Position and Performance of the Group**

- At end-March 2020, compared to the end of the previous year, total assets of the Group increased by 15% to TL 6,038 million. The most significant investment instruments in consolidated assets included net financial assets by 42.4% share totaling TL 2,561 million and net financial assets measured at amortized cost by 54.3% share totaling TL 3,281 million. Lease receivables totaling TL 289,3 thousands constituted 4.8% of consolidated assets.
- External sources constituted 82.1% of consolidated liabilities. Total deposits, which was the most significant part of the external sources, realized as TL 3,197 million. At end-March 2020, shareholders' equity stood at TL 1,080 million and constituted 17.9% of consolidated liabilities.
- Consolidated guarantees and suretyships, which include letters of guarantee, letters of credit, bank acceptances and other guarantees, increased 8.7% compared to the end of the previous year to TL 4,421 million.
- At end-March 2020, net term profit of the Group realized as TL 19,8 million.

**IV. Explanations on the Parent Bank's Consolidated Subsidiary**

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

**V. Other Issues**

- There is no significant changes apart from the above mentioned explanations compared to the 2019 Annual Activity Report of the Bank, which has been prepared according to "the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks".