

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

Arap Türk Bankası Anonim Şirketi

**Consolidated Financial Statements
As of and For The Year Ended 31 December 2018
With Auditors' Report Thereon**
*(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

30 January 2019

*This report contains "Independent Auditors' Report"
comprising 5 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 159 pages.*



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Convenience Translation of the Independent Auditors' Report Originally Prepared
and Issued in Turkish to English

To the General Assembly of Arap Türk Bankası Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arap Türk Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arap Türk Bankası A.Ş. and its consolidated financial subsidiaries as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board ("BRSA") Accounting and Reporting Legislation" which includes the "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, circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost and lease receivables ("loans")

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VII of the consolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2018, loans measured at amortised cost comprise 36% of the Group's total assets.</p> <p>The Group recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>As of 1 January 2018, due to the adoption of the Regulation and Standard, in determining the impairment of loans it is started to apply "expected credit loss model" rather than the "incurred loss model". The new model contains significant assumptions and estimates.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none"> - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p>	<p>Our procedures for testing the impairment of loans included below:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows and we tested the appropriateness of the loan agreements with the model by selecting samples. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables.

<p>The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<ul style="list-style-type: none"> • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • Additionally, we also evaluated the adequacy of the consolidated financial statement disclosures related to impairment provisions.
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "BRSA Accounting and Reporting Legislation", and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2018 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are 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 financial statements and IFRS.

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

Erdal Nıkmak, SMMM
Partner
30 January 2019
İstanbul, Turkey

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED FINANCIAL REPORT
AS OF 31 DECEMBER 2018**

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 financial report as of and for the year period ended 31 December 2018 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 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 FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITOR'S REPORT


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

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


The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying consolidated financial statements are presented in thousands of Turkish Lira (TL) as of 31 December 2018 and independently audited and enclosed.


Bilgehan Kuru
*Chairman of the Board of
Directors*

Abdurauf Ibrahim G. Shneba
*Deputy Chairman of The Board
of Directors and Chairman of
The Audit Committee*


Wail J. A. Belasem
*Member of The Board of
Directors and The Audit
Committee*


Fatma Nur Metin
*Member of The Board of
Directors and The Audit
Committee*


Abdulhakim A. E. Khamag
General Manager


Salih Hatipoğlu
*Assistant General Manager
Responsible For Financial Reporting*


F. Betül Yörel
Manager

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

Name / Title: F. Betül Yörel / Manager

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

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ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**

(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") 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 December 2018, the Parent Bank's share capital at the balance sheet date as follows:

Current Period		
Shareholders	Share amounts	Share percentages ⁽¹⁾
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%
Total	440,000	100%

⁽¹⁾ Emek İnşaat ve İşletme A.Ş. has 0,0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2017: 0,0000014% share and TL 6.20 (full digit in TL)).

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**

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

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**

Name	Job Title – Description
Bilgehan Kuru	Chairman of the Board of Directors
Abdurauf İbrahim G.Shneba	Deputy Chairman of the Board of Directors and Head of the Audit Committee
Abdulahkim A. E. Khamag	Member of the Board of Directors and General Manager
Fatma Nur Çetinel	Member of the Board of Directors and Audit Committee
Wail J. A. Belgasem	Member of the Board of Directors and Audit Committee
Volkan Kublay	Member of the Board of Directors
Hani Alhmali Allafi İbrahim	Member of the Board of Directors
Tülin İnhan	Member of the Board of Directors

General Manager and Deputies

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

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

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

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

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

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

Current Period Consolidated Financial Statements

- I. Balance Sheet-Assets
- II: Balance Sheet-Equity and Liabilities
- III. Off-balance sheet commitments
- IV. Statement of profit or loss
- V. Statement of profit or loss and other comprehensive income
- VI. Statement of changes in shareholders' equity
- VII. Statement of cash flows
- VIII. Statement of Profit Distribution

Prior Period Consolidated Financial Statements

- I. Balance Sheet-Assets
- II. Balance Sheet- Equity and liabilities
- III. Off-balance sheet commitments
- IV. Income statement
- V. Statement of income and expense items accounted under shareholders' equity
- VI. Statement of changes in shareholders' equity
- VII. Statement of cash flows
- VIII. Statement of Profit Distribution

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2018
(Thousands of Turkish Lira ("TL"))

ASSETS	Notes	AUDITED		
		CURRENT PERIOD		
		31/12/2018		
		TL	FC	Total
I. FINANCIAL ASSETS (NET)		259,376	3,655,331	3,914,707
1.1 Cash and Cash Equivalents		249,644	2,795,172	3,044,816
1.1.1 Cash and Balances with Central Bank	(1)	8,557	1,240,718	1,249,275
1.1.2 Banks	(3)	38,948	1,554,454	1,593,402
1.1.3 Money Markets		202,139	-	202,139
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	-	282,166	282,166
1.2.1 Government Securities		-	238,569	238,569
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		-	43,597	43,597
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	224	106,702	106,926
1.3.1 Government Securities		-	15,970	15,970
1.3.2 Equity Securities		224	2,112	2,336
1.3.3 Other Financial Assets		-	88,620	88,620
1.4 Financial Assets Measured at Amortised Cost	(6)	13,032	471,291	484,323
1.4.1 Government Securities		13,032	320,830	333,862
1.4.2 Other Financial Assets		-	150,461	150,461
1.5 Derivative Financial Assets		-	-	-
1.5.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-
1.5.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-
1.6 Non-Performing Financial Assets		3,764	-	3,764
1.7 Expected Credit Loss (-)		7,288	-	7,288
II. LOANS (NET)	(5)	593,903	1,671,567	2,265,470
2.1 Loans		525,308	1,383,398	1,908,706
2.1.1 Measured at Amortised Cost		525,308	1,383,398	1,908,706
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables		73,338	287,582	360,920
2.2.1 Financial Lease Receivables	(10)	91,630	313,023	404,653
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		18,292	25,441	43,733
2.3 Factoring Receivables		-	-	-
2.3.1 Measured at Amortised Cost		-	-	-
2.3.2 Fair Value Through Profit or Loss		-	-	-
2.3.3 Fair Value Through Other Comprehensive Income		-	-	-
2.4 Non-Performing Loans		87,953	2,491	90,444
2.5 Expected Credit Loss (-)		92,696	1,904	94,600
2.5.1 12 Month Expected Credit Losses (Stage I)		7,049	721	7,770
2.5.2 Significant Increase in Credit Risk (Stage II)		100	666	766
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		85,547	517	86,064
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(16)	6	-	6
3.1 Held for Sale Purpose		6	-	6
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		-	-	-
4.1 Investments in Associates (Net)	(7)	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		-	-	-
4.2 Subsidiaries (Net)	(8)	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	117,639	-	117,639
VI. INTANGIBLE ASSETS (Net)	(13)	4,264	-	4,264
6.1 Goodwill		-	-	-
6.2 Other		4,264	-	4,264
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-
VIII. CURRENT TAX ASSET	(15)	-	-	-
IX. DEFERRED TAX ASSET		1,566	-	1,566
X. OTHER ASSETS	(17)	17,284	8,668	25,952
TOTAL ASSETS		994,038	5,335,566	6,329,604

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2018
(Thousands of Turkish Lira ("TL"))

LIABILITIES AND EQUITY	Notes	AUDITED		
		CURRENT PERIOD		
		31/12/2018		
		TL	FC	Total
I. DEPOSITS	(1)	44,283	4,355,917	4,400,200
II. FUNDS BORROWED	(3)	-	939,769	939,769
III. MONEY MARKETS		-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-
4.1 Bills		-	-	-
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	-	-
V. FUNDS		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2,6)	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES (Net)	(5)	-	-	-
9.1 Financial Lease		-	-	-
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
X. PROVISIONS	(7)	47,986	461	48,447
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		18,573	-	18,573
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		29,413	461	29,874
XI. CURRENT TAX LIABILITY	(8)	16,894	-	16,894
XII. DEFERRED TAX LIABILITY	(8)	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	-	-
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	-	-
XV. OTHER LIABILITIES		18,075	22,948	41,023
XVI. SHAREHOLDERS' EQUITY	(9)	882,771	500	883,271
16.1 Paid-in Capital		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		79,064	-	79,064
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		-	500	500
16.5 Profit Reserves		29,449	-	29,449
16.5.1 Legal Reserves		29,448	-	29,448
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		1	-	1
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit or (Loss)		334,258	-	334,258
16.6.1 Prior Periods' Profit or (Loss)		231,015	-	231,015
16.6.2 Current Period Profit or (Loss)		103,243	-	103,243
16.7 Minority Interest		-	-	-
TOTAL LIABILITIES AND EQUITY		1,010,009	5,319,595	6,329,604

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI A.Ş. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2018 (Thousands of Turkish Lira ("TL"))				
		AUDITED CURRENT PERIOD 31/12/2018		
	Notes	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)		296,268	3,756,204	4,052,472
I. GUARANTEES AND WARRANTIES	(1)	289,028	3,656,399	3,945,427
1.1. Letters of Guarantee		289,028	2,725,394	3,014,422
1.1.1. Guarantees Subject to State Tender Law		150	-	150
1.1.2. Guarantees Given for Foreign Trade Operations		39,117	2,689,341	2,728,458
1.1.3. Other Letters of Guarantee		249,761	36,053	285,814
1.2. Bank Acceptances		-	-	-
1.2.1. Import Letter of Acceptance		-	-	-
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letters of Credit		-	503,629	503,629
1.3.1. Documentary Letters of Credit		-	-	-
1.3.2. Other Letters of Credit		-	503,629	503,629
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		-	427,376	427,376
1.9. Other Collaterals		-	-	-
II. COMMITMENTS	(2)	7,240	99,805	107,045
2.1. Irrevocable Commitments		7,045	96,448	103,493
2.1.1. Asset Purchase and Sale Commitments		6,060	6,028	12,088
2.1.2. Deposit Purchase and Sales Commitments		-	90,420	90,420
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		985	-	985
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		-	-	-
2.2. Revocable Commitments		195	3,357	3,552
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		195	3,357	3,552
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-
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. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1,164,808	3,717,226	4,882,034
IV. ITEMS HELD IN CUSTODY		5,041	6,871	11,912
4.1. Customer Fund and Portfolio Balances		-	-	-
4.2. Investment Securities Held in Custody		-	-	-
4.3. Checks Received for Collection		5,041	6,871	11,912
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		-	-	-
V. PLEDGES RECEIVED		1,159,767	3,710,355	4,870,122
5.1. Marketable Securities		-	-	-
5.2. Guarantee Notes		92,062	208,469	300,531
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovable		22,827	130,470	153,297
5.6. Other Pledged Items		1,044,878	3,371,416	4,416,294
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1,461,076	7,473,430	8,934,506

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF 31 DECEMBER 2018
(Thousands of Turkish Lira ("TL"))

STATEMENT OF PROFIT OR LOSS		Notes	AUDITED
			CURRENT PERIOD 01/01/2018-31/12/2018
I. INTEREST INCOME	(1)		347,848
1.1 Interest on Loans			186,635
1.2 Interest on Reserve Requirements			8,266
1.3 Interest on Banks			63,311
1.4 Interest on Money Market Transactions			18,662
1.5 Interest on Marketable Securities Portfolio			38,065
1.5.1 Fair Value Through Profit or Loss			15,456
1.5.2 Fair Value Through Other Comprehensive Income			4,686
1.5.3 Measured at Amortised Cost			17,923
1.6 Financial Lease Income			32,905
1.7 Other Interest Income			4
II. INTEREST EXPENSE (-)	(2)		106,212
2.1 Interest on Deposits			73,973
2.2 Interest on Funds Borrowed			32,231
2.3 Interest Expense on Money Market Transactions			8
2.4 Interest on Securities Issued			-
2.5 Other Interest Expenses			-
III. NET INTEREST INCOME (I - II)			241,636
IV. NET FEES AND COMMISSIONS INCOME			63,065
4.1 Fees and Commissions Received			64,558
4.1.1 Non-cash Loans			30,658
4.1.2 Other			33,900
4.2 Fees and Commissions Paid			1,493
4.2.1 Non-cash Loans			1
4.2.2 Other			1,492
V. PERSONNEL EXPENSE (-)			72,585
VI. DIVIDEND INCOME	(3)		158
VII. TRADING INCOME/(LOSS) (Net)	(4)		(9,736)
7.1 Trading Gains / (Losses) on Securities			(19,700)
7.2 Gains / (Losses) on Derivative Financial Transactions			(364)
7.3 Foreign Exchange Gains / (Losses)			10,328
VIII. OTHER OPERATING INCOME	(5)		11,618
IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)			234,156
X. EXPECTED CREDIT LOSS (-)	(6)		66,880
XI. OTHER OPERATING EXPENSES (-)	(7)		35,385
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			131,891
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			-
XIV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD			-
XV. INCOME/(LOSS) ON NET MONETARY POSITION			-
XVI. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)		131,891
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)		(28,648)
17.1 Current Tax Provision			(30,768)
17.2 Deferred Tax Income Effect (+)			14,383
17.3 Deferred Tax Expense Effect (-)			16,503
XVIII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(10)		103,243
XIX. INCOME FROM DISCONTINUED OPERATIONS			-
19.1 Income from Non-current Assets Held for Sale			-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures			-
19.3 Income from Other Discontinued Operations			-
XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)			-
20.1 Expenses for Non-current Assets Held for Sale			-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures			-
20.3 Expenses for Other Discontinued Operations			-
XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)	(8)		-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)		-
22.1 Current Tax Provision			-
22.2 Deferred Tax Expense Effect (+)			-
22.3 Deferred Tax Income Effect (-)			-
XXIII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)	(10)		-
XXIV. NET PROFIT/(LOSS) (XVIII+XXIII)	(11)		103,243
24.1 Profit/(Loss) from the Group			-
24.2 Profit/(Loss) from Minority Interest			-
Earning/(Loss) per share (in TL full)			0.0023

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI A.Ş.**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2018**

(Thousands of Turkish Lira ("TL"))

		AUDITED
		CURRENT PERIOD
		01/01/2018-31/12/2018
I.	CURRENT PERIOD PROFIT/LOSS	103,243
II.	OTHER COMPREHENSIVE INCOME	(3,900)
2.1	Not Reclassified to Profit or Loss	(4,493)
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	(951)
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	(3,542)
2.2	Reclassified to Profit or Loss	593
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	619
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	(26)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	99,343

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2018
(Thousands of Turkish Lira ("TL"))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Other Accumulated Comprehensive Income					Other Accumulated Comprehensive Income					Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Shareholders' Equity except from Minority Shares	Minority Shares	Total Equity
		Paid-in capital	Share premium	Share certificate canceled profits	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	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	Exchange Differences on Translation	(losses) due to revaluation and/or reclassification of financial assets measured at fair value through	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						
AUDITED CURRENT PERIOD 31/12/2018																	
I. Balance at the beginning of the period		440,000	-	-	-	86,476	(2,919)	-	-	(96)	-	24,855	170,177	81,415	-	-	799,908
II. Adjustment in accordance with TMS 8		-	-	-	-	-	-	-	-	3	-	-	6,017	-	-	-	6,020
2.1 Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	3	-	-	6,017	-	-	-	6,020
III. New balance (I+II)		440,000	-	-	-	86,476	(2,919)	-	-	(93)	-	24,855	176,194	81,415	-	-	805,928
IV. Total comprehensive income (loss)		-	-	-	-	(4,383)	(110)	-	-	593	-	-	-	103,243	-	-	99,343
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		-	-	-	-	-	-	-	-	-	-	4,594	54,821	(81,415)	-	-	(22,000)
11.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	(22,000)	-	-	-	(22,000)
11.2 Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	4,594	76,821	(81,415)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		440,000	-	-	-	82,093	(3,029)	-	-	500	-	29,449	231,015	103,243	-	-	883,271

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ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 31 DECEMBER 2018

(Thousands of Turkish Lira ("TL"))

	Notes	AUDITED CURRENT PERIOD 31/12/2018
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(16,445)
1.1.1 Interest Received		344,811
1.1.2 Interest Paid		(98,567)
1.1.3 Dividend Received		-
1.1.4 Fees and Commissions Received		64,558
1.1.5 Other Income		14,572
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1,421
1.1.7 Payments to Personnel and Service Suppliers		(86,999)
1.1.8 Taxes Paid		(28,698)
1.1.9 Other	(1)	(227,543)
1.2 Changes in Operating Assets and Liabilities		1,109,160
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		42,884
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		210,387
1.2.3 Net (increase) / decrease in loans		71,502
1.2.4 Net (increase) / decrease in other assets		(9,499)
1.2.5 Net increase / (decrease) in bank deposits	(1)	125,890
1.2.6 Net increase / (decrease) in other deposits		438,526
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		212,347
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities	(1)	17,123
I. Net Cash Provided from Banking Operations		1,092,715
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		-
II. Net Cash Provided from Investing Activities		(61,197)
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		(5,090)
2.4 Disposals of property and equipment		1,456
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(119,806)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		58,370
2.7 Purchase of Financial Assets Measured at Amortised Cost		(190,541)
2.8 Sale of Financial Assets Measured at Amortised Cost		195,890
2.9 Other		(1,476)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-
III. Net Cash Provided from Financing Activities		(22,000)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-
3.3 Issued Equity Instruments		-
3.4 Dividends Paid		(22,000)
3.5 Payments for Finance Leases		-
3.6 Other		-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	61,869
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		1,071,387
VI. Cash and Cash Equivalents at the Beginning of the Period	(1)	1,461,067
VII. Cash and Cash Equivalents at the End of the Period	(1)	2,532,454

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

Arap Türk Bankası Anonim Şirketi
Statement of Profit Distribution
For The Period Ended 31 December 2018
(Thousands of Turkish Lira)

	Audited
	CURRENT PERIOD
	(31/12/2018)
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1 CURRENT YEAR INCOME	126,024
1.2 TAXES AND DUTIES PAYABLE	(25,046)
1.2.1 Corporate Tax (Income tax)	(26,895)
1.2.2 Income withholding tax	-
1.2.3 Other taxes and duties	1,849
A. NET INCOME FOR THE YEAR (1.1-1.2)	100,978
1.3 PRIOR YEARS LOSSES (-)(*)	-
1.4 FIRST LEGAL RESERVES (-)	-
1.5 OTHER STATUTORY RESERVES (-)	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	100,978
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1 To owners of ordinary shares	-
1.6.2 To owners of preferred shares	-
1.6.3 To owners of preferred shares (preemptive rights)	-
1.6.4 To profit sharing bonds	-
1.6.5 To holders of profit and loss sharing certificates	-
1.7 DIVIDENDS TO PERSONNEL (-)	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1 To owners of ordinary shares	-
1.9.2 To owners of preferred shares	-
1.9.3 To owners of preferred shares (preemptive rights)	-
1.9.4 To profit sharing bonds	-
1.9.5 To holders of profit and loss sharing certificates	-
1.10 SECOND LEGAL RESERVES (-)	-
1.11 STATUTORY RESERVES (-)	-
1.12 GENERAL RESERVES	-
1.13 OTHER RESERVES	-
1.14 SPECIAL FUNDS	-
II. DISTRIBUTION OF RESERVES	
2.1 APPROPRIATED RESERVES	-
2.2 SECOND LEGAL RESERVES (-)	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-
2.3.1 To owners of ordinary shares	-
2.3.2 To owners of preferred shares	-
2.3.3 To owners of preferred shares (preemptive rights)	-
2.3.4 To profit sharing bonds	-
2.3.5 To holders of profit and loss sharing certificates	-
2.4 DIVIDENDS TO PERSONNEL (-)	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III. EARNINGS PER SHARE	
3.1 TO OWNERS OF ORDINARY SHARES	0.0023
3.2 TO OWNERS OF ORDINARY SHARES (%)	0.23
3.3 TO OWNERS OF PRIVILEGED SHARES	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-
IV. DIVIDEND PER SHARE	
4.1 TO OWNERS OF ORDINARY SHARES	0
4.2 TO OWNERS OF ORDINARY SHARES (%)	0
4.3 TO OWNERS OF PRIVILEGED SHARES	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-

(*)Since the General Assembly has not been made as of the announcement of the financial statement, the distribution of profit has not been decided yet.

ARAP TÜRK BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017

(Thousands of Turkish Lira ("TL"))

ASSETS	Notes	AUDITED		
		PRIOR PERIOD		
		31/12/2017		
		TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(18)	6,776	883,017	889,793
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(19)	-	324,334	324,334
2.1 Financial assets held for trading		-	324,334	324,334
2.1.1 Public sector debt securities		-	282,081	282,081
2.1.2 Securities representing a share in capital		-	-	-
2.1.3 Derivatives held for trading		-	-	-
2.1.4 Other marketable securities		-	42,253	42,253
2.2 Financial assets designated at fair value through profit or loss		-	-	-
2.2.1 Public sector debt securities		-	-	-
2.2.2 Equity securities		-	-	-
2.2.3 Loans granted		-	-	-
2.2.4 Other marketable securities		-	-	-
III. BANKS	(20)	38,801	1,232,753	1,271,554
IV. MONEY MARKET PLACEMENTS		-	-	-
4.1 Interbank money market placements		-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(21)	224	34,561	34,785
5.1 Securities representing a share in capital		224	1,534	1,758
5.2 Public sector debt securities		-	33,027	33,027
5.3 Other marketable securities		-	-	-
VI. LOANS AND RECEIVABLES	(22)	688,133	1,295,982	1,984,115
6.1 Loans and Receivables		685,996	1,295,982	1,981,978
6.1.1 Loans granted to the Bank's risk group		-	78,129	78,129
6.1.2 Public sector debt securities		-	-	-
6.1.3 Other		685,996	1,217,853	1,903,849
6.2 Loans under follow-up		33,048	-	33,048
6.3 Specific provisions (-)		30,911	-	30,911
VII. FACTORING RECEIVABLES		-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(23)	47,570	341,190	388,760
8.1 Public sector debt securities		28,744	307,150	335,894
8.2 Other marketable securities		18,826	34,040	52,866
IX. INVESTMENTS IN ASSOCIATES (Net)	(24)	-	-	-
9.1 Consolidated by equity method		-	-	-
9.2 Unconsolidated associates		-	-	-
9.2.1 Financial investments in associates		-	-	-
9.2.2 Non-financial investments in associates		-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(25)	-	-	-
10.1 Financial subsidiaries		-	-	-
10.2 Non-financial subsidiaries		-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(26)	-	-	-
11.1 Consolidated by equity method		-	-	-
11.2 Unconsolidated joint ventures		-	-	-
11.2.1 Financial investments in joint ventures		-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-
XII. LEASE RECEIVABLES (Net)		75,611	257,717	333,328
12.1 Finance lease receivables	(27)	92,366	281,850	374,216
12.2 Operational leasing receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Revenue (-)		16,755	24,133	40,888
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(28)	-	-	-
13.1 Fair value hedges		-	-	-
13.2 Cash flow hedges		-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-
XIV. TANGIBLE ASSETS (Net)	(29)	117,272	-	117,272
XV. INTANGIBLE ASSETS (Net)	(30)	2,725	-	2,725
15.1 Goodwill		-	-	-
15.2 Other		2,725	-	2,725
XVI. INVESTMENT PROPERTY (Net)	(31)	-	-	-
XVII. TAX ASSET	(32)	279	-	279
17.1 Current tax asset		-	-	-
17.2 Deferred tax asset		279	-	279
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(33)	-	-	-
18.1 Held for sale purpose		6	-	6
18.2 Held from discontinued operations		6	-	6
XIX. OTHER ASSETS	(34)	-	-	-
TOTAL ASSETS		9,458	5,821	15,279
		986,855	4,375,375	5,362,230

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017

(Thousands of Turkish Lira ("TL"))

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	AUDITED		
		PRIOR PERIOD		
		31/12/2017		
		TL	FC	TOTAL
I. DEPOSITS	(10)	28,659	3,666,558	3,695,217
1.1 Deposits held by the Bank's risk group		6,516	2,637,836	2,644,352
1.2 Other		22,143	1,028,722	1,050,865
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(11)	-	-	-
III. FUNDS BORROWED	(12)	3,339	761,545	764,884
IV. INTERBANK MONEY MARKET		-	-	-
4.1 Interbank money market payables		-	-	-
4.2 Istanbul Stock Exchange money market payables		-	-	-
4.3 Funds provided under repurchase agreements		-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)	(18)	-	-	-
5.1 Bills		-	-	-
5.2 Asset backed securities		-	-	-
5.3 Bonds		-	-	-
VI. FUNDS		-	-	-
6.1 Borrower funds		-	-	-
6.2 Other		-	-	-
VII. MISCELLANEOUS PAYABLES		2,303	17,819	20,122
VIII. OTHER EXTERNAL RESOURCES	(13)	4,731	5,520	10,251
IX. FACTORING PAYABLES		-	-	-
X. LEASING TRANSACTIONS PAYABLES	(14)	-	-	-
10.1 Finance leasing payables		-	-	-
10.2 Operational leasing payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred finance leasing expenses (-)		-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(15)	-	-	-
11.1 Fair value hedges		-	-	-
11.2 Cash flow hedges		-	-	-
11.3 Hedges for investments made in foreign countries		-	-	-
XII. PROVISIONS	(16)	55,113	1,078	56,191
12.1 General provisions		30,274	-	30,274
12.2 Restructuring reserves		-	-	-
12.3 Reserves for employee benefit		14,696	-	14,696
12.4 Insurance technical reserves (Net)		-	-	-
12.5 Other provisions		10,143	1,078	11,221
XIII. TAX LIABILITY	(17)	15,657	-	15,657
13.1 Current tax liability		11,456	-	11,456
13.2 Deferred tax liability		4,201	-	4,201
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS		-	-	-
14.1 Held for sale purpose		-	-	-
14.2 Held from discontinued operations		-	-	-
XV. SUBORDINATED LOANS		-	-	-
XVI. SHAREHOLDERS' EQUITY	(18)	800,004	(96)	799,908
16.1 Paid-in capital		440,000	-	440,000
16.2 Supplementary capital		83,557	(96)	83,461
16.2.1 Share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Securities Value Increase Fund		-	(96)	(96)
16.2.4 Revaluation surplus on tangible assets		86,476	-	86,476
16.2.5 Revaluation surplus on intangible assets		-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-
16.2.8 Hedging reserves (effective portion)		-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-
16.2.10 Other capital reserves		(2,919)	-	(2,919)
16.3 Profit reserves		24,855	-	24,855
16.3.1 Legal reserves		24,852	-	24,852
16.3.2 Status reserves		-	-	-
16.3.3 Extraordinary reserves		3	-	3
16.3.4 Other profit reserves		-	-	-
16.4 Profit or loss		251,592	-	251,592
16.4.1 Prior years income/loss		170,177	-	170,177
16.4.2 Current year income/loss		81,415	-	81,415
		-	-	-
TOTAL LIABILITIES		909,806	4,452,424	5,362,230

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

ARAP TÜRK BANKASI ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED OFF BALANCE SHEET ITEMS
AS OF 31 DECEMBER 2017

((Thousands of Turkish Lira ("TL")))

	Notes	AUDITED		
		PRIOR PERIOD		
		31/12/2017		
		TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		269,867	2,756,837	3,026,704
I. GUARANTEES AND WARRANTIES	(9),(10),(11),(12)	254,034	2,706,838	2,960,872
1.1. Letters of guarantee		246,909	2,040,219	2,287,128
1.1.1. Guarantees subject to State Tender Law		82,979	-	82,979
1.1.2. Guarantees given for foreign trade operations		43,927	1,767,562	1,811,489
1.1.3. Other letters of guarantee		120,003	272,657	392,660
1.2. Bank acceptances		-	42,867	42,867
1.2.1. Import letter of acceptance		-	-	-
1.2.2. Other bank acceptances		-	42,867	42,867
1.3. Letters of credit		-	268,582	268,582
1.3.1. Documentary letters of credit		-	-	-
1.3.2. Other letters of credit		-	268,582	268,582
1.4. Prefinancing given as guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other endorsements		-	-	-
1.6. Securities issue purchase guarantees		-	-	-
1.7. Factoring guarantees		-	-	-
1.8. Other guarantees		7,125	355,170	362,295
1.9. Other warranties		-	-	-
II. COMMITMENTS	(9)	15,833	49,999	65,832
2.1. Irrevocable commitments		1,370	29,650	31,020
2.1.1. Asset purchase and sales commitments		-	19,328	19,328
2.1.2. Deposit purchase and sales commitments		-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-
2.1.4. Loan granting commitments		400	-	400
2.1.5. Securities issue brokerage commitments		-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-
2.1.7. Payment commitments for checks		970	-	970
2.1.8. Tax and fund liabilities from export commitments		-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-
2.1.11. Receivables from short sale commitments		-	-	-
2.1.12. Payables for short sale commitments		-	-	-
2.1.13. Other irrevocable commitments		-	10,322	10,322
2.2. Revocable commitments		14,463	20,349	34,812
2.2.1. Revocable loan granting commitments		-	-	-
2.2.2. Other revocable commitments		14,463	20,349	34,812
III. DERIVATIVE FINANCIAL INSTRUMENTS	(13)	-	-	-
3.1. Derivative financial instruments held for hedging		-	-	-
3.1.1. Fair value hedges		-	-	-
3.1.2. Cash flow hedges		-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-
3.2. Trading transactions		-	-	-
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 swaps-buy		-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-
3.2.3. Foreign currency, interest rate and security options		-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-
3.2.3.3. Interest rate options-buy		-	-	-
3.2.3.4. Interest rate options-sell		-	-	-
3.2.3.5. Securities options-buy		-	-	-
3.2.3.6. Securities options-sell		-	-	-
3.2.4. Foreign currency futures		-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-
3.2.5. Interest rate futures		-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-
3.2.6. Other		-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		1,277,496	2,701,043	3,978,539
IV. ITEMS HELD IN CUSTODY		4,077	5,074	9,151
4.1. Assets under management		-	-	-
4.2. Investment securities held in custody		-	-	-
4.3. Checks received for collection		4,012	5,074	9,086
4.4. Commercial notes received for collection		65	-	65
4.5. Other assets received for collection		-	-	-
4.6. Assets received for public offering		-	-	-
4.7. Other items under custody		-	-	-
4.8. Custodians		-	-	-
V. PLEDGED ITEMS		1,273,419	2,695,969	3,969,388
5.1. Marketable securities		-	-	-
5.2. Guarantee notes		85,062	150,724	235,786
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovables		23,539	94,498	118,037
5.6. Other pledged items		1,164,818	2,450,747	3,615,565
5.7. Pledged items-depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		1,547,363	5,457,880	7,005,243

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

Arap Türk Bankası Anonim Şirketi
Statement of Consolidated Income
For The Period Ended 31 December 2017

(Thousands of Turkish Lira ("TL"))

INCOME AND EXPENSES		Notes	PRIOR PERIOD (01/01/2017-31/12/2017)
I.	INTEREST INCOME	(13)	250,932
1.1	Interest on loans		129,500
1.2	Interest received from reserve deposits		5,365
1.3	Interest received from banks		33,202
1.4	Interest received from money market transactions		22
1.5	Interest received from marketable securities portfolio		58,528
1.5.1	Financial assets held for trading		30,653
1.5.2	Financial assets where value change is reflected to income statement		-
1.5.3	Financial assets available for sale		720
1.5.4	Investments held to maturity		27,155
1.6	Finance lease income		23,567
1.7	Other interest income		748
II.	INTEREST EXPENSE	(14)	62,655
2.1	Interest on deposits		47,493
2.2	Interest on funds borrowed		14,878
2.3	Interest on money market transactions		284
2.4	Interest on securities issued		-
2.5	Other interest expense		-
III.	NET INTEREST INCOME/EXPENSE (I - II)		188,277
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		42,357
4.1	Fees and commissions received		43,548
4.1.1	Non-cash loans		23,396
4.1.2	Other		20,152
4.2	Fees and commissions paid		1,191
4.2.1	Non-cash loans		-
4.2.2	Other		1,191
V.	DIVIDEND INCOME	(15)	118
VI.	NET TRADING INCOME/EXPENSE	(16)	1,873
6.1	Capital markets transactions		(699)
6.2	Profit/losses on trading account securities		1,729
6.3	Foreign exchange profit/losses		843
VII.	OTHER OPERATING INCOME	(17)	12,156
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		244,781
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(18)	50,510
X.	OTHER OPERATING EXPENSES (-)	(19)	91,997
XI.	NET OPERATING INCOME/LOSS (VIII-IX-X)		102,274
XII.	INCOME RESULTED FROM MERGERS		-
XIII.	INCOME/LOSS FROM CONTINUING OPERATIONS		-
XIV.	NET MONETARY POSITION GAIN/LOSS		-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(20)	102,274
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(21)	(20,859)
16.1	Current tax provision		(19,945)
16.2	Deferred tax provision		(914)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(22)	81,415
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-
18.1	Income from asset held for sale		-
18.2	Income from sale of associates, subsidiaries and joint-ventures		-
18.3	Other income from discontinued operations		-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
19.1	Expenses on asset held for sale		-
19.2	Expenses on sale of associates, subsidiaries and joint ventures		-
19.3	Other expense from discontinued operations		-
XX.	INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(20)	-
XXI.	PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(21)	-
21.1	Current tax provision		-
21.2	Deferred tax provision		-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)	(22)	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(23)	81,415
23.1	Profit/(Loss) from the Group		81,415
23.2	Profit /(Loss) from Minority Interest		-
Earning/Loss Per Share			0.0019

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

(Thousands of Turkish Lira ("TL"))

	INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY	PRIOR PERIOD (31/12/2017)
I.	I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(120)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	94,128
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT(effective portion)	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	30
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	(7,634)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	86,404
XI.	CURRENT PROFIT/LOSSES	81,415
11.1	Net changes in fair value of securities (transferred to income statement)	-
11.2	Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-
11.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-
11.4	Other	81,415
XII.	TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	167,819

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

(Thousands of Turkish Lira ("TL"))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid in Capital	Share premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/Loss	Prior Period Net Profit/Loss	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Shareholders' Equity except from Minority Shares	Minority Shares	Total Equity
PRIOR PERIOD (31/12/2017)																			
I. Balances at end of prior period		440,000	-	-	-	21,314	-	3	(2,943)	63,229	132,486	-	-	-	-	-	654,089	-	654,089
Changes within the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	7	-	7
IV. Hedges for Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Net Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	86,476	-	-	-	86,476	-	86,476
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves From Inflation Adjustments To Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	(702)	-	-	-	-	-	-	-	24	-	24
XVII. Current Period Net Profit		-	-	-	-	-	-	-	-	64,998	-	-	-	-	-	-	81,415	-	81,415
XVIII. Profit distribution		-	-	-	-	3,538	-	-	-	(63,229)	37,691	-	-	-	-	-	(22,000)	-	(22,000)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(22,000)	-	-	-	-	-	(22,000)	-	(22,000)
18.2 Transfers to legal reserves		-	-	-	-	3,538	-	-	-	(63,229)	59,691	-	-	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of period (I+II+III+...+XVI+XVII+XVIII)		440,000	-	-	-	24,852	-	3	(3,645)	81,415	170,177	7	86,476	-	-	-	799,908	-	799,908

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

Arap Türk Bankası Anonim Şirketi
Statement of Consolidated Cash Flow
For The Period Ended 31 December 2017

(Thousands of Turkish Lira ("TL"))

	Notes	PRIOR PERIOD (31/12/2017)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		70,816
1.1.1 Interests Received		253,962
1.1.2 Interest Paid		(28,507)
1.1.3 Dividend Received		118
1.1.4 Fees and Commissions Received		43,548
1.1.5 Other Income		6,378
1.1.6 Collections From Previously Written-off Loans and Other Receivables		9,692
1.1.7 Payments to Personnel and Service Suppliers		(77,178)
1.1.8 Taxes Paid		(12,002)
1.1.9 Other	(2)	(125,195)
1.2 Changes in Operating Assets and Liabilities		(316,745)
1.2.1 Net Decrease in Financial Assets Held For Trading		232,803
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss		-
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		13,148
1.2.4 Net (Increase) in Loans		(599,977)
1.2.5 Net Decrease in Other Assets	(2)	1,281
1.2.6 Net Increase/(Decrease) in Bank Deposits		(594,524)
1.2.7 Net Increase (Decrease) in Other Deposits		123,044
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		530,913
1.2.9 Net Increase/ (Decrease) in Matured Payables		-
1.2.10 Net Increase in Other Liabilities	(2)	(23,433)
I. Net Cash Flow From Banking Operations		(245,929)
B. CASH FLOWS FROM INVESTING ACTIVITIES		-
II. Net Cash Flow From Investing Activities		22,634
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures		-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-
2.3 Purchases of Tangible Assets		(6,871)
2.4 Sales of Tangible Assets		4,893
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		(35,360)
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		4,451
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		(111,756)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		168,701
2.9 Other		(1,424)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-
III. Net Cash Flows From Financing Activities		(22,000)
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued		-
3.3 Equity Instruments Issued		-
3.4 Dividends Paid		(22,000)
3.5 Payments For Financial Leases		-
3.6 Other		-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents	(2)	17,461
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(227,834)
VI. Cash and Cash Equivalents at Beginning of Period	(2)	1,688,901
VII. Cash and Cash Equivalents at the End of Period	(2)	1,461,067

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report

Arap Türk Bankası Anonim Şirketi
Statement of Profit Distribution
For The Period Ended 31 December 2017
(Thousands of Turkish Lira)

	AUDITED
	PRIOR PERIOD
	(31/12/2017)
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1 CURRENT YEAR INCOME	98,781
1.2 TAXES AND DUTIES PAYABLE	(18,513)
1.2.1 Corporate Tax (Income tax)	(17,336)
1.2.2 Income withholding tax	-
1.2.3 Other taxes and duties	(1,177)
A. NET INCOME FOR THE YEAR (1.1-1.2)	80,268
1.3 PRIOR YEARS LOSSES (-)(¹)	-
1.4 FIRST LEGAL RESERVES (-)	4,014
1.5 OTHER STATUTORY RESERVES (-)	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	76,254
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	22,000
1.6.1 To owners of ordinary shares	22,000
1.6.2 To owners of preferred shares	-
1.6.3 To owners of preferred shares (preemptive rights)	-
1.6.4 To profit sharing bonds	-
1.6.5 To holders of profit and loss sharing certificates	-
1.7 DIVIDENDS TO PERSONNEL (-)	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1 To owners of ordinary shares	-
1.9.2 To owners of preferred shares	-
1.9.3 To owners of preferred shares (preemptive rights)	-
1.9.4 To profit sharing bonds	-
1.9.5 To holders of profit and loss sharing certificates	-
1.10 SECOND LEGAL RESERVES (-)	-
1.11 STATUTORY RESERVES (-)	-
1.12 GENERAL RESERVES	-
1.13 OTHER RESERVES	-
1.14 SPECIAL FUNDS	-
II. DISTRIBUTION OF RESERVES	
2.1 APPROPRIATED RESERVES	-
2.2 SECOND LEGAL RESERVES (-)	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-
2.3.1 To owners of ordinary shares	-
2.3.2 To owners of preferred shares	-
2.3.3 To owners of preferred shares (preemptive rights)	-
2.3.4 To profit sharing bonds	-
2.3.5 To holders of profit and loss sharing certificates	-
2.4 DIVIDENDS TO PERSONNEL (-)	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III. EARNINGS PER SHARE	
3.1 TO OWNERS OF ORDINARY SHARES	0.0018
3.2 TO OWNERS OF ORDINARY SHARES (%)	0.18
3.3 TO OWNERS OF PRIVILEGED SHARES	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-
IV. DIVIDEND PER SHARE	
4.1 TO OWNERS OF ORDINARY SHARES	0.0005
4.2 TO OWNERS OF ORDINARY SHARES (%)	0.05
4.3 TO OWNERS OF PRIVILEGED SHARES	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

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

The preparation of 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.

CHANGES IN ACCOUNTING POLICIES

As of 1 January 2018 the Parent Bank has applied TFRS 9 Financial Instruments (“TFRS 9”) published by POA according to “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 for the first time in attached consolidated financial statements. Prior period financial statements and notes were not restated in accordance with the transition provisions of TFRS 9. Therefore, the impact of the first application of standard has been reflected to Prior years’ profit or loss and attached financial statements are presented separately rather than comparatively. TFRS 9 has been in effect as of 1 January 2018, the impact on opening balances are presented in Note XXIII of Section Three.

TFRS 15 Revenue from Contracts with Customers and other TAS/TFRS changes have not significant impact on Bank’s accounting policies, financial position and performance. TFRS 15 and other TAS / TFRS amendments have no material impact on the Bank’s accounting policies, financial position or performance.

In addition, TFRS 16 Leases (TFRS 16), which has been in effect as of January 2019, is in progress.

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.

At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Parent Bank’s exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 of 31 December 2018 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in similar circumstances.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

As TFRS 9 has been put into effect on 1 January 2018, the Group's accounting policy for financial instruments is summarized as follows.

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 Bank, if the Bank is a legal party to these instruments.

The Bank 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.

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.

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”.

Bank loans and receivables are initially carried at cost value. Bank loans are measured at amortized cost with internal rate of return. Short-term and long-term loans are grouped as open or guaranteed; FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment For Expected Loss

The Bank recognizes an Impairment for For Expected Loss 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. In this framework, as of 31 December 2017, 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. The impairment for 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.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- 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 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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment

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.

- All contractual terms of the financial intermediary during the expected lifetime of the financial instrument
- 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:

- Degradation in financial structure of the opposite party and economic conditions
- Other neutral criteria deemed appropriate by management
- To have a past due more than 90 days. (150 days for the financial leasing receivables)
- To have past due over 30 days or reconstruction of loans after passing from Stage 3 to Stage 2.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

Significant increase in credit risk definition (criteria and explanations)

The classification criteria were revised in accordance with the new rules issued by the BRSA. These revisions 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.

1. Past due more than 30 days,
2. Reconstruction,
3. The rating decline in the period from the date of the loan to the reporting date,
4. Early warning signal,
5. Bankruptcy / concordatum registration,
6. Negative investigation and consolidated loan risk records

Loans classified as third, fourth and fifth groups are considered as non-performing loans. 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.

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

In accordance with TFRS 9, probability-weighted scenarios are taken into account over the expected life of the financial instrument in order to estimate the expected losses. The assessment consists of an assessment of the possible outcomes, including the amount and timing of cash flows for certain outputs and the identification of possible scenarios that indicate the estimated likelihood of that outcome.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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.

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 Group 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:

Tangible Assets	Estimated Useful Life (Years)	Depreciation Rate (%)
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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessor

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

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

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

Finance leasing activities as the lessor

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

Operational leases

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

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

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 December 2018 is TL 5,434.42 (full TL) (31 December 2017: TL 4,732.48 (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.

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%.

The corporate tax rate is 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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS (Continued)

Corporate tax (Continued)

75% of earnings generated through sale of equity shares, founders’ shares, redeemed shares and preemption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

All earnings generated through transfer of equity shares, founders’ shares, redeemed shares and preemption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 XI 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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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XXIII. OTHER DISCLOSURES (Continued)****TFRS 9 Financial Instruments Standart**

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, expected loss on financial assets and hedge accounting.

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent “solely payments of principal and interest.

Explanations on the impact of TFRS 9 implementation of the Group are below.

Reconciliation of statement of financial position balances to TFRS 9

	31 December 2017	TFRS-9 Reclassification impact	TFRS-9 Remeasurement impact	1 January 2018
ASSETS				
FINANCIAL ASSETS (Net)	2,909,226	(2,293)	763	2,907,696
Cash and cash equivalents	2,161,347	-	-	2,161,347
Financial assets measured at fair value to profit or loss	324,334	-	-	324,334
Financial assets measured at fair value to other comprehensive income	-	34,785	-	34,785
Financial assets measured at amortised cost	-	388,760	-	388,760
Non-performing financial assets	-	3,764	-	3,764
Allowance for expected credit losses (-)	-	(6,057)	763	(5,294)
12-Month expected credit losses (Stage 1)	-	(2,293)	763	(1,530)
Credit-Impaired (Stage 3)	-	(3,764)	-	(3,764)
Marketable Securities (Net)	34,785	(34,785)	-	-
Investments held to maturity (Net)	388,760	(388,760)	-	-
LOANS (Net)	2,317,443	(22,018)	5,567	2,300,992
Loans	1,981,978	-	-	1,981,978
Financial lease receivables	332,334	1,494	-	333,828
Non-performing loans	34,042	(3,764)	-	30,278
Allowance for expected credit losses (-)	(30,911)	(19,748)	5,567	(45,092)
12-Month expected credit losses (Stage 1)	-	(19,594)	10,212	(9,382)
Significant increase in credit risk (Stage 2)	-	(2,424)	(5,117)	(7,541)
Credit-Impaired (Stage 3)	(30,911)	2,270	472	(28,169)
NON-CURRENTS ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “FROM DISCONTINUED OPERATIONS (Net)”	6	-	-	6
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	-	-	-	-
TANGIBLE ASSETS (Net)	117,272	-	-	117,272
INTANGIBLE ASSETS AND GOODWILL (Net)	2,725	-	-	2,725
DEFERRED TAX ASSET	279	-	2,714	2,993
OTHER ASSETS	15,279	-	-	15,279
TOTAL ASSETS	5,362,230	(24,311)	9,044	5,346,963

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XXIII. OTHER DISCLOSURES (Continued)****Reconciliation of statement of financial position balances to TFRS 9**

LIABILITIES AND EQUITY	31 December 2017	TFRS-9 Reclassification impact	TFRS-9 Remeasurement impact	1 January 2018
Deposits	3,695,217	-	-	3,695,217
Funds Borrowed	764,884	-	-	764,884
Payables To Money Market	-	-	-	-
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-
Derivative Financial Liabilities	-	-	-	-
Provisions	56,191	(24,311)	7,225	39,105
General Provision	30,274	(30,274)	-	-
Reserve For Employee Benefits	14,696	-	-	14,696
Other Provision	11,221	5,963	7,225	24,409
Current Tax Liability	11,456	-	-	11,456
Deferred Tax Liability	4,201	-	(4,201)	-
Miscellaneous Payables	20,122	-	-	20,122
Other Liabilities	10,251	-	-	10,251
SHAREHOLDER'S EQUITY	799,908	-	6,020	805,928
Paid In Capital	440,000	-	-	440,000
Capital Reserves	83,461	-	3	83,464
Other Capital Reserves	(2,919)	2,815	-	(104)
Accumulated Other Comprehensive Income Or Loss That Will Not Be Reclassified To Profit Or Loss	-	83,661	-	83,661
Accumulated Other Comprehensive Income Or Loss That Will Be Reclassified To Profit Or Loss	-	(96)	3	(93)
Marketable Securities Valuation Differences	(96)	96	-	-
Tangible Assets Revaluation Reserves	86,476	(86,476)	-	-
Bonus Shares Of Subsidiaries Associates And Entities Under Common Control	-	-	-	-
Profit Reserves	24,855	-	-	24,855
Legal Reserves	24,855	-	-	24,855
Extraordinary Reserves	-	-	-	-
Other Profit Reserves	-	-	-	-
Profit Or (Loss)	251,592	-	6,017	257,609
Prior Periods' Profit Or (Loss)	170,177	-	6,017	176,194
Current Period Profit Or (Loss)	81,415	-	-	81,415
TOTAL LIABILITIES AND EQUITY	5,362,230	(24,311)	9,044	5,346,963

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XXIII. OTHER DISCLOSURES (Continued)****Reconciliation of the opening balances of the provision to TFRS 9**

	Book value before TFRS 9 31 December 2017	Remeasurements	Book value after TFRS 9 1 January 2018
Loans Provision (Allowance for expected credit losses)	50,659	(5,567)	45,092
Stage 1 ^(*)	19,594	(10,212)	9,382
Stage 2 ^(*)	2,424	5,117	7,541
Stage 3	28,641	(472)	28,169
Financial Assets ^(**)	6,057	(763)	5,294
Non-Cash Loans ^(***)	7,041	7,225	14,266
Stage 1 and 2	5,963	7,811	13,774
Stage 3	1,078	(586)	492
Total	63,757	895	64,652

^(*) Represents general provisions for stage 1 and 2 loans before TFRS 9.

^(**) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.

^(***) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12. General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

The Impact of IFRS 9 Transition to Equity

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not restated, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the retained earning of equity. The explanations about the transition effects to IFRS 9 presented in the equity items under the scope of this article are given below.

The difference between the provision for impairment of the prior period and allowance for expected credit losses that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 amounting to TL 895 as expense is recorded to "Prior years' profits or losses" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 6,915 have been reflected to the opening financials of 1 January 2018 and the related amount has been recorded to "Prior years' profits or losses" in shareholders' equity.

The general provision amounting to TL 3 relating to equity investments in available-for-sale financial assets, which were presented under general provision in before TFRS 9, has been started to be recognized in "Other accumulated comprehensive income that will be reclassified in profit or loss" under equity.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT AVAILABLE FOR THE CURRENT PERIOD

"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

Financial Assets at Fair Value through Profit or Loss

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

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

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

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

Financial Assets Available-for-Sale

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT AVAILABLE FOR THE CURRENT PERIOD (Continued)

Financial Assets Available-for-Sale (Continued)

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

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

Loans and Receivables

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

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

Financial Assets Held to Maturity

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

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

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP

I. INFORMATION ON SHAREHOLDER'S EQUITY (Current Period)

Informations about Total Capital

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	878,500	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,500	
Share issue premiums	-	
Reserves	29,449	
Gains recognized in equity as per TAS	79,064	
Profit	334,258	
Current Period Profit	103,243	
Prior Period Profit	231,015	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minority shares	-	
Common Equity Tier 1 Capital Before Deductions	883,271	
Deductions from Common Equity Tier 1 Capital	4,771	4,771
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	507	507
Goodwill (net of related tax liability)	4,264	4,264
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	4,771	
Total Common Equity Tier 1 Capital	878,500	

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of 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	-	-
The 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	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds(-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	-	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	878,500	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	-	
Tier II Capital Before Deductions	-	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	29,573	
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 (-)	29,573	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	-	
Total Capital (The sum of Tier I Capital and Tier II Capital)	-	
Deductions from Total Capital		
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	29,573	
Other items to be defined by the BRSA (-)	908,073	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	908,073	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
TOTAL CAPITAL	908,073	918,487
Total Capital	908,073	918,487
Total risk weighted amounts	5,293,195	5,293,195
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	16.60	-
Tier 1 Capital Adequacy Ratio (%)	16.60	-
Capital Adequacy Ratio (%)	17.16	17.35
BUFFERS		
Total buffer requirement	2.028	-
Capital conservation buffer requirement (%)	1.875	-
Bank specific counter-cyclical buffer requirement (%)	0.153	-
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	12.10	-
Amounts below the Excess Limits as per the Deduction Principles	-	-
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 deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
Limits related to provisions considered in Tier II calculation	29,573	29,573
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	29,573	29,573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Prior Period)

Informations about Total Capital

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	797,282	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	436,985	
Share issue premiums	-	
Reserves	24,855	
Gains recognized in equity as per TAS	86,476	
Profit	251,592	
Current Period Profit	81,415	
Prior Period Profit	170,177	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	799,908	
Deductions from Common Equity Tier 1 Capital	2,626	3,171
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	446	446
Goodwill (net of related tax liability)	2,180	2,725
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	2,626	
Total Common Equity Tier 1 Capital	797,282	

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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	-	-
The 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	-	-
Transition from the Core Capital to Continue to deduce Components	545	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds(-)	545	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	796,737	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	30,274	-
Tier II Capital Before Deductions	30,274	-
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	30,274	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	827,011	-
Deductions from Total Capital	827,011	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	6	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
TOTAL CAPITAL	827,005	837,005
Total Capital	827,005	837,005
Total risk weighted amounts	4,784,552	4,784,552
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	16.66	-
Tier 1 Capital Adequacy Ratio (%)	16.65	-
Capital Adequacy Ratio (%)	17.29	17.49
BUFFERS		
Total buffer requirement	1.341	-
Capital conservation buffer requirement (%)	1.250	-
Bank specific counter-cyclical buffer requirement (%)	0.091	-
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	12.16	-
Amounts below the Excess Limits as per the Deduction Principles	-	-
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 deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
Limits related to provisions considered in Tier II calculation	30,274	30,274
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	30,274	30,274
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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	79,064	-	79,064
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	500	-	500
Profit Reserves	29,449	-	29,449
Profit or Loss	334,258	-	334,258
Prior Periods' Profit/Loss	231,015	-	231,015
Current Period Net Profit/Loss	103,243	-	103,243
Deductions from Common Equity Tier I Capital (*)	-	4,771	(4,771)
Common Equity Tier 1 capital			878,500
Tier 1 capital			878,500
Provisions	-	(29,573)	29,573
Tier 2 capital (**)	-	(29,573)	29,573
Shareholders's Equity Adjustments (***)	-	-	-
Total Shareholders's Equity	883,271	(24,802)	908,073

(*) 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.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

II. INFORMATION ON CREDIT RISK

1. For Credit Risk Analysis;

Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals

For credit risk analysis, cash and non-cash loans granted to a debtor or debtors’ group is subject to a risk classification in proportion to the Bank’s shareholders’ equity. In addition the geographical regions and sectoral distribution is investigated periodically and distributions are revised according to the market conditions. The general and other periodical limits of a firm are renewed every year and the extending of loans throughout the day is made with the mentioned limits.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Limit assignments, controls over loan granting process, marketing strategies, matters related to the daily operations and pay-back process are determined in the Bank’s credit procedures. Issues related to the daily based transactions (especially extending of cash loans) are managed in coordination with Credits Division, Risk Management Department, Treasury, Financial Institutions Division and Central Operations Departments.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

Loans and other receivables are being followed periodically as per the “Regulation on the Principals and Procedures classification of the Loans and Provisions shall be set aside by Banks and to the Provisions to be set aside”.

Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are “firm signature or guarantee”. Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

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II. INFORMATION ON CREDIT RISK (Continued)

The new rating system announced in 2013 System is rating to all credit customers based on qualification and quantity estimating to accomplish financial data entries and answering subjective questions. Scala of the grating is between "D" and "AAA+" D is the minimum grade, AAA+ is the maximum grade and there is 22 grades in scala.

The table below shows the distribution of corporate and commercial loans grades in respect of weight as of 31 December 2018:

Grade ^{(1),(2)}	Description	Current Period	Prior Period
		Weight	
AA	Maximum Reliability	3%	2%
AA-	Maximum Reliability	6%	8%
A+	Very Good Firm	10%	12%
A	Very Good Firm	16%	16%
A-	Very Good Firm	22%	17%
BBB+	Reliable and Qualified	14%	14%
BBB	Reliable and Qualified	11%	10%
BBB-	Reliable and Qualified	9%	8%
BB+	Low Reliably and risky	6%	7%
BB	Low Reliably and risky	1%	3%
BB-	Low Reliably and risky	1%	1%
B+	Weak	-	2%
B	Weak	1%	-

(1) The above distribution does not include customers, personal loans and lons granted to banks.

(2) Although the grade scale of the bank is composed of 22 grades, the grade items that do not have any loan amounts in both years are not shown in the table.

Accounting applications, the definition of non-performing and impaired elements

"Regulation on procedures and Principles concerning classifications of Loans and Provions" under Article 4, Third, Fourth and Fifth classified in groups of all receivables, accrued interest and similar charges interest on the principal amount owed whether or not additional or refinance, regardless of whether or not the non-performing loans are considered impaired.

Although there are probable repayment, interest due to various reasons justify the collection of principal or interest payments, more than thirty days from the maturity date or dates to be paid late, but without the condition of the third group delay time required for classification as non-performing receivables are defined.

Value adjustments and provisions methods and approaches

As of 1 January 2018, loss allowance for expected credit losses is recognised on financial assets and loans measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" which came into force starting from 1 January 2018. The expected credit loss estimate is neutral, weighted according to probabilities, and includes information that can be supported about past events, current circumstances and forecasts for future economic conditions.

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II. INFORMATION ON CREDIT RISK (Continued)

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with the related risks are differentiated according to the different risk classes and the types of the average amount for the period

Risk Classifications	Current Period												
	January	February	March	April	May	June	July	August	September	October	November	December	Average
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	1,233,485	1,113,171	1,201,093	1,184,704	1,305,241	1,265,770	1,379,978	1,501,412	1,161,980	1,073,443	1,079,863	1,563,395	1,255,295
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,996,814	2,983,428	3,017,854	3,279,705	3,364,492	3,202,888	4,055,791	3,703,427	3,492,819	4,009,804	3,758,755	4,138,319	3,500,341
Contingent and Non-Contingent Corporate Receivables	2,580,473	2,594,816	2,664,573	2,542,553	2,591,561	2,579,541	2,644,036	1,950,245	2,141,818	1,989,238	1,901,135	2,221,232	2,366,768
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Property	21,290	21,279	22,367	22,342	23,859	24,384	25,944	24,383	24,384	21,050	25,165	27,414	23,655
Past Due Loans	1,906	2,021	2,047	2,078	2,101	2,125	2,150	2,175	2,202	2,228	2,253	2,279	2,130
Higher-Risk Receivables Defined by BRSA	128,599	136,661	154,392	189,970	286,070	280,802	332,206	41,066	19,616	65,874	119,471	160,265	159,583
Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	141,308	148,806	146,335	145,822	148,641	148,336	149,955	241,919	149,177	150,947	158,855	168,009	158,176
Total exposure to risks	7,103,875	7,000,182	7,208,661	7,367,174	7,721,965	7,503,846	8,590,060	7,464,627	6,991,996	7,312,584	7,045,497	8,280,913	7,465,948

II. INFORMATION ON CREDIT RISK (Continued)

2. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions

The Bank evaluates and manages credit risks that are generated from forward transactions and similar contracts together with potential risks in the market.

3. Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not

The Bank tries to mitigate the total risk if it's exposed to huge amount of risk over the forward transactions.

4. For Credit Risk Analysis;

Information on whether the indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans or not

Indemnified non-cash loans are evaluated as having the same risk weight with cash loans which are collected upon maturity. These loans are classified according to their commitments and are recorded under the follow-up accounts.

Information on whether the loans that are structured and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are taken for these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

The Parent Bank acts in frame of the related regulations for the loans that are structured and rescheduled. On the other hand, while doing risk evaluation of the loans and commitments, maturity issue is also taken into consideration.

II. INFORMATION ON CREDIT RISK (Continued)

5. For Credit Risk Analysis;

Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

The Parent Bank has no activities abroad on the branch level. However in the loan lending processes to the foreign based firms, the economic conditions of the country and the financial structure of the company in question is taken into consideration.

Evaluation of the Bank's competitive credit risk being an active participant of the international banking transactions market

The Parent Bank has significant relationship with the North Africa and Middle East Region within the international trade transactions. However in the volume of the banking transactions the Bank defines its credit risk concentration as limited from these regions.

6. For Credit Risk Analysis;

The share of the top 100 and 200 cash loan customers in total loan cash loans portfolio

The share of the top 100 and 200 cash loan customers comprises 99.98% and 100% of the total cash loans portfolio of the Bank respectively.

The share of the top 100 and 200 non-cash loan customers in total loan non-cash loans portfolio

The share of the top 100 and 200 non-cash loan customers comprises 99.66% and 100% of the total non-cash loans portfolio of the Bank respectively.

The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in total assets and off-balance sheet items

The Bank's total cash and non-cash loans from its top 100 and 200 loan customers comprise 53.76% and 54.79% of the total assets and off-balance sheet items.

7. The general provision amount provided by the Bank for credit risk

The general provision amount provided by the Bank for credit risk is TL 6,770 (31 December 2017: TL 30,274).

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II. INFORMATION ON CREDIT RISK (Continued)
8. Geographical distribution of risk amounts decomposed as part of significant risk groups. ⁽¹⁾

Current Period	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans⁽⁴⁾	Higher-Risk Receivables Defined by BRSA	Other receivables	Total
Domestic	1,563,395	3,994,748	2,220,828	27,414	2,279	7,048	168,009	7,983,721
European Union Countries	-	35,137	-	-	-	-	-	35,137
OECD Countries ⁽²⁾	-	2,607	-	-	-	-	-	2,607
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	2,421	-	-	-	-	-	2,421
Other Countries	-	103,406	404	-	-	153,217	-	257,027
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-
Total	1,563,395	4,138,319	2,221,232	27,414	2,279	160,265	168,009	8,280,913

Prior Period	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans⁽⁴⁾	Higher-Risk Receivables Defined by BRSA	Other receivables	Total
Domestic	1,211,612	2,875,553	2,357,215	20,784	2,137	4,733	143,960	6,615,994
European Union Countries	-	75,338	-	-	-	-	-	75,338
OECD Countries ⁽²⁾	-	1,967	-	-	-	-	-	1,967
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	1,616	-	-	-	-	-	1,616
Other Countries	-	125,427	866	-	-	118,959	-	245,252
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-
Total	1,211,612	3,079,901	2,358,081	20,784	2,137	123,692	143,960	6,940,167

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration.

⁽²⁾ OECD Countries excluding European countries, USA and Canada

⁽³⁾ Assets and liabilities that cannot be allocated on a consistent basis

⁽⁴⁾ Net value of non performing loans

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II.
INFORMATION ON CREDIT RISK (Continued)
9.
Risk profile according to sectors and counterparties ⁽¹⁾

	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans	Higher-Risk Receivables Defined by BRSA	Other Receivables	TL	FC	Total
Agricultural	-	-	125,476	-	-	-	-	11,293	114,183	125,476
Farming and Stockbreeding	-	-	84,671	-	-	-	-	6,384	78,287	84,671
Forestry	-	-	40,805	-	-	-	-	4,909	35,896	40,805
Fishing	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	1,172,267	-	-	-	-	265,319	906,948	1,172,267
Mining	-	-	86,210	-	-	-	-	13,872	72,338	86,210
Production	-	-	1,086,057	-	-	-	-	251,447	834,610	1,086,057
Electric, gas and water	-	-	-	-	-	-	-	-	-	-
Construction	-	-	816,446	27,414	2,279	7,048	-	167,075	686,112	853,187
Services	1,563,395	4,138,319	89,716	-	-	153,217	-	611,586	5,333,061	5,944,647
Wholesale and retail trade	-	-	8,196	-	-	-	-	1,571	6,625	8,196
Hotel, food and beverage services	-	-	639	-	-	-	-	4	635	639
Transportation and telecommunication	-	-	5,258	-	-	-	-	1,503	3,755	5,258
Financial institutions	1,563,395	4,138,319	-	-	-	153,217	-	593,145	5,261,786	5,854,931
Real estate and Leasing services	-	-	65,207	-	-	-	-	5,245	59,962	65,207
"Self-employment" type Services	-	-	-	-	-	-	-	-	-	-
Education services	-	-	1,386	-	-	-	-	1,386	-	1,386
Health and social services	-	-	9,030	-	-	-	-	8,732	298	9,030
Other	-	-	17,327	-	-	-	168,009	147,037	38,299	185,336
Total	1,563,395	4,138,319	2,221,232	27,414	2,279	160,265	168,009	1,202,310	7,078,603	8,280,913

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration.

II. INFORMATION ON CREDIT RISK (Continued)**10. Presentation of maturity risk bearing based on their outstanding maturities**

Risk Classifications	Payment Term				
	1 Month	1-3 Month	3-6 Month	6-12 Month	1 Year and Over
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	-	38,668	42,442	44,585	208,165
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,412,069	165,403	415,233	665,398	352,703
Contingent and Non-Contingent Corporate Receivables	579,871	230,403	136,183	624,533	607,690
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	1,050	26,364	-
Past Due Loans	-	-	-	-	-
Higher-Risk Receivables Defined by BRSA	150,224	217,639	24,995	4,867	-
Marketable Securities Collateralized Mortgages	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	3,142,164	652,113	619,903	1,365,747	1,168,558

11. Information on risk classes***Assigned credit rating agencies and export credit agencies changed the names and the reasons for these organizations***

The international credit rating agency Islamic International Rating Agency and the risk classification issued by the OECD are used for receivables from central governments and central banks. The rating agency note is not used for domestic resident customers.

With the export credit agency of a credit rating agency assigned to each risk classes are used

The risk classes of the Islamic International Rating Agency are used for central government / central bank receivables and for resident customers abroad. The OECD published country risk classification is used for those with no rating

The Bank does not use credit rating for the domestic resident customers and banks.

The absence of the credit rating of trading for items that are not included in the calculation, instead of the credit rating of the issuer, or if there is for export of these items that are available for information on the process of using credit ratings

For the short term receivables that has been issued by banks and financial intermediaries that has not any short term rating, risk weight of the issuer is used in the context of related regulation.

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II. INFORMATION ON CREDIT RISK (Continued)

Assigned to each grade credit rating agencies and export credit agency ratings of the Regulation on Measurement and Assessment of Capital Adequacy of Banks to which of the credit quality of the stages

Credit Quality Level	Islamic International Rating Agency
1	Between AAA and AA-
2	Between A+ and A-
3	Between BBB+ and BBB-
4	Between BB+ and BB-
5	Between B+ and B-
6	Between CCC+ and below

OECD Country Risk Classification Credit

Quality Levels	0	1	2	3	4	5	6	7
Risk weight (%)	0	0	20	50	100	100	100	150

RisRisk weight of the total amount of risk before and after credit risk mitigation and equity deducted amounts

Risk amount based on weight of risks

Risk weights	Before credit risk mitigation	After credit risk mitigation
0%	1,465,072	1,465,072
10%	-	-
20%	233,961	233,961
35%	-	-
50%	3,924,395	3,924,395
75%	-	-
100%	2,521,558	2,497,220
150%	398,693	160,265
200%	-	-
1250%	-	-
Deductible form Equity	4,777	4,777

12. Sector or counterparty type, individually impaired loans and non-performing loan amounts, value adjustments and provisions during the period information on value adjustments and provisions
Miscellaneous information based on important sectors

Important Sectors	Credits			Provisions
	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Non performing	Significant increase in credit risk (Stage 2))
Agricultural	1,682	21,932	21,932	21,050
Farming and Stockbreeding	1,682	21,932	21,932	21,050
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	12,449	44,031	44,031	47,452
Mining	-	-	-	14
Production	12,449	44,031	44,031	47,438
Electric, gas and water	-	-	-	-
Construction	635	24,362	24,362	22,354
Services	5,817	107	107	3,672
Wholesale and retail trade	8	-	-	21
Hotel, food and beverage services	-	-	-	1
Transportation and telecommunication	-	-	-	8
Financial institutions	-	100	100	3,232
Real estate and Leasing services	5,809	7	7	397
"Self-employment" type Services	-	-	-	-
Education services	-	-	-	4
Health and social services	-	-	-	9
Other	-	12	12	72

⁽¹⁾ General Loan Loss provision for cash loans were distributed in value adjustments section.

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II. INFORMATION ON CREDIT RISK (Continued)
13. Value adjustments and provisions on the exchange of credit information

	Opening Balance	The amount of provision during the period	Reversal of provision	Other adjustments ⁽¹⁾	Closing Balance
Specific provisions	28,169	59,613	1,718	-	86,064
General provisions	16,923	10,966	19,353	-	8,536

⁽¹⁾ According to set exchange rate differences, business combinations, acquisitions transactions and disposals of subsidiaries.

14. Other information on credit risk
Sectoral concentrations for cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	6,378	1.21	-	-	30,708	4.48	18,113	1.40
Farming and stockbreeding	6,378	1.21	-	-	30,708	4.48	18,113	1.40
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	190,753	36.31	236,385	17.09	127,192	18.54	377,706	29.14
Mining	-	-	-	-	9,398	1.37	-	-
Production	190,753	36.31	236,385	17.09	117,794	17.17	377,706	29.14
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	94,833	18.05	268,601	19.42	101,739	14.83	338,135	26.09
Services	232,304	44.22	878,412	63.50	425,665	62.05	560,024	43.21
Wholesale and retail trade	912	0.17	1,465	0.11	33,592	4.90	5,757	0.44
Hotel, food and beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	1,252	0.18	-	-
Financial institutions	224,577	42.75	876,947	63.39	354,227	51.64	535,002	41.28
Real estate and Leasing	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
"Self-employment" type	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	6,815	1.30	-	-	36,594	5.33	19,265	1.49
Other	1,040	0.20	-	-	692	0.10	2,004	0.15
Total	525,308	100	1,383,398	100	685,996	100	1,295,982	100

Sectoral and regional concentration of impaired loans and receivables

Sectoral	Current Period	Prior Period
Farming and Stockbreeding	20,640	-
Manufacturing	43,084	5,291
Construction	23,798	23,893
Financial institutions	3,864	3,864
Hotel and Restaurant Services	-	-
Wholesale and retail trade	-	-
Total impaired loans and receivables	91,386	33,048

Regional	Current Period	Prior Period
Turkey	87,522	29,184
Azerbaijan	3,764	3,764
Algeria	100	100
Total impaired loans and receivables	91,386	33,048

II. INFORMATION ON CREDIT RISK (Continued)**Past due but not impaired loans and receivables**

None.

III. INFORMATION ON 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

Date	US Dollars	Euro
24 December 2018	TL 5.2746	TL 6.0342
25 December 2018	TL 5.2926	TL 6.0291
26 December 2018	TL 5.3034	TL 6.0419
27 December 2018	TL 5.2832	TL 6.0185
28 December 2018	TL 5.2889	TL 6.0245
31 Decemberr 2018	TL 5.2609	TL 6.0280

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 December 2018 is TL 5.300 for USD, TL 6.0323 for EUR.

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

Current Period	Euro	USD Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	549,401	691,044	273	1,240,718
Banks	381,676	1,163,045	9,733	1,554,454
Financial Assets Measured at Fair Value through Profit or Loss	237,566	44,600	-	282,166
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Comprehensive Income	8,378	98,324	-	106,702
Loans ⁽¹⁾	1,016,093	372,325	-	1,388,418
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	223,332	247,959	-	471,291
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	271,018	25,819	-	296,837
Total Assets ⁽¹⁾	2,687,464	2,643,116	10,006	5,340,586
Liabilities				
Bank Deposits	1,523,504	1,759,610	2,782	3,285,896
Foreign Currency Deposits	707,011	357,401	5,609	1,070,021
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	438,261	501,508	-	939,769
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	8,315	14,733	361	23,409
Total Liabilities ⁽²⁾	2,677,091	2,633,252	8,752	5,319,095
Net Balance Sheet Position	10,373	9,864	1,254	21,491
Net Off Balance Sheet Position	(6,028)	-	-	(6,028)
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	(6,028)	-	-	(6,028)
Non-Cash Loans	1,216,077	1,704,738	735,584	3,656,399
Prior Period				
Total Assets	2,455,750	1,996,527	8,008	4,460,285
Total Liabilities	2,439,736	2,005,401	7,383	4,452,520
Balance Sheet Position, net	16,014	(8,874)	625	7,765
Off Balance Sheet Position, net	(9,664)	9,664	-	-
Financial Derivatives (Assets)	-	9,664	-	9,664
Financial Derivatives (Liabilities)	(9,664)	-	-	(9,664)
Non-cash Loans	903,681	1,276,879	526,278	2,706,838

⁽¹⁾ As of 31 December 2018, it also includes loans with indexed accounts amounting to TL 5,020 (31 December 2017: TL 84,910).⁽²⁾ 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 500.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)

Exposed currency risk

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 31 December 2018 and 31 December 2017 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	(435)	(435)	(635)	(635)
US Dollar	(986)	(986)	(79)	(79)
Other Currencies	(125)	(125)	(63)	(63)
Total	(1,546)	(1,546)	(777)	(777)

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders' Equity ⁽¹⁾	Income Statement	Shareholders' Equity ⁽¹⁾
Euro	435	435	635	635
US Dollar	986	986	79	79
Other Currencies	125	125	63	63
Total	1,546	1,546	777	777

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

IV. INFORMATION ON INTEREST RATE RISK

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

Within the context of the market risk management of the Risk Management Department, the 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.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**IV. INFORMATION ON 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
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	689,684	-	-	-	-	559,591	1,249,275
Banks	1,571,197	9,385	-	-	-	12,820	1,593,402
Financial assets at fair value through Profit or Loss	-	37,763	158,036	86,367	-	-	282,166
Interbank Money Market Placements	202,139	-	-	-	-	-	202,139
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	22,867	-	84,059	106,926
Loans	1,161,470	193,523	335,299	218,414	-	-	1,908,706
Financial Assets Measured at Amortized Cost	335	40,789	149,637	267,979	25,583	-	484,323
Other assets ⁽¹⁾	29,310	25,542	111,036	195,538	-	141,241	502,667
Total assets	3,654,135	307,002	754,008	791,165	25,583	797,711	6,329,604
Liabilities							
Bank deposits	2,047,241	531,639	707,940	-	-	-	3,286,820
Other deposits	27,516	15,129	6,862	74	-	1,063,799	1,113,380
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	313,716	112,635	434,024	79,394	-	-	939,769
Other liabilities ⁽²⁾	-	-	-	-	-	989,635	989,635
Total liabilities	2,388,473	659,403	1,148,826	79,468	-	2,053,434	6,329,604
Long Position in the Balance Sheet	1,265,662	-	-	711,697	25,583	-	2,002,942
Short Position in the Balance Sheet	-	(352,401)	(394,818)	-	-	(1,255,723)	(2,002,942)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	1,265,662	(352,401)	(394,818)	711,697	25,583	(1,255,723)	-

⁽¹⁾ Other Assets: The amount of TL 141,241 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 117,639, Net Expected Credit Loss amounting to TL 7,680, Intangible Assets amounting to TL 1,566, Deferred Tax Assets amounting to TL 1,566 and other non-interest bearing amounting to TL 25,446 and held for sale TL 6.

⁽²⁾ Other Liabilities: The amount of TL 989,635 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 883,271, Provisions amounting to TL 48,447, Current Tax Liability amounting to TL 16,894 and non-interest bearing amounts of Other Foreign Resources amounting to TL 41,023.

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**IV. INFORMATION ON INTEREST RATE RISK (Continued)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	371,024	-	-	-	-	518,769	889,793
Banks	1,107,138	160,706	-	-	-	3,710	1,271,554
Financial assets at fair value through Profit or Loss	-	15,334	87,465	221,535	-	-	324,334
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	33,027	-	1,758	34,785
Loans	680,839	163,954	933,729	151,204	52,252	2,137	1,984,115
Investment securities held-to-maturity	10,043	28,997	80,968	250,223	18,529	-	388,760
Other assets ⁽¹⁾	29,134	20,546	87,612	196,157	-	135,440	468,889
Total assets	2,198,178	389,537	1,189,774	852,146	70,781	661,814	5,362,230
Liabilities							
Bank deposits	1,872,668	293,004	854,709	-	-	-	3,020,381
Other deposits	41,538	14,122	27,093	53	-	592,030	674,836
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	20,122	20,122
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	12,270	158,628	575,765	18,221	-	-	764,884
Other liabilities ⁽²⁾	-	-	-	-	-	882,007	882,007
Total liabilities	1,926,476	465,754	1,457,567	18,274	-	1,494,159	5,362,230
Long Position in the Balance Sheet	271,702	-	-	833,872	70,781	-	1,176,355
Short Position in the Balance Sheet	-	(76,217)	(267,793)	-	-	(832,345)	(1,176,355)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	271,702	(76,217)	(267,793)	833,872	70,781	(832,345)	-

⁽¹⁾ Other Assets: The amount of TL 135,440 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 117,272, Intangible Assets amounting to TL 2,725, Deferred Tax Asset amounting to TL 279, Assets Held for Sale amounting to TL 6, and Non-Bearing amounts of Other Asset amounting to TL 15,158.

⁽²⁾ Other Liabilities: The amount of TL 882,007 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 799,908, Provisions amounting to TL 56,191, Current Tax amounting to TL 15,657, and Non-Interest Bearing amounts of Other Foreign Resources amounting to TL 10,251.

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

Current Period	EURO	USD	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	1.62	7.16
Banks	1.26	2.99	23.35
Financial assets at fair value through profit or loss	2.30	3.95	-
Money Market Placements	-	-	25.15
Financial Assets at Fair Value Through Other Comprehensive Income	6.42	6.87	-
Loans	4.55	5.86	27.44
Financial Assets Measured at Amortized Cost	2.79	6.99	20.48
Financial Lease Receivables	6.52	8.31	19.80
Liabilities	-	-	-
Interbank deposits	1.14	4.62	-
Other deposits	0.99	2.66	18.08
Money market borrowings	-	-	-
Miscellaneous payables	-	-	-
Marketable securities issued	-	-	-
Funds borrowed from other financial institutions	2.38	4.54	-
Prior Period	EURO	USD	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	0.94	4.00
Banks	2.23	3.17	13.91
Financial assets at fair value through profit or loss	2.30	3.49	-
Money Market Placements	-	-	-
Financial assets available-for-sale	-	2.83	-
Loans	3.78	4.95	15.50
Investment securities held-to-maturity	2.75	5.77	13.28
Financial Lease Receivables	6.22	7.18	15.92
Liabilities	-	-	-
Interbank deposits	0.69	2.84	-
Other deposits	1.19	2.45	9.53
Money market borrowings	-	-	-
Miscellaneous payables	-	-	-
Marketable securities issued	-	-	-
Funds borrowed from other financial institutions	2.19	3.45	12.01

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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

None.

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

None.

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VI. 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 main shareholder Libyan Foreign Bank correspond to 32% of total liabilities. On the other hand, funds received from the Group’s risk group have a 52% 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 59% of these funds are USD and 40% 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.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**VI. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)****General information on the emergency and contingency plan of Liquidity**

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

Decisions on the plan;

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

Liquidity coverage ratio

In accordance with the "Regulation on calculation of Bank's liquidity coverage ratio", published in Official Gazette no. 28948, dated 21 June 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	TL	Month	FC+TL
Lowest	November	168	November	235
Highest	December	191	December	258

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)
VI. CONSOLIDATED LIQUIDITY RISK MANAGEMENT RATIO (Continued)

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

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	2,505,941	2,152,807	1,991,386	1,638,253
CASH OUTFLOWS				
2 Real person deposits and retail deposits	403,629	368,774	39,498	36,877
3 Stable deposit	17,300	-	865	-
4 Deposit with low stability	386,329	368,774	38,633	36,877
5 Unsecured debts except real person deposits and retail deposits	3,278,938	3,199,109	2,957,517	2,881,992
6 Operational deposit	-	-	-	-
7 Non-operating deposits	3,179,261	3,171,175	2,857,840	2,854,058
8 Other unsecured debts	99,677	27,934	99,677	27,934
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	4,102,636	3,803,424	259,300	201,268
16 TOTAL CASH OUTFLOW	7,785,203	7,371,307	3,256,315	3,120,135
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	2,449,398	2,035,396	2,213,009	1,925,651
19 Other cash inflows	14,095	14,095	14,095	14,095
20 TOTAL CASH INFLOWS	2,463,493	2,049,491	2,227,104	1,939,746
			Upper Limit Applied Amounts	
21 TOTAL HQLA STOCK			1,991,386	1,638,253
22 TOTAL NET CASH OUTFLOWS			1,056,333	1,180,735
23 LIQUIDITY COVERAGE RATIO (%)			188.52	138.75

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

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)
VI. CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

Prior Period	Consideration Ratio Not Applied Total Value		Consideration Ratio Applied Total Value	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	2,252,194	2,219,773	1,556,061	1,523,640
CASH OUTFLOWS				
2 Real person deposits and retail deposits	295,311	282,419	29,578	28,733
3 Stable deposit	12,033	-	602	-
4 Deposit with low stability	283,278	282,419	28,976	28,733
5 Unsecured debts except real person deposits and retail deposits	2,841,533	2,732,802	2,515,304	2,416,241
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,726,205	2,705,640	2,399,976	2,389,079
8 Other unsecured debts	115,328	27,162	115,328	27,162
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	3,041,124	2,799,070	183,145	145,627
16 TOTAL CASH OUTFLOW	6,177,968	5,814,291	2,728,027	2,590,601
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,758,819	1,165,591	1,587,194	1,143,610
19 Other cash inflows	46,693	36,651	46,693	36,651
20 TOTAL CASH INFLOWS	1,805,512	1,202,242	1,633,887	1,180,261
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			1,556,061	1,523,640
22 TOTAL NET CASH OUTFLOWS			1,094,140	1,410,341
23 LIQUIDITY COVERAGE RATIO (%)			142.22	108.03

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VI. 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 51% of high-quality liquid assets of the Parent Bank, while 48% 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. 70% of the total liabilities are deposits received. 75% 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. 31 December 2018, the bank has no derivative transactions. Therefore, there is no net cash outflow arising from derivative transactions.

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

A significant part of the funding sources are comprised of deposits received. 70% of the liability is deposits and 75% 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 AT 31 DECEMBER 2018

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)
VI. CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)
Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	20,366	1,228,909	-	-	-	-	-	1,249,275
Banks	41,363	1,542,654	9,385	-	-	-	-	1,593,402
Financial Assets at Fair Value through Profit or Loss	-	-	37,763	158,036	86,367	-	-	282,166
Money Market Placements	-	202,139	-	-	-	-	-	202,139
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	22,867	-	-	84,059	106,926
Loans	-	1,161,470	127,445	401,377	218,414	-	-	1,908,706
Investment securities held-to-maturity	-	335	40,789	149,639	267,977	25,583	-	484,323
Other assets ⁽¹⁾	1,817	29,310	24,516	111,700	195,899	-	139,425	502,667
Total Assets	63,546	4,164,817	239,898	843,619	768,657	25,583	223,484	6,329,604
Liabilities								
Interbank Deposits	740,328	1,306,913	531,639	707,940	-	-	-	3,286,820
Other Deposits	1,063,801	27,515	15,129	6,861	74	-	-	1,113,380
Funds provided from other financial institutions	-	291,880	72,847	417,738	157,304	-	-	939,769
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-	-
Other liabilities ⁽²⁾	-	1,490	1,591	-	-	-	986,554	989,635
Total Liabilities	1,804,129	1,627,798	621,206	1,132,539	157,378	-	986,554	6,329,604
Net Liquidity Gap	(1,740,583)	2,537,019	(381,308)	(288,920)	611,279	25,583	(763,070)	-
Prior Period								
Total Assets	114,105	2,752,446	729,615	588,594	803,600	62,921	47,506	5,098,787
Total Liabilities	1,344,895	1,078,828	368,388	667,828	885,747	-	753,101	5,098,787
Net Liquidity Gap	(1,230,790)	1,673,618	361,227	(79,234)	(82,147)	62,921	(705,595)	-

⁽³⁾ Other Assets: The amount of TL 139,425 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 117,639, Expected credit loss amounting to TL 7,680, Intangible Assets amounting to TL 4,264, Current Tax Assets amounting to TL 1,566 and other Non-Interest Bearing amounting to TL 23,630 and TL 6 of asset held for sale.

⁽⁴⁾ Other Liabilities: The amount of TL 986,554 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 883,271, Provisions amounting to TL 48,447, Deferred Tax Liabilities amounting to TL 16,894 and Other Foreign Resources amounting to TL 37,942.

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

	Prior Period ^(*) 31 December 2017	Current Period ^(*) 31 December 2018
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	2,941	3,678
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	60,177	5,899
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	281,594	792,245
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	89,217	24,556
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	-	-
Total Risk Amount	433,929	826,378

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

⁽²⁾ The amounts shown in the table are 3 month averages.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON LEVERAGE RATIO (Continued)

Leverage ratio disclosure as follows:

	Balance sheet assets	Prior Period	Current Period
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	5,487,561	6,106,377
2	(Assets deducted from main capital)	(2,830)	(3,678)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	5,484,731	6,102,699
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	1	33
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	1	33
	Security or secured financing transactions		
7	Risk amount of security or secured financing transactions (Except balance sheet)	-	4,709
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	-	4,709
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	3,172,217	3,767,831
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)	3,172,217	3,767,831
	Equity and total risk		
13	Main capital	791,688	824,060
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	8,656,949	9,875,272
	Leverage ratio		
15	Leverage ratio	9.15%	8.47%

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**VIII. INFORMATION ON FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of the held to maturity financial assets; in case of situations where market price or fair value cannot be determined; is calculated over the quoted market prices of other investment securities that are of the same interest, maturity and similar in other clauses.

The estimated fair value of the demand deposit represents the amount to be paid at the moment of demand. Placements of changing rates and the fair value of the overnight deposit equal to their book values. The fair value of the fixed yield deposit is calculated over the cash flows discounted using the market interest rates implicated on similar borrowing and other payables.

The estimated fair value of the loans is calculated over the cash flows discounted using the market interest rates implicated on the constant interest loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

In the table below; fair values and book values of some of the financial assets and liabilities are presented. The book value of the assets and liabilities is the total of the cost and accumulated interest accruals.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	5,842,375	3,973,279	5,657,116	3,837,936
Banks	2,783,756	1,232,291	2,783,756	1,232,291
Money market receivables	202,139	-	202,139	-
Financial assets available-for-sale	106,926	34,785	106,926	34,785
Investment securities held-to- maturity	484,323	388,760	493,607	392,360
Loans	1,904,311	1,984,115	1,771,534	1,880,234
Leasing receivables	360,920	333,328	299,154	298,266
Financial Liabilities	5,340,303	4,464,756	5,305,015	4,447,318
Bank deposits	3,286,826	3,020,381	3,286,826	3,020,381
Other Deposits	1,113,708	674,951	1,113,708	674,951
Funds provided from other financial institutions	939,769	764,884	904,481	747,446
Money market borrowings	-	-	-	-
Marketable securities issued	-	-	-	-
Miscellaneous Payables	-	4,540	-	4,540

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or,

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VIII. INFORMATION ON FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through Profit or Loss	282,166	-	-	282,166
<i>Public sector debt securities</i>	238,569	-	-	238,569
<i>Derivative Financial assets at fair value through profit or loss</i>	-	-	-	-
<i>Other marketable securities</i>	43,597	-	-	43,597
Financial Assets at Fair Value Through Other Comprehensive Income	104,590	-	2,336	106,926
<i>Public sector debt securities</i>	15,970	-	-	15,970
<i>Other marketable securities</i>	88,620	-	2,336	90,956
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through Profit or Loss	324,334	-	-	324,334
<i>Public sector debt securities</i>	282,081	-	-	282,081
<i>Derivative Financial assets at fair value through profit or loss</i>	-	-	-	-
<i>Other marketable securities</i>	42,253	-	-	42,253
Financial assets available for sale	31,269	-	1,758	33,027
<i>Public sector debt securities</i>	31,269	-	-	31,269
<i>Other marketable securities</i>	-	-	1,758	1,758

The movement of financial assets in Level 3 is presented below.

	Current Period	Prior Period
Balances at beginning of period	1,758	1,634
Purchases during the period	-	-
Disposals through sale/redemption	-	-
Valuation effect	578	124
Transfers	-	-
Balances at end of period	2,336	1,758

IX. ACTIVITIES CARRIED OUT ON BEHALF OF AND ACCOUNT OF THIRD PARTIES, ACTIVITIES BASED ON ASSURANCE

Information on whether Bank carries out trading, custody, consulting, management services for third parties

The Bank does not carry out any other trading, custody, management and consulting services on behalf and account of others.

Information on trust transactions with other financial institutions or direct financial services given within the context of trust transactions to other financial institutions and possible affects of such transactions on Bank's financial situation

The Bank does not have transactions based on trust.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

X. INFORMATION ON RISK MANAGEMENT

Main sources of differences between risk amounts and amounts in financial statements which are evaluated in accordance with TAS

Risk Management process of the Bank passes through various stages; such as, defining, measuring, analyzing and pursuing risks, risk management policies and enactment of implementation principles and their realization, reporting, researching, conformity and auditing, within the frame of principles jointly fixed by the bank’s Risk Management Department, Audit Committee and High Level Management and approved by the Board of Directors.

The risk policy of the Bank is set out on the below mentioned principles.

- To be selective in risk taking.
- To define, measure, analyze and manage risks effectively.
- To secure the balance between the risk and return.
- To have adequate capital to cover existing and possible future risks.
- To have sound collaterals covering the existing and possible risks, and to follow up closely the sufficiency of the collaterals.
- To secure the appropriateness of risks to the defined limits.
- To keep under control the appropriateness of all kinds of operations to the approved policies and procedures.
- To supply the harmonization of the operations with the laws and regulations.
- To establish corporate risk culture within the Bank.
- To set out an effective reporting line and inform related management authorities on time to eliminate any kind of discrepancy.

The Bank defines, measures, analyzes and manages the risks involved in its operations and defines its risk management policies and application procedures on base of main risk categories on consolidated basis.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**X. EXPLANATIONS ON RISK MANAGEMENT (Continued)****Overview of Risk Weighted Amount (Current Period)**

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	4,746,607	4,342,989	379,729
2	Standardised approach (SA)	4,746,607	4,342,989	379,729
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Standardised approach for counterparty credit risk (SA-CCR)	-	-	-
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	160,175	93,725	12,814
17	Standardised approach (SA)	160,175	93,725	12,814
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	386,413	347,838	30,913
20	Basic Indicator Approach	386,413	347,838	30,913
21	Standart Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	5,293,195	4,784,552	423,456

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X. INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)
Main sources of differences between TAS exposure amounts and carrying values in financial statements

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Gross Carrying Values of TAS				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash And Balances With The Central Bank Of Turkey	1,249,275	1,249,275	1,249,275	-	-	1,240,718	-
Financial assets held for trading	282,166	282,166	-	-	-	282,166	-
Financial Assets At Fair Value Through Profit Or Loss	-	-	-	-	-	-	-
Banks	1,593,402	1,593,402	1,593,402	-	-	1,554,454	-
Money Market Placements	202,139	202,139	-	-	-	-	-
Investment Securities Available-for-Sale (net)	106,926	106,926	2,336	-	-	106,702	-
Loans And Receivables	1,904,550	1,904,550	1,908,706	-	-	1,383,398	-
Factoring Receivables	-	-	-	-	-	-	-
Investment Securities Held-to-Maturity (net)	484,323	484,323	484,323	-	-	471,291	-
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint Ventures (net)	-	-	-	-	-	-	-
Lease Receivables	360,920	360,920	360,920	-	-	287,582	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-	-	-
Tangible Assets (net)	117,639	117,639	117,639	-	-	-	507
Intangible Assets (net)	4,264	4,264	-	-	-	-	4,264
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	1,566	1,566	1,566	-	-	-	-
Asset Held For Sale And Assets Of Discontinued Operations (Net)	6	6	-	-	-	-	-
Other Assets	22,428	22,428	14,404	-	-	8,668	-
Total Assets	6,329,604	6,329,604	5,837,161	-	-	5,334,979	4,771
Liabilities							
Deposits	4,400,200	4,400,200	-	-	-	4,355,917	-
Derivative Financial Liabilities Held For Trading	-	-	-	-	-	-	-
Funds Borrowed	939,769	939,769	-	-	-	939,769	-
Interbank Money Market	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Other External Resources	41,023	41,023	-	-	-	22,948	-
Factoring Payables	-	-	-	-	-	-	-
Leasing Transactions Payables	-	-	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-	-	-	-
Provisions	48,447	48,447	-	-	-	461	-
Tax Liability	16,894	16,894	-	-	-	-	-
Liabilities For Assets Held For Resale And Assets Of Discontinued Operations	-	-	-	-	-	-	-
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' Equity	883,271	883,271	-	-	-	-	-
Total Liabilities	6,329,604	6,329,604	-	-	-	5,319,095	-

X. INFORMATION ON RISK MANAGEMENT (Continued)**Main sources of differences between TAS exposure amounts and carrying values in financial statements**

	Total	Subject to credit risk framework	Subject to the securitisation framework	Subject to the counterparty credit risk framework	Subject to the market risk framework
1 Asset carrying value amount under scope of TAS	9,407,772	5,032,397	-	-	4,375,375
2 Liabilities carrying value amount under TAS of consolidation	4,452,520	-	-	-	4,452,520
3 Total net amount under regulatory scope of consolidation	-	-	-	-	-
4 Off-balance sheet amounts	4,677,730	1,941,242	-	-	2,736,488
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
Risk amounts	18,538,022	6,973,639	-	-	11,564,383

Explanations regarding the differences between the risk amounts and amounts evaluated in accordance with TAS

Related amounts are calculated by consolidated financial statements which are prepared in accordance with BRSA Accounting and Reporting Legislation.

General qualitative information on credit risk

The objective of the credit risk management is to maximize the risk-adjusted return of the bank by managing the risks in appropriate parameters that the bank may face. The credit risk management covers all types of credits and transactions and also considers the relationship of the credit risks with other risk types.

The widest and most visible sources of the credit risk are the loans extended by the Bank; however, there are also some other factors depending on the activities of the Bank. These stand on both banking books and accounts of on balance sheet and off balance sheet items. From day to day, banks face more credit risks not related to loans; for example different financial instruments like interbank transactions, acceptances, trade finance, foreign exchange transactions, swap transactions, bonds, options, futures, guarantees and commitments.

Effective applications related to the credit risk management cover especially the following fields;

- Clear definition of the responsibilities in credit risk management process,
- Effective functioning of the lending policy,
- Understanding the basic characteristics of credit risk,
- Making all related personnel aware of the credit risk management policies,
- Keeping appropriate credit risk measurement, review and follow-up functions,
- Setting limits for credit risk, periodically reviewing the limits and effectively controlling the risk-limit position,
- Analyzing the risk structure of a new instrument before using it,
- Having sufficient management reporting system,
- Providing sufficient audit and control function on credit risk,
- Separating credit utilization and marketing function,
- Evaluating credit risk on solo and consolidated basis.

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X. INFORMATION ON RISK MANAGEMENT (Continued)

Beside the standard credit risk in credit activities, also the risks related to the economic conditions in the country of the borrower should be considered.

Effective loan extension is based on the determination of a reliable and well-defined lending criterion. For the effective credit risk management, it is essential to have sufficient information that will enable the detailed evaluation of the real risk profile of the credit applicant.

The Bank's credit risk amount is calculated by standard approach.

Credit quality of assets

Gross Carrying Values of TAS according to Consolidated Financial Statements				
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net Values
1 Loans	90,444	1,912,862	94,600	1,908,706
2 Debt Securities	-	877,179	-	877,179
3 Of which defaulted	-	3,931,331	461	3,930,870
4 Total	90,444	6,721,372	95,061	6,716,755

Changes in stock of defaulted loans and debt securities

1 Defaulted loans and debt securities at end of the previous reporting period	31,773
2 Loans and debt securities that have defaulted since the last reporting period	60,092
3 Returned to non-defaulted status	(1,421)
4 Amounts written off	-
5 Other changes	-
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	90,444

X. INFORMATION ON RISK MANAGEMENT (Continued)**Additional disclosure related to the credit quality of assets**

None.

Qualitative requirements for public disclosure regarding credit risk mitigation techniques

Financial guarantees are used as a Credit Risk Mitigation Technique that affects the Bank's Credit Risk Amount. Financial collaterals consist of deposits that are blocked against risk.

Credit risk mitigation techniques – overview

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	9,514,331	-	-	364,339	353,186	-	-
2	Debt Securities	484,323	-	-	-	-	-	-
3	Total	9,998,654	-	-	364,339	353,186	-	-
4	Of which defaulted	91,385	-	-	-	-	-	-

Qualitative disclosures regarding ratings which the Group uses in the calculation of credit risk by standard approach.

The Parent Bank credit risk of the counterparty when calculating the standard approach to Turkey built Banks and Agent for the risks of the Corporation Islamic International Rating Agency of the country of its rating, while for those that are built outside of Turkey the bank's Islamic International Rating Agency rating of about if any; if not, the country of residence uses the OECD rating. Counterparty Turkey Central Government and / or the risks that the Central Bank uses the Islamic International Rating Agency notes Turkey.

Operational Risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks". As of 31 December 2018 the amount subject to operational risk is TL 386.413 (31.12.2017: TL 348.838).

Current Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	174,592	208,554	235,105	206,084	15	30,913
Value at operational risk (Total*12.5)						386,413

Prior Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	174,271	174,199	208,073	185,514	15	27,827
Value at operational risk (Total*12.5)						348,838

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X. INFORMATION ON RISK MANAGEMENT (Continued)
Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	1,563,395	-	1,563,395	-	160,414	10%
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	3,044,132	2,027,940	3,044,132	1,094,187	1,947,228	47%
7 Contingent and Non-Contingent Corporate Receivables	1,168,683	1,473,226	1,168,683	1,052,549	2,221,232	100%
8 Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-
9 Secured by residential property	-	-	-	-	-	-
10 Secured by commercial real estate	-	53,777	-	27,414	27,414	100%
11 Past Due Loans	2,279	-	2,279	-	2,279	100%
12 Higher-Risk Receivables Defined by BRSA	3,697	493,516	3,697	156,568	240,398	150%
13 Marketable Securities Collateralized Mortgages	-	-	-	-	-	-
14 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-
15 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-
16 Other Receivables	168,009	-	168,009	-	147,642	88%
17 Equity Investments	-	-	-	-	-	-
18 Total	5,950,195	4,048,459	5,950,195	2,330,718	4,746,607	57%

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X. INFORMATION ON RISK MANAGEMENT (Continued)
Standardised approach – exposures by asset classes and risk weights

Asset Classes/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	1,242,566	-	-	-	320,829	-	-	-	-	-	160,414
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	202,139	-	233,961	-	3,603,566	-	98,653	-	-	-	1,947,228
7 Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	-	2,221,232	-	-	-	2,221,232
8 Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-	-	-	-
9 Secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10 Secured by commercial real estate	-	-	-	-	-	-	27,414	-	-	-	27,414
11 Past Due Loans	-	-	-	-	-	-	2,279	-	-	-	2,279
12 Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	-	160,265	-	-	240,398
13 Marketable Securities	-	-	-	-	-	-	-	-	-	-	-
14 Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-
15 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-
16 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-
17 Equity Investments	-	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	20,367	-	-	-	-	-	147,642	-	-	-	147,642
18 Total	1,465,072	-	233,961	-	3,924,395	-	2,497,220	160,265	-	-	4,746,607

Qualitative disclosures related to IRB models

None.

IRB - Credit risk exposures by portfolio and PD range

None.

IRB – Effect on RWA of credit derivatives used as CRM techniques

None.

RWA flow statements of credit risk exposures under IRB

None.

IRB – Backtesting of probability of default (PD) per portfolio

None.

IRB (specialised lending and equities under the simple risk weight method)

None.

X. INFORMATION ON RISK MANAGEMENT (Continued)**Qualitative disclosure related to counterparty credit risk**

The counterparty risk arises from non-performance of the trading partners. The non-performance may arise from counterparty's refusal/inability to perform due to adverse price movements or from external constraints that were not anticipated by the principal.

Counterparty Credit Risk is an important risk that causes a credit risk for the banks carrying out money and capital market transactions. The subject transactions are listed as follows;

- Derivative Financial Instruments,
- Repo Transactions,
- Securities and Commodities Borrowing Transactions,
- Transactions with long clearing period,
- Margin Trading Transactions

Some properties of CCR and credit risk are provided below with a comparison.

- Loan risk is unilateral, only the lender is exposed to the risk. CCR is bilateral and both parties may incur a loss depending to the market value of the transaction.
- For the credit risk, the risk amount of the lender is always positive. In CCR, the position value caused by the transaction might be positive or negative. The party having the positive position value during the period to the maturity date is the party exposed to the risk.
- In any credit transaction, the loan's principal amount is lent, and collected on the maturity date together with interest. In the transactions subject to CCR, it is possible to offset the receivables mutually according to the agreement made and to pay the remaining amount.

While the exposed risk can be easily measured in loan risk, this amount in CCR depends to the value of the asset subject to transaction, value of guarantee and market values and can only be estimated.

The Bank's counterparty credit risk amount is calculated by standard approach.

Evaluation of CCR according to measurement methods

None.

Credit valuation adjustment (CVA) capital charge

None.

Standardised approach – CCR exposures by regulatory portfolio and risk weights

None.

IRB – CCR exposures by portfolio and PD scale

None.

Composition of collateral for CCR exposure

None.

Credit derivatives exposures

None.

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

None.

X. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures to central counterparties

None.

Quantitative disclosure - description of a bank’s securitisation exposures

None.

Securitisation exposures in the banking book

None.

Securitisation exposures in the trading book

None.

Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

None.

Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

None .

X. INFORMATION ON RISK MANAGEMENT (Continued)

Qualitative requirements for public disclosure regarding market risk

The purpose of market risk management is to maximize the risk adjusted return of the Bank by effectively managing the market risk of the bank by using suitable parameters in compliance with the size of the Bank.

The market risk management consists of interest rate, foreign Exchange and liquidity risks and takes into consideration the relations of these risks with other risks. The Bank does not have commodity and stock exchange portfolio. Therefore, the Bank is not exposed to commodity and equity position risk.

The market risk management of the Bank is based on below mentioned principles.

- Clear definition of the responsibilities in market risk management process,
- Effective determination, functioning and monitoring of the treasury policy,
- Having standards for valuing positions and measuring performance,
- Understanding the basic characteristics of the risks in market risk category,
- Making all related personnel aware of the market risk management policies,
- Keeping appropriate market risk measurement, review and follow-up functions,
- Setting limits for market risk, periodically reviewing the limits and effectively monitoring the risk-limit position,
- Analyzing the risk structure of a new instrument before using it,
- Having contingency planning for crisis situations,
- Having effective management reporting system,
- Providing strong audit and control function on market risk,
- Separating Treasury Front Office and Treasury Back Office function,
- Evaluating market risk on solo and consolidated basis.
- Sound market risk management involves the application of four basic elements in the management of assets, liabilities and off-balance-sheet instruments:
 - Appropriate board and high-level management oversight;
 - Adequate risk management policies and procedures;
 - Appropriate risk measurement, monitoring and control functions; and
 - Comprehensive internal controls and independent audits.

The specific manner in which a bank applies these elements in managing its market risk will depend upon the complexity and nature of its holdings and activities as well as on the level of market risk exposure.

X. INFORMATION ON RISK MANAGEMENT (Continued)

The market risk is managed in the Bank on portfolio level. In order to control the market risk exposure, the limits are used.

It is believed that having sufficient and correct information on a right time in a well-designed format is important for effective market risk management. The Board of Directors, High Level Management and ALCO should receive sufficient information on time to make decision about the treasury strategy of the Bank.

The Risk Management Department reviews the market risk level of the Bank periodically.

The market risk structure of the Bank and the harmony of the operations with the approved policies and limits are monitored and controlled by the internal audit and internal control functions of the Bank.

For the effective management of market risks, it is important to understand the basic characteristics of interest rate, foreign exchange and liquidity risks.

The Bank's market risk amount is calculated by standard approach.

Qualitative disclosures for banks using the Internal Models Approach (IMA)

None.

Market risk under standardised approach

		RWA
Outright products		
1	Interest rate risk (general and specific)	53,562
2	Equity risk (general and specific)	-
3	Foreign exchange risk	106,612
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	160,174

RWA flow statements of market risk exposures under an IMA

None.

IMA values for trading portfolios

None.

Comparison of VaR estimates with gains/losses

None.

ARAP TÜRK BANKASI A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

XI. 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 corporate entrepreneur banking, specialized banking, investment banking and international banking.

Information on operational segments on 31 December 2018 and 31 December 2017 are presented in the table below

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Interest Income (Net)	(2,061)	183,179	33,166	27,352	-	241,636
Commission Income (Net)	-	61,452	-	1,613	-	63,065
Unallocated Income/Expenses (Net)	-	-	-	(12,600)	(160,210)	(172,810)
Operating Income	(2,061)	244,631	33,166	16,365	(160,210)	131,891
Income from Subsidiaries					-	-
Income before tax					131,891	131,891
Tax Provision					(28,648)	(28,648)
Net Profit for the period					103,243	103,243

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Segment Assets	1,040	1,474,088	4,268,843	430,590	-	6,174,561
Unallocated assets	-	-	-	-	155,043	155,043
Total Assets	1,040	1,474,088	4,268,843	430,590	155,043	6,329,604
Segment Liabilities	359,268	757,555	3,917,901	318,379	-	5,353,103
Unallocated Liabilities	-	-	-	-	93,230	93,230
Equity	-	-	-	-	883,271	883,271
Total Liabilities	359,268	757,555	3,917,901	318,379	976,501	6,329,604

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Interest Income (Net)	(1,390)	130,363	38,376	20,928	-	188,277
Commission Income (Net)	-	41,812	-	545	-	42,357
Unallocated Income/Expenses (Net)	-	-	-	-	(128,360)	(128,360)
Operating Income	(1,390)	172,175	38,376	21,473	(128,360)	102,274
Income from Subsidiaries					-	-
Income before tax					102,274	102,274
Tax Provision					(20,859)	(20,859)
Net Profit for the period					81,415	81,415

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Segment Assets	692	1,895,174	2,696,153	383,814	-	4,975,833
Unallocated assets	-	-	-	-	386,397	386,397
Total Assets	692	1,895,174	2,696,153	383,814	386,397	5,362,230
Segment Liabilities	274,332	647,857	3,272,981	284,062	-	4,479,232
Unallocated Liabilities	-	-	-	-	83,090	83,090
Equity	-	-	-	-	799,908	799,908
Total Liabilities	274,332	647,857	3,272,981	284,062	882,998	5,362,230

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

	Current Period	
	TL	FC
Cash/Effective	1,811	18,555
Central Bank of Turkey	6,746	1,222,163
Other	-	-
Total	8,557	1,240,718

Information related to the account of Central Bank of Turkey

	Current Period	
	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	6,746	-
Unrestricted Time Deposits	-	711,682
Restricted Time Deposits	-	-
Reserve Deposits	-	510,481
Total	6,746	1,222,163

⁽¹⁾ General reserve amount requirements maintained at CBRT

Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 1.5% and 8%, and for USD or EUR at the rates of 4% and 20% respectively according to their maturities as per the Communiqué no.2005/1 “Reserve Deposits” of the Central Bank of Turkey.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)
2. Information on financial assets at fair value through profit or loss
Positive differences related to derivative financial assets

None

3. Information on banks

	Current Period	
	TL	FC
Banks		
Domestic banks	38,948	1,532,840
Foreign banks	-	21,614
Total	-	-
Banks	38,948	1,554,454

	Free Amount	Restricted Amount
	Current Period	Current Period
EU Countries	12,763	-
USA, Canada	2,421	-
OECD Countries	-	-
Off-shore Banking Regions	-	-
Other	6,430	-
Total	21,614	-

4. Information on financial assets at fair value through other comprehensive income
Information on transaction of repo and collateral/blocked financial assets (Net)

None.

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 and certificates of rent.

Information on Financial assets at fair value through other comprehensive income

	Current period
Debt Securities	105,070
Quoted in stock exchange	105,070
Not quoted in stock exchange	-
Share Certificates	2,336
Quoted in stock Exchange	-
Not quoted in stock Exchange	2,336
Impairment provision (-)	480
Total	106,926

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)
5. Information on Loans

Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current period	
	Cash	Non- Cash
Direct Loans Granted to Shareholders	1,395	26,049
Corporate Shareholders	1,395	26,049
Individual Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to the Bank's personnel	1,040	-
Total	2,435	26,049

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

Cash Loans	Standard Loans	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing	
Non-Specialized Loans	1,908,706	-	-	-	-
Commercial Loans	-	-	-	-	-
Export Loans	93,948	-	-	-	-
Import Loans	-	-	-	-	-
Loans Given to Financial Sector	1,097,234	-	-	-	-
Consumer Loans	1,040	-	-	-	-
Credit Cards	-	-	-	-	-
Other	716,484	-	-	-	-
Specialized Lending	-	-	-	-	-
Other Receivables	-	-	-	-	-
Toplam	1,908,706	-	-	-	-

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Total Loans and Other Receivables	Restructured or Rescheduled	Total Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	1,172,070	-	-	-
Non-specialized loans	1,172,070	-	-	-
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Medium and Long Term Loans and Other Receivables	519,979	216,657	-	-
Non-specialized loans	519,979	216,657	-	-
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	1,692,049	216,657	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)**

	Standard Loan^(*)	Y Loans Under Close Monitoring^(*)
12-Month expected credit losses	7,770	-
Significant increase in credit risk	-	766

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

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	216,657	-
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-

The time extended via the amendment on payment plan

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	-
2 - 5 Years	216,657	-
5 Years and over	-	-

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)
Information on consumer loans, credit cards and loans given to employees

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	215	825	1,040
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	215	825	1,040
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Consumer Loans-TL	215	825	1,040

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)
5. Information on Loans (Continued)
Information on installment commercial loans and commercial credit cards

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	185	-	185
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	185	-	185
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	185	-	185

Allocation of loans according to customer type

	Current Period
Public	-
Private	1,908,706
Total	1,908,706

Allocation of domestic and foreign loans

	Current Period
Domestic loans	1,904,415
Foreign loans	4,291
Total	1,908,706

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)
5. Information on Loans (Continued)
Specific provisions or Stage 3 Provisions

None.

Specific provisions for loans

Specific provisions	Current Period^(*)
Loans and receivables with limited collectibles	-
Loans and receivables with doubtful collectibles	-
Uncollectible loans and receivables	86,064
Total	86,064

^(*) It contains financial lease receivables.

Information related to non-performing loans (Net)
Information on restructured loans of non-performing loans

None.

Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	-	31,773
Additions (+)	-	-	60,092
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	1,421
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	90,444
Specific provisions (-)	-	-	86,064
Net Balance on Balance Sheet	-	-	4,380

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)****5. Information on Loans (Continued)*****Information on foreign currency non-performing loans***

There are non-performing loan receivables in foreign currency amounting TL 26,514 which is followed in Turkish Lira accounts.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
Current Period (Net)	-	-	4,380
Loans granted to real persons and legal entities (Gross)	-	-	90,344
Specific provisions (-)	-	-	85,964
Loans granted to real persons and legal entities (Net)	-	-	4,380
Banks (Gross) ⁽¹⁾	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	2,137
Loans granted to real persons and legal entities (Gross)	-	-	29,184
Specific provisions (-)	-	-	27,047
Loans granted to real persons and legal entities (Net)	-	-	2,137
Banks (Gross) ⁽¹⁾	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross) ⁽²⁾	-	-	3,764
Specific provisions (-)	-	-	3,764
Other Loans and receivables (Net)	-	-	-

(1) Foreign bank

(2) After transition to TFRS 9, it is classified under financial assets.

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

Loan interest accrual amounting to TL 8,146 is accrued for the loans that are started to be followed up in the non-performing loans in the current period.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (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

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

6. Information on financial assets measured at amortised cost*Information on transaction of repo and collateral/blocked financial assets (Net)*

As of 31 December 2018, the Parent Bank does not have marketable securities subjected to repurchase transactions on financial assets measured at amortised cost. and has securities amounting to TL 2,317 which are collateralized / blocked from held to maturity financial assets.

Information on government financial assets measured at amortised cost

	Current Period	
	TL	FC
Government bonds	13,032	320,830
Treasury Bonds	-	-
Other Public Bonds	-	150,461
Total	13,032	471,291

Information on financial assets measured at amortised cost

	Current Period
Debt Instruments	484,323
Quoted at stock exchange	484,323
Not-quoted at stock exchange	-
Impairment loss provision (-)	-
Total	484,323

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)*****Movement of marketable securities held to maturity***

	Current Period
Balances at the Beginning of the Period	388,760
Foreign Currency Gains / Losses on Monetary assets	100,912
Purchases during the Period	190,541
Disposals through sales and redemptions ⁽¹⁾	(195,890)
Impairment loss provision ⁽²⁾	-
Period end balance	484,323

⁽¹⁾ In the current period redemption amounting to TL 195,890 has been realized from the portfolio.⁽²⁾ Represents provisions allocated for impairment in the current year.**7. Information on associates**

The Group does not have an associate.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)****8. Information on subsidiaries (Net)*****Information on subsidiaries***

Information on Shareholder's Equity for A&T Finansal Kiralama A.Ş.	
	Current Period
CORE CAPITAL	
Paid in Capital	95,500
Capital Reserves	228
Legal Reserves	3,772
Extraordinary Reserves – Legal Reserve per General Legislation	1
Profit / Loss	12,893
<i>Net Profit</i>	<i>12,763</i>
<i>Prior Period Profit/Loss</i>	<i>130</i>
Intangible Assets (-)	133
Total Core Capital	112,261
SUPPLEMENTARY CAPITAL	-
CAPITAL	112,261
DEDUCTION FROM CAPITAL	-
NET AVAILABLE CAPITAL⁽¹⁾	112,261

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 112,261.⁽²⁾ As decided in the Annual General Meeting which is held on 29 March 2018, amount of TL 588 have been reserved as legal reserves.

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

Summary information on basic features of equity items

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

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)****8.. Information on subsidiaries (Net)***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.

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

Information about the consolidated financial statements of the subsidiaries

Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	31 December 2017 Profit / Loss	Fair Value ^(*)
431,591	113,212	4,491	34,659	-	13,546	130	-

⁽¹⁾ The related subsidiary has no fair value as of 31 December 2018.

Movement related to subsidiaries

	Current Period
Balance at the Beginning of the Period	85,210
Movements during the Period	10,498
Purchases	-
Bonus Shares Received	10,498
Dividends from Current Year Profit	-
Sales	-
Revaluation Increase, Effect of Inflation and F/X Difference	-
Impairment Provision (+)	-
Balance at the End of the Period	95,708
Capital Commitments	-
Share Percentage at the end of Period (%)	99.98

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
Banks	-
Insurance Companies	-
Factoring Companies	-
Leasing Companies	95,708
Finance Companies	-
Other Affiliates	-

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Current Period) (Continued)*****Quoted Subsidiaries***

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

Subsidiaries sold in the current year

None.

Subsidiaries 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)

	Current Period
Gross Financial Lease Investment	407,617
Earned Financial Lease Income (-)	46,697
Cancelled Leasing Amounts	-
Net Investment on Leases	360,920

Maturity analysis of financial lease receivables

	Current Period	
	Gross	Net
Less than 1 year	191,293	165,356
Between 1-4 years	213,360	195,564
Over 4 years	-	-
Total	404,653	360,920

Information on net investments under financial lease

The movement of allowance for expected credit losse are as follows

	Current Period
Opening Balance	1,494
Provisions	353
Impact of TFRS 9	1,277
Collections	(637)
Ending Balance	2,487

11. Information on financial derivatives for hedging

The Group has no financial derivatives for hedging.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)
12. Information on tangible assets

Current Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period- 31 December 2017					
Cost	114,389	3,956	1,113	12,916	132,374
Accumulated Depreciation (-)	(611)	(3,956)	(258)	(10,277)	(15,102)
Net Book Value	113,778	-	855	2,639	117,272
Balance at the End of the Current Period - 31 December 2018					
Net Book Value at the Beginning of the Current Period	114,389	3,956	1,113	12,916	132,374
Additions	198	-	-	1,877	2,075
Disposals (-)	-	-	-	1,199	1,199
Cost at the End of the Current Period	114,587	3,956	1,113	13,594	133,250
Accumulated Depreciation (-)	(611)	(3,956)	(258)	(10,277)	(15,102)
Depreciation Expense (-)	(225)	-	(199)	(1,279)	(1,703)
Depreciation of Disposals (-)	-	-	-	1,194	1,194
Accumulated Depreciation at the End of the Current Period (-)	(836)	(3,956)	(457)	(10,362)	(15,611)
Net Book Value at the End of the Current Period	113,751	-	656	3,232	117,639

13. Information on intangible assets

	Current Period
Balance at the End of the Prior Period	
Cost	13,795
Accumulated Depreciation (-)	(11,070)
Net Book Value	2,725
Balance at the End of the Current Period	
Net Book Value at the Beginning of the Current Period	13,795
Additions	3,015
Disposals (-)	-
Impairment(-)	-
Cost at the Beginning of the current period	16,810
Accumulated Depreciation (-)	(11,070)
Amortization and amortization expense of disposals(-)	(1,476)
Impairment Depreciation(-)	-
Accumulated Amortization at end of the current period	(12,546)
Net Book Value at end of the current period	4,264

14. Information on investment property

The Group has no investment property.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****15. Information on tax assets**

As of 31 December 2018, there no tax asset under current tax asset after the deduction of tax liability.

Information on deferred tax

As of 31 December, 2018, the Bank calculated net deferred tax asset of TL 14,455 by netting off deferred tax asset of TL 12,889 and deferred tax liability of TL 1,566 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 is as follows:

	Current Period	
	Accumulated temporary differences	Deferred tax asset/ Liability
Provisions for employee rights	18,573	3,913
Unearned revenues	5,714	1,257
Interest discounts	7,118	1,566
Provisions	30,071	6,616
Other	5,027	1,103
Deferred tax asset	66,503	14,455
Revaluation difference of property	97,126	12,004
Interest discounts	2,872	632
Other	1,152	253
Deferred tax liability	101,150	12,889
Deferred tax asset (net)		1,566

Movement of deferred tax:

	Current Period
Opening balance	3,922
TFRS 9 adjustment	(6,936)
Deferred tax income/(expense)(Net)	(2,120)
Deferred tax accounted under shareholder's equity	3,568
Net Deferred Tax Asset/(Liability)	(1,566)

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****16. Information about fixed assets held for sale**

	Current Period
Cost	17
Impairment (-)	11
Accumulated Depreciation (-)	-
Prior Period Net Book Value	6
Opening Balance	17
Additions	-
Disposals (-)	4
Accumulated Impairment (-)	7
Impairment (-)	-
Accumulated Depreciation (-)	-
Depreciation of disposals	-
Depreciation Expenses (-)	-
Closing Net Book Value	6

17. Information on other assets

Other assets is amounting to TL 25,952 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****18. Information on cash equivalents and Central Bank of Turkey as of 31 December 2017****Information on cash equivalents**

	Prior Period	
	TL	FC
Cash/Effective	1,811	12,544
Central Bank of Turkey	4,965	870,473
Other	-	-
Total	6,776	883,017

Information related to the account of Central Bank of Turkey

	Prior Period	
	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	4,965	-
Unrestricted Time Deposits	-	172,807
Restricted Time Deposits	-	-
Reserve Deposits	-	697,666
Total	4,965	870,473

⁽¹⁾ General reserve amount requirements maintained at CBRT**Information on Reserve Deposits**

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 4% and 10.5%, and for USD or EUR at the rates of 4% and 24% respectively according to their maturities as per the Communiqué no.2005/1 “Reserve Deposits” of the Central Bank of Turkey.

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****19. Information on financial assets at fair value through profit or loss****Positive differences related to trading derivative financial assets;**

None.

20. Information on banks

	Prior Period	
	TL	FC
Banks		
Domestic banks	38,801	1,170,359
Foreign banks	-	62,394
Foreign head offices and branches	-	-
Total	38,801	1,232,753

	Prior Period	
	Free Amount	Restricted Amount
EU Countries	55,047	-
USA, Canada	1,616	-
OECD Countries	-	-
Off-shore Banking Regions	-	-
Other	5,731	-
Total	62,394	-

21. Information on available for sale financial assets as of 31 December 2017*Information on transaction of repo and collateral/blocked financial assets (Net)*

None.

Major types of available for sale financial assets

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

Information on available for sale financial assets

	Prior period
Debt Securities	33,427
Quoted in stock exchange	33,427
Not quoted in stock exchange	-
Share Certificates	1,758
Quoted in stock Exchange	-
Not quoted in stock Exchange	1,758
Impairment provision (-)	400
Total	34,785

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****22. Information on Loans as of 31 December 2017***Information on all types of loans and advances given to shareholders and employees of the Parent Bank*

	Prior period	
	Cash	Non- Cash
Direct Loans Granted to Shareholders	-	41,801
Corporate Shareholders	-	41,801
Individual Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to the Bank's personnel	692	-
Total	692	41,801

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Total Loans and Other Receivables	Restructured or Rescheduled		Total Loans and Other Receivables	Restructured or Rescheduled	
		Extended compensation plans	Other		Extended compensation plans	Other
Cash Loans						
Non-specialized loans	1,928,283	-	-	-	53,695	-
Corporate loans	-	-	-	-	-	-
Export loans	188,285	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	889,229	-	-	-	-	-
Consumer loans	692	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	850,077	-	-	-	53,695	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	1,928,283	-	-	-	53,695	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Total Loans and Other Receivables	Restructured or Rescheduled	Total Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	852,990	-	-	-
Non-specialized loans	852,990	-	-	-
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Medium and Long Term Loans and Other Receivables	1,075,293	-	-	53,695
Non-specialized loans	1,075,293	-	-	53,695
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	1,928,283	-	-	53,695

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

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of Extension		
Extended by 1 or 2 times	-	53,695
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-

The time extended via the amendment on payment plan

	Standard loans and other receivables	Loans and other receivables under close monitoring
Extension periods		
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	1,455
2 - 5 Years	-	-
5 Years and over	-	52,240

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)
Information on consumer loans, credit cards and loans given to employees

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	108	584	692
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	108	584	692
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	108	584	692

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)
Information on installment commercial loans and commercial credit cards

None.

Allocation of loans according to customer type

	Prior Period
Public	-
Private	1,981,978
Total	1,981,978

Allocation of domestic and foreign loans

	Prior Period
Domestic loans	1,979,974
Foreign loans	2,004
Total	1,981,978

Loans granted to subsidiaries and associates

None

Specific provisions for loans

Specific provisions	Prior Period
Loans and receivables with limited collectibles	-
Loans and receivables with doubtful collectibles	-
Uncollectible loans and receivables	30,911
Total	30,911

Information related to non-performing loans
Information on restructured loans of non-performing loans

None.

Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	4,521	16,528
Additions (+)	-	8,062	17,317
Transfers from other categories of nonperforming loans (+)	-	-	12,445
Transfers to other categories of nonperforming loans (-)	-	12,445	-
Collections (-)	-	138	9,421
Write-offs (-)	-	-	3,821
Institutional and commercial credits	-	-	3,821
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	33,048
Specific provisions (-)	-	-	30,911
Net Balance on Balance Sheet	-	-	2,137

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

There are non-performing loan receivables in foreign currency amounting TL 5,757 which is followed in Turkish Lira accounts.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
Prior Period (Net) (31 Aralık 2017)	-	-	2,137
Loans granted to real persons and legal entities (Gross)	-	-	29,184
Specific provisions (-)	-	-	27,047
Loans granted to real persons and legal entities (Net)	-	-	2,137
Banks (Gross) ⁽¹⁾	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	3,764
Specific provisions (-)	-	-	3,764
Other Loans and receivables (Net)	-	-	-
Prior Period (Net) (31 Aralık 2016)	-	2,260	2,040
Loans granted to real persons and legal entities (Gross)	-	-	16,428
Specific provisions (-)	-	-	14,388
Loans granted to real persons and legal entities (Net)	-	-	2,040
Banks (Gross) ⁽¹⁾	-	4,521	100
Specific provisions (-)	-	2,261	100
Banks (Net)	-	2,260	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

⁽¹⁾ Foreign bank

Collection policy on loans determined as loss and other receivables

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

Information on write-off policy

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****23. Information on held to maturity financial assets as of 31 December 2017*****Information on transaction of repo and collateral/blocked financial assets (Net)***

As of 31 December 2017, the Group does not have marketable securities subjected to repurchase transactions on financial assets available-for-sale.

As of December 31, 2017, the Group has securities amounting to TL 2,035 which are collateralized / blocked from held to maturity financial assets.

Information on government held to maturity financial assets

	Prior Period	
	TL	FC
Government bonds	28,744	-
<i>Treasury Bonds</i>	-	-
Other Public Bonds	-	307,150
Total	28,744	307,150

Information of investments held to maturity

	Prior Period
Debt Instruments	399,298
Quoted at stock exchange	346,386
Not-quoted at stock exchange	52,912
Impairment loss provision (-)	(10,538)
Total	388,760

Movement of marketable securities held to maturity

	Prior Period
Balances at the Beginning of the Period	399,543
Foreign Currency Gains / Losses on Monetary assets	56,700
Purchases during the Period	111,756
Disposals through sales and redemptions ⁽¹⁾	(168,701)
Impairment loss provision ⁽²⁾	(10,538)
Period end balance	388,760

⁽¹⁾ In the current period redemption amounting to TL 168,701 has been realized from the portfolio.

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

24. Information on associates

The Group does not have an associate.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****25. Information on subsidiaries (Net)***Information on subsidiaries***Information on shareholder's equity for
A&T Finansal Kiralama A.Ş.**

	Prior Period
CORE CAPITAL	
Paid in Capital	85,000
Capital Reserves	124
Legal Reserves	3,185
Extraordinary Reserves – Legal Reserve per General Legislation	1
Profit / Loss	11,435
<i>Net Profit</i>	<i>9,145</i>
<i>Prior Period Profit/Loss</i>	<i>2,290</i>
Intangible Assets (-)	159
Total Core Capital	99,586
SUPPLEMENTARY CAPITAL	-
CAPITAL	99,586
DEDUCTION FROM CAPITAL	-
NET AVAILABLE CAPITAL⁽¹⁾	99,586

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 96,586.

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

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

Summary information on basic features of equity items

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

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (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.

	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

Financial statement information on consolidated subsidiaries

	Shareholders	Total	Interest	Income from marketable	31 December	31 December	Fair
Total Assets	Equity	Fixed Assets	Income	securities portfolio	2017 Profit / Loss	2016 Profit / Loss	value ⁽¹⁾
383,814	99,745	4,792	27,633	-	9,145	8,630	-

⁽¹⁾ The related subsidiary has no fair value as of 31 December 2017.

Movement related to subsidiaries

	Prior Period
Balance at the Beginning of the Period	77,211
Movements during the Period	7,999
Purchases	-
Bonus Shares Received	7,999
Dividends from Current Year Profit	-
Sales	-
Revaluation Increase, Effect of Inflation and F/X Difference	-
Impairment Provision (+)	-
Balance at the End of the Period	85,210
Capital Commitments	-
Share Percentage at the end of Period (%)	99.98

Valuation of investments in subsidiaries

The method used for the accounting of the subsidiaries in the consolidated financial statements is explained in Section Three.Sectoral Information on the subsidiaries.

Sectoral Information on the subsidiaries

Subsidiaries	Prior Period
Banks	-
Insurance Companies	-
Factoring Companies	-
Leasing Companies	85,210
Finance Companies	-
Other Affiliates	-

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)*****Quoted Subsidiaries***

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

Subsidiaries sold in the prior year

None.

Subsidiaries acquired in the prior year

None.

26. Information on joint ventures

The Parent Bank has no joint ventures.

27. Information on Financial Lease Receivables (Net)

	Prior Period
Gross Financial Lease Investment	374,216
Earned Financial Lease Income (-)	40,888
Cancelled Leasing Amounts	-
Net Investment on Leases	333,328

Maturity analysis of financial lease receivables

	Prior Period	
	Gross	Net
Less than 1 year	157,394	137,171
Between 1-4 years	216,822	196,157
Over 4 years	-	-
Total	374,216	333,328

Information on net investments under financial lease

There is a provision amount of TL 1,494 for doubtful financial lease receivables in net financial lease investments.

The movement of doubtful receivables is as follows

	Prior Period
Opening Balance	1,005
Provisions	622
Collections	(133)
Ending Balance	1,494

28. Information on financial derivatives for hedging as of 31 December 2017

The Group has no financial derivatives for hedging.

ARAP TÜRK BANKASI A.Ş.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)
29. Information on tangible assets
Information on tangible assets

Perior Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period- 31 December 2016					
<i>Cost</i>	34,761	3,956	562	14,000	53,279
<i>Accumulated Depreciation (-)</i>	(15,136)	(3,956)	(147)	(11,179)	(30,418)
Net Book Value	19,625	-	415	2,821	22,861
Balance at the End of the Current Period - 31 December 2017					
Net Book Value at the Beginning of the Current Period	34,761	3,956	562	14,000	53,279
<i>Additions</i>	41	-	552	1,065	1,658
<i>Disposals (-)</i>	-	-	-	(2,149)	(2,149)
<i>Reveluation Surplus⁽¹⁾</i>	79,586	-	-	-	79,586
<i>Impairment(-)</i>	-	-	-	-	-
Cost at the End of the Current Period	114,388	3,956	1,114	12,916	132,374
<i>Accumulated Depreciation (-)</i>	(15,136)	(3,956)	(147)	(11,179)	(30,418)
<i>Depreciation Expense (-)</i>	(374)	-	(112)	(1,396)	(1,882)
<i>Change in period (net)⁽¹⁾</i>	14,900	-	-	-	14,900
<i>Depreciation of Disposals (-)</i>	-	-	-	2,298	2,298
Accumulated Depreciation at the End of the Current Period (-)	(610)	(3,956)	(259)	(10,277)	(15,102)
Net Book Value at the End of the Current Period	113,778	-	855	2,639	117,272

30. Information on intangible assets

	Prior Period
Balance at the End of the Prior Period	
<i>Cost</i>	12,371
<i>Accumulated Depreciation (-)</i>	(9,625)
Net Book Value	2,746
Balance at the End of the Current Period	
Net Book Value at the Beginning of the Current Period	12,371
<i>Additions</i>	1,424
<i>Disposals (-)</i>	-
<i>Impairment(-)</i>	-
Cost at the Beginning of the current period	13,795
<i>Accumulated Depreciation (-)</i>	(9,625)
<i>Amortization and amortization expense of disposals(-)</i>	(1,445)
<i>Impairment Depreciation(-)</i>	-
Accumulated Amortization at end of the current period	(11,070)
Net Book Value at end of the current period	2,725

31. Information on investment property

The Group has no investment property.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Prior Period) (Continued)****32. Information on tax assets**

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

The Parent Bank has calculated TL 4,770 tax asset and TL 8,692 deferred tax liability over taxable temporary differences and recorded the net amount of asset and liability to the financial statement. It is given in Footnote No. 5, Part II-8.

33. Information about fixed assets held for sale

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

34. Information on other assets

Other assets is amounting to TL 15,279 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

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

Current Period								Accumulating Deposit Accounts	Total
Demand	7 Days Notice	Up to 1 Month	1-3 Month Months	3-6 Months	6 Months- 1 Year	1 Year and over			
Saving Deposits	27,623	-	2,053	2,452	2,144	-	-	-	34,272
Foreign Currency Deposits	1,027,555	-	227	22,188	10,396	4,134	5,521	-	1,070,021
Residents in Turkey	644,463	-	227	7,222	3,053	243	239	-	655,447
Residents Abroad	383,092	-	-	14,966	7,343	3,891	5,282	-	414,574
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	7,156	-	312	152	-	-	-	-	7,620
Other Ins. Deposits	1,467	-	-	-	-	-	-	-	1,467
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	740,328	-	51,857	162,982	1,107,205	894,668	329,780	-	3,286,820
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	740,328	-	51,857	162,982	1,107,205	894,668	329,780	-	3,286,820
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,804,129	-	54,449	187,774	1,119,745	898,802	335,301	-	4,400,200

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	Current Period
Saving Deposits	15,171	19,101
Foreign Currency Saving Deposits	99,395	225,601
Other Saving Deposits	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	114,566	244,702

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.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Current Period) (Continued)
1. Information on maturity profile of deposits
Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current 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	3,922
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-
Total	3,922

2. Information on financial derivatives through profit or loss

None

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

	Current Period	
	TL	FC
From Domestic Banks and Institutions	-	68,575
From Foreign Banks, Institutions and Funds	-	871,194
Total	-	939,769

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Current Period) (Continued)****3. Information on Funds Borrowed (Continued)***Presentation of funds borrowed based on maturity profile*

	Current Period	
	TL	FC
Short-Term	-	444,453
Long-Term	-	495,316
Total	-	939,769

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 70% of deposits which mainly come from Libyan Foreign Bank and its subsidiaries.

4. Information on other foreign resources

None.

5. Information on financial lease obligations

None.

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

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

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 employee termination benefit liability amount as at 31 December 2018 is TL 9,559. In addition to this, the unused vacation provision and other employee benefits amount as at 31 December 2018 is TL 9,014.

Information on other provisions

As of 31 December 2018, the Group has free provisions for possible risks is TL 10,000.

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

	Current Period
Free provisions for possible risks	10,000
Expected credit losses for non-cash loans	19,454
Provisions for law suits	420
Total	29,874

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Current Period) (Continued)****8. Information on tax payables*****Information on corporate tax liability***

As of 31 December, 2018, the Bank's corporate tax payable is TL 11,833 after offsetting prepaid corporate tax.

	Current Period
Corporate Taxes Payable	11,833
Banking Insurance Transaction tax (BITT)	1,116
Taxation on Securities Income	176
Value Added Tax Payable	1,189
Value Added Tax Payable (Limited tax payer)	-
Foreign exchange transaction tax	-
Taxation on real estate income	17
Other	1,602
Total	15,933

Information on premium payables

	Current Period
Social Security Premiums-Employee	363
Social Security Premiums-Employer	520
Bank Pension Fund Premium-Employees	-
Bank Pension Fund Premium-Employer	-
Pension Fund Membership Fee and Provisions-Employee	-
Pension Fund Membership Fee and Provisions-Employer	-
Unemployment Insurance-Employee	26
Unemployment Insurance-Employer	52
Others	-
Total	961

Information on deferred tax liability

As of 31 December 2018, The Group does not have corporate tax payable after deducting the prepaid

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.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Current Period) (Continued)****9. Information on Shareholders' Equity*****Presentation of Paid-in Capital***

	Current Period
Common Stock	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

At the Ordinary General Assembly meeting held on 30 March 2018, the Parent Bank decided to distribute the dividend amounting to TL 22,000 from the net profit for the year ended 31 December 2017 as of 27 April, 2018.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Current Period) (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	
	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-
Valuation Differences	-	500
Exchange Rate Differences	-	-
Total	-	500

Information on legal reserve

There are no legal reserve amount from prior years' profits in the current period.

In accordance with Article 519 of the Turkish Commercial Code No: 6102, the decision taken in the Ordinary General Assembly Meeting held on 30 March 2018, the legal reserves were transferred to the legal reserves amounting to TL 4,013,396.43 (fully) in the current period.

Information on Minority Shares

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)****10. Information on maturity profile of deposits as of 31 December 2017**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	5,604	-	160	5,217	320	-	-	-	11,301
Foreign Currency Deposits	576,193	-	916	19,128	28,182	2,368	25,859	-	652,646
Residents in Turkey	197,192	-	386	8,464	21,900	228	170	-	228,340
Residents Abroad	379,001	-	530	10,664	6,282	2,140	25,689	-	424,306
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	7,132	-	340	316	-	-	-	-	7,788
Other Ins. Deposits	3,101	-	-	-	-	-	-	-	3,101
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	451,069	-	354,837	402,000	171,070	304,769	1,336,636	-	3,020,381
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	122,855	-	-	-	-	-	122,855
Foreign Banks	451,069	-	231,982	402,000	171,070	304,769	1,336,636	-	2,897,526
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,043,099	-	356,253	426,661	199,572	307,137	1,362,495	-	3,695,217

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

	Covered by Deposit Insurance Fund	Not covered by Deposit Insurance Fund
	Prior Period	Prior Period
Saving Deposits	6,414	4,887
Foreign Currency Saving Deposits	77,776	185,255
Other Saving Deposits	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	84,190	190,142

Saving deposits not covered by deposit insurance

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)
10. Information on maturity profile of deposits as of 31 December 2017 (continued)

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

The Parent Bank's headquarter is located in Turkey.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Prior Period
Deposits and Other Accounts held at Foreign Branches	-
Deposits and Other Accounts held by Shareholders and their Relatives	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	1,768
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-
Total	1,768

11. Information on financial derivatives through profit or loss as of 31 December 2017

None.

12. Information on Funds Borrowed

Information on banks and other financial institutions as of 31 December 2017

	Prior Period	
	TL	FC
From Domestic Banks and Institutions	3,339	49,784
From Foreign Banks, Institutions and Funds	-	711,761
Total	3,339	761,545

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)
12. Information on Funds Borrowed (Continued)
Presentation of funds borrowed based on maturity profile as of 31 December 2017

	Prior Period	
	TL	FC
Short-Term	3,339	86,016
Long-Term	-	675,529
Total	3,339	761,545

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 as of 31 December 2017

Group's liabilities come from 69% of deposits which mainly come from Libyan Foreign Bank and its subsidiaries.

13. Information on other foreign resources as of 31 December 2017

The other external resources is amounting to TL 10,251 and this amount does not exceed 10% of the total balance sheet.

14. Information on financial lease obligations as of 31 December 2017

None.

15. Information on liabilities arising from financial derivative transactions for hedging purposes as of 31 December 2017

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

16. Information on provisions as of 31 December 2017
Information on general provisions

	Prior Period
Provisions for Loans and Receivables in Group I	21,887
Additional provisions for the loans with extended payment plan	21,887
Provisions for Loans and Receivables in Group II	2,424
Additional provisions for the loans with extended payment plan	2,424
Provisions for Non-Cash Loans	5,963
Other	-
Total	30,274

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

	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans ⁽¹⁾	411

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)
16. Information on provisions as of 31 December 2017
Special provisions set aside for non-funded and non-cash loans

As of 31 December 2017, special provisions set aside for non-funded and non-cash loans amounting to TL 1,078.

Reserve for employee termination benefits

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

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

The Parent Bank	Prior Period
Discount Rate	4.67%
Expected Rate of Salary/Limit Increase	7.00%
Estimated Employee Turnover Rate	5.58%
Subsidiary	Prior Period
Discount Rate	4.67%
Expected Rate of Salary/Limit Increase	7.00%
Estimated Employee Turnover Rate	5.58%

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 December 2017 is TL 4,732.48 (full TL). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

	Prior Period
Balances at Beginning of Period	7,794
Provision booked in current period	1,142
Gains and losses accounted under Shareholder's equity	30
Provision paid in current period (-)	1,234
Balances at End of the Period	7,732

The employee termination benefit liability of the Group as at 31 December 2017 is TL 7,732. In addition to this, the unused vacation provision and other employee benefits amount as at 31 December 2017 is TL 6,964.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)
Information on other provisions
Provisions for probable risks

As of December 31, 2017, the reserve for contingent risks for the Parent Bank is TL 10,000.

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

	Prior Period
Free provisions for possible risks	10,000
Provisions for non-cash loans	1,078
Provisions for law suits	143
Total	11,221

17. Information on tax payables as of 31 December 2017
Information on corporate tax liability

As of 31 December 2017, corporate tax payable after deducting the prepaid tax is TL 7,713.

Information on tax payables

	Prior Period
Corporate Tax	7,713
Banking Insurance Transaction Tax (BITT)	814
Taxation of Securities	627
Value added taxes payable	94
Corporate tax payable-limited	17
Foreign Exchange Legislation Tax	-
Property tax	15
Other	1,340
Total	10,620

Information on premiums

	Prior Period
Social Security Premiums - Employee	316
Social Security Premiums - Employer	453
Bank Social Aid Pension Fund Premium - Employee	-
Bank Social Aid Pension Fund Premium - Employer	-
Pension Fund Membership Fees and Provisions - Employee	-
Pension Fund Membership Fees and Provisions - Employer	-
Unemployment Insurance - Employee share	23
Unemployment Insurance - Employer share	44
Other	-
Total	836

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)*****Information on deferred tax liability***

As of 31 December 2017, the deferred tax assets and liabilities of the Group are calculated on the basis of the net book value of the assets and liabilities arising between the tax bases determined in accordance with tax legislation and the amounts to be taken into consideration in the calculation of financial profit / deferred tax asset amounting to TL 4,770 and deferred tax liability amounting to TL 8,692.

The details of deferred tax assets and liabilities are as follows:

	Prior Period	
	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions for employee rights	14,696	2,939
Unearned Income	3,409	682
Interest accruals	2,777	555
Depreciation difference for tangible and intangible assets	-	-
Derivative financial instruments	-	-
Other	2,971	594
Deferred tax asset	23,853	4,770
Tangible assets revaluation surplus	94,128	7,652
Interest accruals	2,392	478
Other	2,812	562
Deferred tax liability	99,332	8,692
Deferred tax asset / (liability), net		(3,922)

The movement of deferred tax assets is as follows:

	Prior Period
Net Book Note at the beginning of the period	(4,626)
Deferred Tax Revenue / (Direct) (Net)	914
Deferred Tax Accounted Under Shareholders' Equity	7,634
Net Deferred Tax (Active) / Passive	3,922

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 Bank used, maturity, interest rate, institution that loan was borrowed from, and conversation option, if any

The Parent Banks has no subordinated loans.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (Continued)
18. Information on Shareholders' Equity as of 31 December 2017
Presentation of Paid-in Capital

	Prior Period
Common Stock	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 prior financial year.

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

At the Ordinary General Assembly meeting held on 28 March, 2017, the Parent Bank decided to distribute the dividend amounting to TL 22,000 from the net profit for the year ended 31 December 2016 as of 27 April 2017.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED LIABILITIES (Prior Period) (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.

Information on marketable securities value increase fund

	Prior Period	
	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-
Valuation Differences	-	(96)
Exchange Rate Differences	-	-
Total	-	(96)

Information on legal reserve

As decided in the 39th Annual General Meeting which is held on 28 March 2017, in the current period, amount of TL 2,999,737.73 (Full TL) have been transferred to legal reserves from profits of previous years according to 519th amendment of Turkish Commercial Code no 6102.

Information on Minority Shares

None.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS (Current Period)****1. Information on contingent liabilities in the off-balance sheets***Type and amount of irrevocable commitments*

The Group has TL 103,493 as irrevocable commitments.

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 461 over total non-cash loans.

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 931,005.

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group's guarantee letters is TL 3,014,422.

2. Total amount of Non-cash loans

	Current Period
Non-Cash Loans granted for Cash Loan Assurance	682,208
Less Than or Equal to One Year with Original Maturity	431,605
More Than One Year with Original Maturity	250,603
Other Non-Cash Loans	3,263,219
Total	3,945,427

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS (Current Period) (Continued)
3. Information on sectoral risk concentrations of non-cash loans

	Current Period			
	TL	%	FC	%
Agricultural	11	0.00	78,287	2.14
Farming and Raising livestock	11	0.00	78,287	2.14
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	73,487	25.43	544,985	14.90
Mining	19,655	6.80	72,337	1.98
Production	53,832	18.63	472,648	12.93
Electric, gas and water	-	-	-	-
Construction	106,104	36.71	731,126	20.00
Services	109,426	37.86	2,302,001	62.96
Wholesale and Retail Trade	245	0.08	2,026	0.06
Hotel, Food and Beverage Services	7	0.00	914	0.02
Transportation and Telecommunication	-	-	3,195	0.09
Financial Institutions	109,136	37.76	2,295,716	62.79
Real Estate and Renting Services	-	-	-	-
Self-Employment Services	-	-	-	-
Education Services	38	0.01	-	-
Health and Social Services	-	-	150	0.00
Other	-	-	-	-
Total	289,028	100.00	3,656,399	100.00

4. Information on non-cash loans classified as I and II group loans

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	289,028	2,725,394	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	503,629	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	427,376	-	-
Non-Cash Loans	289,028	3,656,399	-	-

5. Information on derivative transactions

The Group does not have any credit derivative contract.

6. Information on credit derivatives and related imposed risks

The Group does not have any credit derivative contract.

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

**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE
SHEETS (Current Period) (Continued)**

7. Information on contingent liabilities and assets

The Group does not have of provision for the disputed legal cases filed by various persons and institutions, high probability of occurrence and requiring cash outflow. Although there are other ongoing lawsuits that against the Group, do not expect high possibility of against result and cash outflows related to these cases.

8. Services supplied on behalf of others

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS (Prior Period)**9. Information on contingent liabilities in the off-balance sheets as of 31 December 2017*****Type and amount of irrevocable commitments***

The Group has TL 31,020 as irrevocable commitments.

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 1,078 over total non-cash loans.

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 673,744.

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group's guarantee letters is TL 2,287,128.

10. Total amount of Non-cash loans as of 31 December 2017

	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	578,082
Less Than or Equal to One Year with Original Maturity	414,441
More Than One Year with Original Maturity	163,641
Other Non-Cash Loans	2,382,790
Total	2,960,872

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS (Prior Period) (Continued)****11. Information on sectoral risk concentrations of non-cash loans**

	Prior period			
	TL	%	FC	%
Agricultural	881	0.35	68,957	2.54
Farming and Raising livestock	842	0.33	68,957	2.54
Forestry	39	0.02	-	-
Fishing	-	-	-	-
Manufacturing	86,490	34.04	527,866	19.50
Mining	12,305	4.84	-	-
Production	74,185	29.20	527,866	19.50
Electric, gas and water	-	-	-	-
Construction	98,590	38.81	494,960	18.29
Services	68,073	26.80	1,615,055	59.67
Wholesale and Retail Trade	2,765	1.09	934	0.03
Hotel, Food and Beverage Services	7	0.00	662	0.02
Transportation and Telecommunication	-	-	27,102	1.00
Financial Institutions	64,881	25.54	1,586,010	58.59
Real Estate and Renting Services	-	-	-	-
Self-Employment Services	-	-	-	-
Education Services	38	0.01	-	-
Health and Social Services	382	0.16	347	0.01
Other	-	-	-	-
Total	254,034	100.00	2,706,838	100.00

12. Information on non-cash loans classified as I and II group loans

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	246,909	2,040,219	-	-
Bank acceptances	-	42,867	-	-
Letters of credit	-	268,582	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	7,125	355,170	-	-
Non-Cash Loans	254,034	2,706,838	-	-

III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS (Prior Period) (Continued)

13. Information on derivative transactions

The Group does not have any derivate contract.

14. Information on credit derivatives and related imposed risks

The Group does not have any credit derivate contract.

15. Information on contingent liabilities and assets

The Group does not have of provision for the disputed legal cases filed by various persons and institutions, high probability of occurrence and requiring cash outflow. Although there are other ongoing lawsuits that against the Group, do not expect high possibility of against result and cash outflows related to these cases.

16. Services supplied on behalf of others

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

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

	Current Period	
	TL	FC
Interest Received from Loans ⁽¹⁾		
Short- Term Loans	120,712	15,575
Medium and Long- Term Loans	646	49,702
Interest Received From Non-Performing Loans	-	-
Premiums Received From Resource Utilization Support Fund	-	-
Total	121,358	65,277

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

	Current Period	
	TL	FC
From Central Bank	-	-
From Domestic Banks	13,181	49,726
From Foreign Banks	-	404
From Foreign Headquarter and Branches	-	-
Total	13,181	50,130

Information on interest income on marketable securities

	Current Period	
	TL	FC
Financial assets held for trading	-	15,456
Financial assets where fair value change is reflected to income statement	22	4,664
Investments held to maturity	3,267	14,656
Total	3,289	34,776

Information on interest income received from associates and subsidiaries

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

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

	Current Period	
	TL	FC
Banks	229	32,002
Central Bank	-	-
Domestic Banks	229	4,036
Foreign Banks	-	27,966
Other Institutions	-	-
Total	229	32,002

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

Maturity structure of the interest expense on deposits

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	4	34	-	-	-	-	-	38
Saving deposits	-	68	420	221	-	26	-	735
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	82	8	7	-	-	-	97
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	4	184	428	228	-	26	-	870
Foreign Currency								
Foreign currency deposits	-	57	519	173	76	858	-	1,683
Interbank deposits	181	1,451	4,559	30,974	25,029	9,226	-	71,420
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	181	1,508	5,078	31,147	25,105	10,084	-	73,103
Grand Total	185	1,692	5,506	31,375	25,105	10,110	-	73,973

3. Information on dividend income

	Current Period
Financial assets measured at fair value to profit or loss	-
Financial assets measured at amortized cost	-
Financial assets at fair value through other comprehensive income	158
Other	-
Total	158

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Current Period) (Continued)****4. Information on trading gain/loss**

	Current Period
Gain	32,891,435
Gain from money market transactions	-
Gain from financial derivative transactions	309
Gain from exchange transactions	32,891,126
Loss (-)	(32,901,171)
Loss from money market transactions	(19,700)
Loss from financial derivative transactions	(673)
Loss from exchange transactions	(32,880,798)
Net Trading Gain/Loss	(9,736)

5. Information on income from other operations

	Current Period
From Reversal of Provisions of Prior Year	8,507
From Communication Income	1,872
Gain on sales of assets	184
Other Income	1,055
Total	11,618

6. Information on impairment in loans

	Current Period
Expected Credit Loss Provisions	66,460
12 month expected credit loss (stage 1)	6,544
Significant increase in credit risk (stage 2)	500
Non-performing loans (stage 3)	59,416
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	420
Total	66,880

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Current Period) (Continued)****7. Information on other operating expense**

	Current Period
Personnel Expenses	72,585
Employee Termination Benefits Expense	839
Tangible Fixed Asset Impairment Expense	-
Amortization Expenses of Tangible Assets	-
Intangible Fixed Asset Impairment Expense	1,703
<i>Goodwill Impairment Expense</i>	-
Amortization Expenses of Intangible Assets	1,476
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	18,884
<i>Operating Lease Expenses</i>	1,432
<i>Maintenance Expenses</i>	4,595
<i>Advertisement Expenses</i>	237
<i>Other Expenses</i>	12,620
Losses from sales of Assets	3
Other	12,480
Total	107,970

⁽¹⁾ Personnel expenses which are not included in the "Other operating expenses" in the income statement are also included in this table.

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

The pre-tax income amount from continued operations is TL 131,891.

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

As of 31 December 2018, current taxation expense is TL 30,768 and the net impact of deferred tax income is TL 2,120.

Deferred tax charge arising from origination or reversal of temporary differences

The deferred tax income arising from origination of temporary differences is TL 2,120.

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 2,120.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Current Period) (Continued)****10. Information on net profit or loss of the period including profit/loss from continued and discontinued operations**

Current period profit from continued operations is TL 103,243.

11. Information on net profit or loss of the period

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

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

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 33,900 consist of transfer commissions, letter of credit commissions and other.

	Current Period
Letter of Credit Commissions	23,749
Transfer Commissions	7,274
Other	2,877
Total	33,900

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Prior Period)****13. Information on interest income***Information on interest income received from loans*

	Prior Period	
	TL	FC
Interest Received from Loans ⁽¹⁾		
Short- Term Loans	89,427	9,581
Medium and Long- Term Loans	131	30,361
Interest Received From Non-Performing Loans	-	-
Premiums Received From Resource Utilization Support Fund	-	-
Total	89,558	39,942

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

	Prior Period	
	TL	FC
From Central Bank	-	-
From Domestic Banks	4,854	27,920
From Foreign Banks	26	402
From Foreign Headquarter and Branches	-	-
Total	4,880	28,322

Information on interest income on marketable securities

	Prior Period	
	TL	FC
Financial assets held for trading	902	29,751
Financial assets where fair value change is reflected to income statement	-	-
Financial assets available for sale	-	720
Investments held to maturity	4,639	22,516
Total	5,541	52,987

Information on interest income received from associates and subsidiaries

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Prior Period) (Continued)****14. Interest Expense as of 31 December 2017***Information on interest paid for funds borrowed*

	Prior Period	
	TL	FC
Banks	122	14,756
Central Bank	-	-
Domestic Banks	122	2,395
Foreign Banks	-	12,361
Other Institutions	-	-
Total	122	14,756

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

Prior Period	Time Deposit							Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative Deposit	
Turkish Lira								
Interbank deposits	14	1,733	-	-	-	-	-	1,747
Saving deposits	-	39	294	49	-	-	-	382
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	19	41	7	-	-	-	67
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	14	1,791	335	56	-	-	-	2,196
Foreign Currency								
Foreign currency deposits	-	140	284	327	34	746	-	1,531
Interbank deposits	345	4,118	7,135	3,036	5,409	23,723	-	43,766
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	345	4,258	7,419	3,363	5,443	24,469	-	45,297
Grand Total	359	6,049	7,754	3,419	5,443	24,469	-	47,493

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Prior Period) (Continued)****15. Explanations on dividend income**

	Prior Period
Financial assets held for trading	-
Financial assets at fair value through profit or loss	-
Financial assets available for sale	118
Other	-
Total	118

16. Information on trading gain/loss

	Prior Period
Gain	11,633,054
Gain from money market transactions	177
Gain from financial derivative transactions	4,110
Gain from exchange transactions	11,628,767
Loss (-)	(11,631,181)
Loss from money market transactions	(876)
Loss from financial derivative transactions	(2,381)
Loss from exchange transactions	(11,627,924)
Net Trading Gain/Loss	1,873

17. Information on income from other operations as of 31 December 2017

	Prior Period
From Reversal of Provisions of Prior Year	9,731
From Communication Income	1,236
Gain on sales of assets	80
Other Income	1,109
Total	12,156

18. Information on impairment in loans as of 31 December 2017

	Prior Period
Specific Provisions on Loans and Other Receivables	20,881
<i>Loans and Receivables in Group III</i>	-
<i>Loans and Receivables in Group IV</i>	-
<i>Loans and Receivables in Group V</i>	20,881
<i>Doubtful Receivables</i>	-
General Provision Expenses	6,158
Provision for Possible Losses	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-
Impairment Losses on Securities	15,295
<i>Financial Assets through Profit or Loss</i>	15,015
<i>Investment Securities Available-for-Sale</i>	280
Other Impairment Losses	7,554
<i>Associates</i>	-
<i>Subsidiaries</i>	-
<i>Joint Ventures</i>	-
<i>Investment Securities Held-to-Maturity</i>	7,554
Other	622
Total	50,510

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Prior Period) (Continued)
19. Information on other operating expense as of 31 December 2017

	Prior Period
Personnel Expenses	63,366
Employee Termination Benefits Expense	1,197
Tangible Fixed Asset Impairment Expense	-
Amortization Expenses of Tangible Assets	-
Intangible Fixed Asset Impairment Expense	1,714
<i>Goodwill Impairment Expense</i>	-
Amortization Expenses of Intangible Assets	1,445
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-
Disposible 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	15,499
<i>Operating Lease Expenses</i>	1,636
<i>Maintenance Expenses</i>	3,713
<i>Advertisement Expenses</i>	363
<i>Other Expenses</i>	9,787
Losses from sales of Assets	19
Other	8,757
Total	91,997

20. Information on profit/loss before taxes including profit/loss from discontinued operations as of 31 December 2017

The pre-tax income amount from continued operations is TL 102,274.

21. Information on tax provision related to continued operations and discontinued operations as of 31 December 2017
Current period taxation benefit or charge and deferred tax benefit or charge

As of 31 December 2017, current taxation expense is TL 19,945 and the deferred tax expense is TL 914.

Deferred tax charge arising from origination or reversal of temporary differences

The deferred tax expense arising from origination of temporary differences is TL 914.

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

The deferred tax expense reflected in the income statement computed over temporary difference and tax deductions and exemptions is TL 914.

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Prior Period) (Continued)****22. Information on net profit or loss of the period including profit/loss from continued and discontinued operations as of 31 December 2017**

Current period profit from continued operations is TL 81,415.

23. Information on net profit or loss of the period as of 31 December 2017

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.

24. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement as of 31 December 2017

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 20,152 consist of transfer commissions, letter of credit commissions and other.

	Prior Period
Letter of Credit Commissions	14,182
Transfer Commissions	4,518
Other	1,452
Total	20,152

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

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Current Period)

1. Changes due to revaluation of financial assets available-for-sale

In the current period, there is TL 593 net increase in value of assets available –for-sale.

2. Increases due to cash flow hedges

None.

3. Confirmation on exchange rate differences between beginning and ending

None.

4. Information on issuance of common stock

Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital

None.

5. Information on dividend

Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement

None.

Net profit per share proposed to be distributed after the balance sheet date

None.

6. Amounts transferred to reserves

In the current period, amount of TL 4,594 have been transferred to legal reserves.

7. Information on other capital increment accounts at the equity movement table

Information on inflation restatement differences of shareholders equity accounts

In BRSA's Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623. Due to the fact that the majority of the criteria's confirming the existence of a hyperinflationary economy are not valid anymore. The inflation accounting had been ceased beginning from 1 January 2005.

Explanations about the Share Capital increase

There are no capital reserves due to inflation accounting, which is followed in the "Paid capital inflation difference correction" account is added to the capital according to the subjected circular.

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

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Prior Period)

1. Changes due to revaluation of financial assets available-for-sale

In the current period, there is TL 96 net decrease in value of assets available –for-sale.

2. Increases due to cash flow hedges

None.

3. Confirmation on exchange rate differences between beginning and ending

None.

5. Information on issuance of common stock

Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital

None.

5. Information on dividend

Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement

None.

Net profit per share proposed to be distributed after the balance sheet date

None.

6. Amounts transferred to reserves

In the current period, amount of TL 3,538 have been transferred to legal reserves.

7. Information on other capital increment accounts at the equity movement table

Information on inflation restatement differences of shareholders equity accounts

In BRSA's Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623. Due to the fact that the majority of the criteria's confirming the existence of a hyperinflationary economy are not valid anymore. The inflation accounting had been ceased beginning from 1 January 2005.

Explanations about the Share Capital increase

There are no capital reserves due to inflation accounting, which is followed in the "Paid capital inflation difference correction" account is added to the capital according to the subjected circular.

VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOWS STATEMENT (Current Period)**1. Information on cash and cash equivalent assets***Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances*

Subject to the preparation of cash flows statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalents" refers to money market placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

Information on cash and cash equivalents at the beginning of the period

	31 December 2017	31 December 2016
Cash	14,355	13,107
Cash and cash equivalents	1,446,712	1,675,794
Total	1,461,067	1,688,901

Information on cash and cash equivalents at the end of the period

	31 December 2018	31 December 2017
Cash	20,366	14,355
Cash and cash equivalents	2,512,088	1,446,712
Total	2,532,454	1,461,067

The TL (227,543) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss.

The "Net increase/decrease in other assets" account under the "Changes in assets and liabilities subject to banking activities" amounting to TL (9,499) is composed of changes in fixed assets, associates, tax assets and other assets.

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to TL 17,123 is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

"Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents" is computed by TL 61,869 which includes effects of changes in currency of monthly foreign currency denominated cash and cash equivalents translated to Turkish Lira.

INFORMATION AND FOOTNOTES RELATED TO CASH FLOWS STATEMENT (Prior Period)**2. Information on the effect on cash and cash equivalent assets due to changes in other accounts in the cash flows statement and exchange rates**

Subject to the preparation of cash flows statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalents" refers to money market placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

Information on cash and cash equivalents at the beginning of the period

	31 December 2016	31 December 2015
Cash	13,107	8,986
Cash and cash equivalents	1,675,794	1,787,673
Total	1,688,901	1,796,659

Information on cash and cash equivalents at the end of the period

	31 December 2017	31 December 2016
Cash	14,355	13,107
Cash and cash equivalents	1,446,712	1,675,794
Total	1,461,067	1,688,901

The TL (125,195) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss.

The "Net increase/decrease in other assets" account under the "Changes in assets and liabilities subject to banking activities" amounting to TL 1,281 is composed of changes in fixed assets, associates, tax assets and other assets.

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to TL (23,433) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

"Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents" is computed by TL 17,461 which includes effects of changes in currency of monthly foreign currency denominated cash and cash equivalents translated to Turkish Lira.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

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

VII. 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***

Current Period						
Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	41,801	78,129	98,157
Balance at the end of the period	-	-	1,395	26,049	431,005	247,752
Interest and Commission Income received ⁽²⁾	-	-	-	-	3,135	-

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

Prior Period						
Group's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	32,850	151,292	93,085
Balance at the end of the period	-	-	-	41,801	78,129	98,157
Interest and Commission Income received	-	-	-	-	3,975	-

⁽¹⁾ Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.***Information on deposits of the Group's risk group***

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	-	-	2,250,314	2,022,582	394,038	875,385
Balance at the end of the period	-	-	2,038,148	2,250,314	658,394	394,038
Interest expense on deposits	-	-	58,948	35,145	4,980	6,981

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

None.

Information on benefits provided for top level management:

As of 31 December 2018, TL 15,088 has been paid to the top level management of the Group as salaries and fringe benefit (31 December 2017: 12,087 TL).

INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES****1. Information on Bank's domestic branches, foreign branches and representatives**

	<u>Number of branches</u>	<u>Number of employees</u>			
Domestic Branch	7	268			
			<u>Country</u>		
Foreign representative office	-	-	-		
				<u>Total assets</u>	<u>Legal capital</u>
Foreign branch	-	-	-	-	-
Off shore branches	-	-	-	-	-

2. Bank open or close branches or representative offices in the country and abroad, information on significant changes in the organization

There's no Branch was opened in the year 2018 in Turkey (2017: None). There are no Branches closed over the same period (2017: None).

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX

AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

As of 31 December 2018, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative) and Auditors’ Report dated 30 January 2019 is presented preceding the financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.