

ARAP TÜRK BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
WITH AUDITOR'S REVIEW REPORT
(CONVENIENCE TRANSLATION OF UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES
ORIGINALLY ISSUED IN TURKISH)



AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor’s review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Arap Türk Bankası Anonim Şirketi;

Introduction

We have reviewed the unconsolidated balance sheet of Arap Türk Bankası Anonim Şirketi (“the Bank”) at 31 March 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the unconsolidated financial position of Arap Türk Bankası Anonim Şirketi at 31 March 2023 and its unconsolidated financial performance and its unconsolidated cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2022 and 31 March 2022 were audited and reviewed by another auditor which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 23 February 2023 and 10 May 2022.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 12 May 2023

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. BANK'S DATE OF ESTABLISHMENT, BEGINNING STATUTE, ITS HISTORY REGARDING CHANGES ON ITS STATUTE

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 Türkiye and the Libyan Arab Republic. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

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

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

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

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

As of 31 March 2022, the Bank's share capital at the balance sheet date as follows:

Shareholders	Current Period	
	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 2022: 0,0000014% share and TL 6.20 (full digit in TL).

III. INFORMATION ABOUT THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS AND THEIR QUALIFICATIONS, RELATED CHANGES WITHIN THE YEAR AND THEIR SHARES AT THE BANK

Chairmen of the Board of Directors and Board Members

Name	Job Title – Description
Yasin Öztürk	Chairman of the Board of Directors
Mohamed Milad Hassadi	Deputy Chairman of the Board of Directors and Chairman of Audit Committee
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Aflah Omar Magsi	Member of the Board of Directors and Audit Committee
İmge Hilal Soyloğlu Canlı	Member of the Board of Directors
Hüseyin Serdar Yücel	Member of the Board of Directors
Abdulkhalek Hussein Ergei	Member of the Board of Directors
Nouri Ali Mohamed Aboflega	Member of the Board of Directors

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. INFORMATION ABOUT THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS AND THEIR QUALIFICATIONS, RELATED CHANGES WITHIN THE YEAR AND THEIR SHARES AT THE BANK (Continued)

General Manager and Deputies

Name	Job Title – Description
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager - Financial Management, IT & Support Services Division
Ahmed Fraj Abdullah Ferjani	Assistant General Manager – Treasury, Financial Institutions, Sales Marketing, Operations Division

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

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

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

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

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

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. BALANCE SHEET-ASSETS
- II. BALANCE SHEET-EQUITY AND LIABILITIES
- III. OFF-BALANCE SHEET COMMITMENTS
- IV. STATEMENT OF PROFIT OR LOSS
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- VII. STATEMENT OF CASH FLOWS

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2023

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

ASSETS	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31.03.2023			PRIOR PERIOD 31.12.2022		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FINANCIAL ASSETS (Net)		608.370	2.987.877	3.596.247	110.507	4.070.184	4.180.691
1.1 Cash and Cash Equivalents	1	111.844	1.991.097	2.102.941	33.620	2.692.291	2.725.911
1.1.1 Cash and Balances with Central Bank		14.887	1.699.119	1.714.006	9.575	1.916.611	1.926.186
1.1.2 Banks	3	97.323	291.978	389.301	24.548	775.680	800.228
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Credit Loss (-)		366	-	366	503	-	503
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	2	-	-	-	-	-	-
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	4	496.526	991.996	1.488.522	76.887	1.377.893	1.454.780
1.3.1 Government Securities		496.302	694.646	1.190.948	76.663	988.796	1.065.459
1.3.2 Equity Securities		224	7.664	7.888	224	7.472	7.696
1.3.3 Other Financial Assets		-	289.686	289.686	-	381.625	381.625
1.4 Derivative Financial Assets		-	4.784	4.784	-	-	-
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	4.784	4.784	-	-	-
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		905.493	4.684.940	5.590.433	1.412.224	5.092.835	6.505.059
2.1 Loans	5	828.195	1.668.853	2.497.048	1.282.166	2.122.686	3.404.852
2.2 Lease Receivables		-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	6	87.111	3.016.087	3.103.198	140.247	2.970.149	3.110.396
2.4.1 Government Securities		67.266	2.695.766	2.763.032	81.253	2.519.804	2.601.057
2.4.2 Other Financial Assets		19.845	320.321	340.166	58.994	450.345	509.339
2.5 Expected Credit Loss (-)	5	9.813	-	9.813	10.189	-	10.189
III. ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	14	1.000	-	1.000	1.000	-	1.000
3.1 Held for Sale Purpose		1.000	-	1.000	1.000	-	1.000
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		140.199	-	140.199	140.199	-	140.199
4.1 Associations (Net)	7	-	-	-	-	-	-
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2 Subsidiaries (Net)	8	140.199	-	140.199	140.199	-	140.199
4.2.1 Unconsolidated Financial Subsidiaries		140.199	-	140.199	140.199	-	140.199
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	9	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		553.432	-	553.432	553.068	-	553.068
VI. INTANGIBLE ASSETS (Net)		2.438	-	2.438	2.751	-	2.751
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2.438	-	2.438	2.751	-	2.751
VII. INVESTMENT PROPERTY (Net)	12	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	13	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	13	-	-	-	-	-	-
X. OTHER ASSETS (Net)	15	52.005	14.952	66.957	43.108	16.138	59.246
TOTAL ASSETS		2.262.937	7.687.769	9.950.706	2.262.857	9.179.157	11.442.014

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2023

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

LIABILITIES	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31.03.2023			PRIOR PERIOD 31.12.2022		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	1	218.625	4.526.992	4.745.617	154.721	5.364.283	5.519.004
II. FUNDS BORROWED	3	3.086	3.050.900	3.053.986	6.478	3.754.560	3.761.038
III. MONEY MARKETS		34.581	-	34.581	37.162	-	37.162
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	-	-	-	-	-	-
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	7.338	1.803	9.141	7.329	-	7.329
X. PROVISIONS	7	94.654	11.114	105.768	127.280	10.871	138.151
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		64.095	-	64.095	88.478	-	88.478
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		30.559	11.114	41.673	38.802	10.871	49.673
XI. CURRENT TAX LIABILITY	8	27.838	-	27.838	21.210	-	21.210
XII. DEFERRED TAX LIABILITY		36.062	-	36.062	34.971	-	34.971
XIII. LIABILITIES FOR ASSETS 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	4	45.908	52.144	98.052	32.581	58.015	90.596
XVI. SHAREHOLDERS' EQUITY	9	1.851.919	(12.258)	1.839.661	1.847.237	(14.684)	1.832.553
16.1 Paid-in capital		440.000	-	440.000	440.000	-	440.000
16.2 Capital Reserves		-	-	-	-	-	-
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		417.028	-	417.028	417.028	-	417.028
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(7.026)	(12.258)	(19.284)	6.338	(14.684)	(8.346)
16.5 Profit Reserves		62.400	-	62.400	51.725	-	51.725
16.5.1 Legal Reserves		62.400	-	62.400	51.725	-	51.725
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		-	-	-	-	-	-
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or (Loss)		939.517	-	939.517	932.146	-	932.146
16.6.1 Prior Periods' Profit or (Loss)		921.471	-	921.471	718.654	-	718.654
16.6.2 Current Period Profit or (Loss)		18.046	-	18.046	213.492	-	213.492
16.7 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES		2.320.011	7.630.695	9.950.706	2.268.969	9.173.045	11.442.014

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2023

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

	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31.03.2023			PRIOR PERIOD 31.12.2022		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		250.796	8.144.587	8.395.383	184.360	7.644.929	7.829.289
I. GUARANTEES AND WARRANTIES	2	250.154	7.736.558	7.986.712	183.971	7.644.929	7.828.900
1.1. Letters of Guarantee		250.154	5.755.025	6.005.179	181.283	5.746.647	5.927.930
1.1.1. Guarantees Subject to State Tender Law		8.454	-	8.454	7.179	-	7.179
1.1.2. Guarantees Given for Foreign Trade Operations		150.003	5.741.770	5.891.773	130.482	5.737.686	5.868.168
1.1.3. Other Letters of Guarantee		91.697	13.255	104.952	43.622	8.961	52.583
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1.566.981	1.566.981	-	1.327.841	1.327.841
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	1.566.981	1.566.981	-	1.327.841	1.327.841
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	414.552	414.552	2.688	570.441	573.129
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	1	642	-	642	389	-	389
2.1. Irrevocable Commitments		642	-	642	389	-	389
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		642	-	642	389	-	389
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		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	408.029	408.029	-	-	-
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		-	408.029	408.029	-	-	-
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		-	408.029	408.029	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	206.366	206.366	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	201.663	201.663	-	-	-
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)		517.643	888.866	1.406.509	483.669	871.117	1.354.786
IV. ITEMS HELD IN CUSTODY		2.793	-	2.793	4.164	-	4.164
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		2.793	-	2.793	4.164	-	4.164
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		514.850	888.866	1.403.716	479.505	871.117	1.350.622
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		18.820	422.740	441.560	19.120	411.418	430.538
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		14.394	463.507	477.901	14.394	452.499	466.893
5.6. Other Pledged Items		481.636	2.619	484.255	445.991	7.200	453.191
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		768.439	9.033.453	9.801.892	668.029	8.516.046	9.184.075

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2023

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

STATEMENT OF PROFIT OR LOSS		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2023- 31/03/2023)	PRIOR PERIOD (01/01/2022- 31/03/2022)
	Note		
I. INTEREST INCOME	1	178.492	132.557
1.1 Interest on Loans		85.649	72.303
1.2 Interest on Reserve Requirements		374	111
1.3 Interest on Banks		3.469	3.953
1.4 Interest on Money Market Transactions		-	4.349
1.5 Interest on Marketable Securities Portfolio		88.886	51.839
1.5.1 Fair Value Through Profit or Loss		-	-
1.5.2 Fair Value Through Other Comprehensive Income		44.513	18.467
1.5.3 Measured at Amortised Cost		44.373	33.372
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		114	2
II. INTEREST EXPENSE (-)	2	50.879	23.061
2.1 Interest on Deposits		12.979	2.060
2.2 Interest on Funds Borrowed		21.087	18.403
2.3 Interest Expense on Money Market Transactions		703	61
2.4 Interest on Securities Issued		-	-
2.5 Lease Interest Expenses		370	260
2.6 Other Interest Expenses		15.740	2.277
III. NET INTEREST INCOME (I - II)		127.613	109.496
IV. NET FEES AND COMMISSIONS INCOME		23.881	21.718
4.1 Fees and Commissions Received		25.704	22.756
4.1.1 Non-cash Loans		5.475	4.760
4.1.2 Other		20.229	17.996
4.2 Fees and Commissions Paid		1.823	1.038
4.2.1 Non-cash Loans		10	4
4.2.2 Other		1.813	1.034
V. DIVIDEND INCOME		-	-
VI. TRADING INCOME /(LOSS) (Net)	3	(6.106)	2.333
6.1 Trading Gains / (Losses) on Securities		(8.121)	-
6.2 Gains / (Losses) on Derivative Financial Transactions		697	-
6.3 Foreign Exchange Gains / (Losses)		1.318	2.333
VII. OTHER OPERATING INCOME	4	14.363	4.437
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		159.751	137.984
IX. EXPECTED CREDIT LOSS (-)	5	-	298
X. OTHER PROVISION EXPENSE (-)	6	18.146	5.239
XI. PERSONNEL EXPENSE (-)		80.268	46.816
XII. OTHER OPERATING EXPENSES (-)	7	38.662	23.221
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		22.675	62.410
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	8	22.675	62.410
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	9	(4.629)	(14.815)
18.1 Current Tax Provision		-	(18.248)
18.2 Deferred Tax Income Effect (+)		14.799	5.221
18.3 Deferred Tax Expense Effect (-)		10.170	8.654
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	10	18.046	47.595
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXIII)	11	18.046	47.595
Earning/(Loss) per share (in TL full)		0,0004	0,0011

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 MARCH 2023

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

	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD (01/01/2023- 31/03/2023)	PRIOR PERIOD (01/01/2022- 31/03/2022)
I. CURRENT PERIOD PROFIT/LOSS	18.046	47.595
II. OTHER COMPREHENSIVE INCOME	(10.938)	5.143
2.1 Not Reclassified to Profit or Loss	-	(3.151)
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	-	(3.939)
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	-	788
2.2 Reclassified to Profit or Loss	(10.938)	8.294
2.2.1 Foreign Currency Translation Differences	-	-
Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other	(14.476)	10.831
2.2.2 Comprehensive Income	-	-
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	3.538	(2.537)
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	7.108	52.738

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2023

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

					Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/ Expense Items to be Recycled to Profit or Loss									
	Paid-in capital	Share premium	Share certificate cancel profits	Share capital reser	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains/ Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity Before Minority Interest	Minority Interest	Total Equity	
PRIOR PERIOD																	
31.12.2022																	
I. Balance at the beginning of the period	440.000	-	-	-	155.486	(7.593)	-	-	(23.476)	-	43.709	566.334	160.336	1.334.796	-	-	1.334.796
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	440.000	-	-	-	155.486	(7.593)	-	-	(23.476)	-	43.709	566.334	160.336	1.334.796	-	-	1.334.796
IV. Total comprehensive income (loss)	-	-	-	-	-	(3.151)	-	-	8.294	-	-	-	47.595	52.738	-	-	52.738
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	8.016	152.320	(160.336)	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	8.016	152.320	(160.336)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+ +X+XI)	440.000	-	-	-	155.486	(10.744)	-	-	(15.182)	-	51.725	718.654	47.595	1.387.534	-	-	1.387.534
CURRENT PERIOD																	
31.03.2023																	
I. Balance at the beginning of the period	440.000	-	-	-	443.333	(26.305)	-	-	(8.346)	-	51.725	718.654	213.492	1.832.553	-	-	1.832.553
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	440.000	-	-	-	443.333	(26.305)	-	-	(8.346)	-	51.725	718.654	213.492	1.832.553	-	-	1.832.553
IV. Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(10.938)	-	-	-	18.046	7.108	-	-	7.108
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	10.675	202.817	(213.492)	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	10.675	202.817	(213.492)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+ +X+XI)	440.000	-	-	-	443.333	(26.305)	-	-	(19.284)	-	62.400	921.471	18.046	1.839.661	-	-	1.839.661

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2023

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

	Note	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2023- 31/03/2023)	(01/01/2022- 31/03/2022)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		154.235	172.592
1.1.1 Interest Received		192.540	113.273
1.1.2 Interest Paid		(39.568)	(30.671)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		25.704	22.756
1.1.5 Other Income		(4.527)	4.623
1.1.6 Collections from Previously Written-off Loans and Other Receivables		-	378
1.1.7 Payments to Personnel and Service Suppliers		(129.235)	(47.690)
1.1.8 Taxes Paid		3.090	(10.024)
1.1.9 Other		106.231	119.947
1.2 Changes in Operating Assets and Liabilities		(682.141)	(483.533)
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		11.046	(12.848)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		941.045	(357.875)
1.2.4 Net (increase) / decrease in other assets		(7.700)	(12.237)
1.2.5 Net increase / (decrease) in bank deposits		(233.659)	183.562
1.2.6 Net increase / (decrease) in other deposits		(701.775)	(179.233)
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		(839.744)	(27.974)
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		148.646	(76.928)
I. Net Cash Provided from Banking Operations		(527.906)	(310.941)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		20.622	69.506
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 tangible assets		(79.428)	(1.307)
2.4 Disposals of tangible assets		-	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(569.330)	-
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		562.104	103.141
2.7 Purchase of Financial Assets Measured at Amortised Cost		(139.945)	(312.865)
2.8 Sale of Financial Assets Measured at Amortised Cost		247.592	281.143
2.9 Other		(371)	(606)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(370)	(260)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(370)	(260)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		41.111	168.047
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(466.543)	(73.648)
VI. Cash and Cash Equivalents at the Beginning of the Period		1.547.043	2.244.537
VII. Cash and Cash Equivalents at the End of the Period		1.080.500	2.170.889

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

On January 20, 2022, POA made a statement on whether to Apply Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements of the companies applying TFRS at the relevant date. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the unconsolidated financial statements dated March 31, 2023.

The accompanying unconsolidated financial statements are prepared in accordance with the cost basis except for financial assets and liabilities at fair value, and real estates which are presented on a fair value basis.

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.

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2022 have no material effect on the financial statements, financial performance and on the Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank’s accounting policies.

The effects of the earthquake disaster that occurred in Kahramanmaraş and the surrounding provinces have been reviewed and the Bank has no impact on the financial statements.

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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 Bank's exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Subsidiary are the entities that the Bank has the power to govern the financial and operating policies of those to obtain benefits from its activities. Subsidiary is accounted in accordance with "TAS 27 – Separate Financial Statements" in the unconsolidated financial statements. Subsidiary is recorded at cost, with their costs after deducting impairment losses, if any.

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 statement of profit or loss. 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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

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

Government bonds and treasury bills included in Financial Assets at Fair Value through Profit or Loss portfolios traded in BIST are carried at weighted average exchange rates 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 statement of profit or loss.

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 statement of profit or loss. “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 statement of profit or loss 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 statement of profit or loss.

It is followed in the “Other Accumulated Comprehensive Income or Expenses to be Reclassified in Profit or Loss” account. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the profit or loss statement.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income(Continued)

Subsequent amendments to the values of investments in equity instruments are not reflected in the statement of profit or loss 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 that is neither held for trading nor contingent consideration recognized 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, when calculating the fair value for securities without a market price, any of the pricing models or discounted cash flow techniques are used in accordance with the type of the security.

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 statement of profit or loss.

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. Fees paid for the assets received as collateral against loans, transaction costs and other costs such as transaction costs, it is a part of and charged to the customer.

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

e. Impairment

The Bank recognizes an impairment for financial assets measured at amortized cost and at fair value through other comprehensive income.

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

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

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

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

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

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

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

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

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

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

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

Individual Evaluation

A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected EIR (Effective Interest Rate) value and discounted cash flows. When cash flows are estimated, the following conditions are taken into account.

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

Definition of Default

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

These conditions have stated below:

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment For Expected Loss (Continued)

Significant increase in credit risk definition

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

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

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

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

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

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 contractual cash flows, the cash flows from the sale of the collateral and the cash flows from the 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.

The Bank's loans have been evaluated and classified as of 31 December 2022 in line with the Regulation on the Classification of Loans and the Procedures and Principles Regarding Provisions to be Reserved for them; accordingly, a provision has been set aside.

The Bank uses a statistical model with credit risk parameters in accordance with the relevant legislation and accounting standards in the calculation of expected credit losses.

Expected credit losses are measured using reasonable and supportable information and including macroeconomic variables, taking into account macroeconomic projections for the future as well as historical information. Within the scope of the macroeconomic model, it is used in the final estimation studies obtained by weighting three scenarios as base, optimistic and negative. The changes in "Gross Domestic Product (GDP), USD/TL and CPI" are used as the main macroeconomic independent variable used in these estimates. Credit risk parameters used in the calculation of expected credit losses are reviewed and evaluated at least once a year within the framework of model validation processes. The macroeconomic forecasts used in risk parameter models and the historical default data of portfolios are re-evaluated in each quarter in order to reflect the changes in the economic conjuncture and updated as needed.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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.

X. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

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 statement of profit or loss. 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 Bank’s intangible assets consist of software.

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

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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 Bank is using the cost model under the TAS 16 “Property, Plant and Equipment” for the valuation of the property under tangible assets, it changed in 2017 and switched to a revaluation model in the valuation of real estates 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 statement of profit or loss 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 Bank evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the “TAS 36 - Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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 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 statement of profit or loss. The Bank does not provide financial leasing services as a lessor.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES (Continued)

Explanations on TFRS 16

Leases as-bank

The bank considers that the delivery of a contract does not carry the lease, or that the contract does not carry the lease. Checking the contract from the material process for a definite lease transaction, giving detailed information about this lease transaction. A usage area and a lease will be made to the tables of the Bank for the beneficiaries of the lease.

Right of use asset

Right of use includes first method recognition and maintenance:

- a) Learned the first diagnoses received from the lease,
- b) from all transactions resulting from the actual payment of the lease, less all leases received
- c) All economic costs incurred by the bank

Right of use when applying bank transportation:

- a) Accumulated depreciation and accumulated impairment losses are deducted; and
- b) A revised review of the lease, with a view to reconsideration.

While the use of the right is subject to depreciation, the Bank applies it in accordance with TAS 16 Tangible Fixed Assets.

Lease liability

At the commencement date of the lease, the Bank measures the lease liability at the present value of the lease payments not paid at that date. Lease payments are discounted using the alternative borrowing interest rate.

The lease payments included in the measurement of the lease liability at the commencement date consist of payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease.

After the actual commencement of the lease, the Bank measures the lease liability as follows:

- a) Increases the book value to reflect the interest on the lease liability,
- b) Decrease book value to reflect lease payments made; and
- c) Remeasure book value to reflect reassessments and restructurings, or to reflect fixed lease payments in revised substance.

The interest on the lease liability for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XIV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)**

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

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

XV. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS*Reserve for other benefits to employees*

In accordance with existing Turkish Labor Law, the 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 Bank calculates and accounts in financial statements by estimating the present value of the future probable obligation regarding severance pay in accordance with the provisions of "TAS 19-Employee Benefits". The resulting actuarial losses and gains are accounted for under equity in accordance with TAS 19.

In determining the liability, the Bank uses independent actuaries and makes assumptions on issues such as discount rate and inflation. The assumptions regarding the calculation are as follows.

	Current Year	Prior Year
Discount Rate	12.10%	12.10%
Inflation Rate	9.90%	9.90%

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

XVI. INFORMATION ON TAX APPLICATIONS**Corporate tax**

With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810, the corporate tax rate for banks has been determined as 25%, and this rate will start from the declarations that must be submitted as of July 1, 2022 and be applied to the corporate earnings of the accounting periods starting from January 1, 2022, entered into force.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exemptions and deductions in the tax laws. No further tax is paid if the profit is not distributed.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS (Continued)

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.

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Türkiye and to institutions residing in Türkiye. While 15% withholding tax is applied on dividend payments excluding those made to non-resident companies and institutions residing in Türkiye that generate income through a workplace or their permanent representative in Türkiye, this rate is 10% with the Presidential Decree published in the Official Gazette dated 22 December 2021 and numbered 31697. changed to. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Within the framework of the provisions of the Corporate Tax Law No. 5520, 75% of the profits arising from the sale of the immovables, participation shares and founding shares, usufruct shares and priority rights held by the institutions for at least two full years; It is exempted from corporate tax, provided that it is kept in a special fund account or added to the capital until the end of the fifth year following the year of sale, provided that it is collected until the end of the second calendar year. As of December 5, 2017, 50% exemption is applied for the gains arising from the sale of immovables and 75% for the gains arising from the sale of others.

Law No. 7352, dated January 29, 2022, on the amendment of the Tax Procedure Law and the Corporate Tax Law, was enacted in the Official Gazette numbered 31734 on January 29, 2022. It has been decided that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment within the scope of the article are met, and that the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met.

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 profit or loss, then the related tax effects are also recognized in the statement of profit or loss. 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 Türkiye, 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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. ADDITIONAL INFORMATION ON BORROWINGS

The Bank 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 Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XVIII. INFORMATION ON SHARE ISSUANCES

The Bank 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

There are no government incentives and government aids received by the Bank.

XXI. CASH AND CASH EQUIVALENTS

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

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

XXII. INFORMATION ON SEGMENT REPORTING

Operating segment is the unit that operates in only one product or service of the 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”.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. INFORMATION ON SHAREHOLDER'S EQUITY

Information about Total Capital (Current Period)

	Amount
TIER II CAPITAL	1,839,661
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000
Share issue premiums	-
Reserves	62,400
Gains recognized in equity as per TAS	397,744
Profit	939,517
Current Period Profit	18,046
Prior Period Profit	921,471
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	1,839,661
Deductions from Common Equity Tier 1 Capital	2,473
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	35
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,438
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	2,473
Total Common Equity Tier 1 Capital	1,837,188

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Information about Total Capital (Current Period)

	Amount
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
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)	1,837,188
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)	38,573
Tier II Capital Before Deductions	38,573
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	38,573
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,875,761
The sum of Tier I Capital and Tier II Capital (Total Capital)	1,875,761
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
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 (-)	-

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Information about Total Capital (Current Period)

	Amount
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
TOTAL CAPITAL	1,875,761
Total Capital	1,875,761
Total risk weighted amounts	9,572,702
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	19.37
Tier 1 Capital Adequacy Ratio (%)	19.37
Capital Adequacy Ratio (%) ⁽²⁾	19.77
BUFFERS	
Total buffer requirement	2.807
Capital conservation buffer requirement (%)	2.500
Bank specific counter-cyclical buffer requirement (%)	0.307
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	14.86
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	38,573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	38,573
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Information about Total Capital (Prior Period)

	Amount
TIER II CAPITAL	1,832,553
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000
Share issue premiums	-
Reserves	51,725
Gains recognized in equity as per TAS	408,682
Profit	932,146
Current Period Profit	213,492
Prior Period Profit	718,654
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	1,832,553
Deductions from Common Equity Tier 1 Capital	2,803
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	52
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,751
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	2,803
Total Common Equity Tier 1 Capital	1,829,750

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Information about Total Capital (Prior Period)

	Amount
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
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)	1,829,750
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)	41,186
Tier II Capital Before Deductions	41,186
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	41,186
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,870,936
The sum of Tier I Capital and Tier II Capital (Total Capital)	1,870,936
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
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 (-)	-

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

Information about Total Capital (Prior Period)

	Tutar
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	1,870,936
Total Capital	1,870,936
Total risk weighted amounts	8,812,443
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	20.98
Tier 1 Capital Adequacy Ratio (%)	20.98
Capital Adequacy Ratio (%) ⁽²⁾	21.45
BUFFERS	
Total buffer requirement	2.749
Capital conservation buffer requirement (%)	2.500
Bank specific counter-cyclical buffer requirement (%)	0.249
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	16.48
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	41,186
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	41,186
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

2) Calculated taking into account the measures in the announcement dated December 21, 2021. As of 31 December 2022, the net valuation differences of the securities in the "Securities at Fair Value Reflected in Other Comprehensive Income" portfolio are negative, pursuant to the Banking Regulation and Supervision Agency's decision dated 21 December 2021 and numbered 9996. uses the opportunity not to be taken into account in the equity amount to be used for the capital adequacy ratio. The amount subject to credit risk has been calculated by using the Central Bank's foreign exchange buying rate as of 31 December 2021.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

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

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

Information Related to the Components which Subject to Temporary Implementation in the Calculation of Equity

None.

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

	Balance sheet value	Amount of adjustment	Value at capital report
Current Period			
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	417,028	-	417,028
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(19,284)	-	(19,284)
Profit Reserves	62,400	-	62,400
Profit or Loss	939,517	-	939,517
Prior Periods' Profit/Loss	921,471	-	921,471
Current Period Net Profit/Loss	18,046	-	18,046
Deductions from Common Equity Tier I Capital (*)	-	2,473	(2,473)
Common Equity Tier 1 capital	-	-	1,837,188
Tier 1 capital	-	-	1,837,188
Provisions	-	(38,573)	38,573
Tier 2 capital (**)	-	(38,573)	38,573
Shareholders' Equity Adjustments (***)	-	-	-
Total Shareholders' Equity	1,839,661	(36,100)	1,875,761

(*) 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' Equity adjustments within the framework of paragraphs 9-8-ç.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK**

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

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

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

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	Euro
24 March 2023	19.0223	20.7220
27 March 2023	19.0371	20.5055
28 March 2023	19.0680	20.5252
29 March 2023	19.0839	20.6467
30 March 2023	19.1070	20.7201
31 March 2023	19.1460	20.8021

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

The basic arithmetical average of the Bank's foreign exchange bid rate for March 2023 is TL18.9693 for USD, TL 20.2889 for EURO.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Information on Currency Risk

Current Period	Euro	US Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Türkiye	1,030,982	667,229	908	1,699,119
Banks	193,949	62,720	35,309	291,978
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	401,624	590,372	-	991,996
Loans	926,423	742,430	-	1,668,853
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	1,581,348	1,434,739	-	3,016,087
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	8,618	6,334	-	14,952
Total Assets ⁽¹⁾	4,142,944	3,503,824	36,217	7,682,985
Liabilities				
Bank Deposits	932,656	728,175	2,917	1,663,748
Foreign Currency Deposits	1,324,792	1,507,646	30,806	2,863,244
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	2,101,076	949,824	-	3,050,900
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	33,932	29,927	1,202	65,061
Total Liabilities	4,392,456	3,215,572	34,925	7,642,953
Net Balance Sheet Position	(249,512)	288,252	1,292	40,032
Net Off Balance Sheet Position	206,366	(201,663)	-	4,703
Financial Derivatives (Assets)	206,366	-	-	206,366
Financial Derivatives (Liabilities)	-	(201,663)	-	(201,663)
Non-Cash Loans	2,935,703	3,824,929	975,926	7,736,558
Prior Period				
Total Assets	4,871,030	4,265,790	42,337	9,179,157
Total Liabilities	4,927,955	4,217,187	42,587	9,187,729
Balance Sheet Position, net	(56,925)	48,603	(250)	(8,572)
Off Balance Sheet Position, net	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-Cash Loans	2,947,173	3,756,941	940,815	7,644,929

(1) 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 amounting to TL 12,258 has not been taken into consideration in calculating the risk of exchange rate.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Exposed currency risk

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 31 March 2023, 31 March 2022 and 31 December 2022 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	
	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾	Shareholders' Equity	Shareholders' Equity ⁽¹⁾
Euro	3,160	4,315	4,712	5,693
US Dollar	(8,729)	(8,659)	(5,347)	(4,860)
Other Currencies	(129)	(129)	25	25
Total	(5,698)	(4,473)	(610)	858

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾
Euro	(3,160)	(4,315)	(4,712)	(5,693)
US Dollar	8,729	8,659	5,347	4,860
Other Currencies	129	129	(25)	(25)
Total	5,698	4,473	610	(858)

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

III. INFORMATION ON INTEREST RATE RISK

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

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

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

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

The early warning limit is maximum 10%, maximum 12% limit, maximum 14% exception for limit exceedance, and early warning limit maximum 17% for Interest Rate Risk Arising from Banking Accounts/Equity ratio, maximum 17% limit for Securities Duration Risk/Total Assets ratio by the Board of Directors. maximum 18%, and maximum 19% exception for limit exceeding.

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK (Continued)

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items

Based on re-pricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Türkiye	-	-	-	-	-	1,714,006	1,714,006
Banks	389,301	-	-	-	-	-	389,301
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	152,941	7,628	298,862	1,021,203	-	7,888	1,488,522
Loans	762,450	875,195	851,053	5,337	-	3,013	2,497,048
Financial Assets Measured at Amortized Cost	1,097,604	13,741	308,961	1,682,892	-	-	3,103,198
Other assets ⁽¹⁾	4,784	-	-	-	-	753,847	758,631
Total assets	2,407,080	896,564	1,458,876	2,709,432	-	2,478,754	9,950,706
Liabilities							
Bank Deposits	1,765,303	-	-	-	-	4	1,765,307
Other Deposits	76,632	56,828	59,229	-	-	2,787,621	2,980,310
Money Market Borrowings	34,581	-	-	-	-	-	34,581
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,254,187	693,818	1,105,981	-	-	-	3,053,986
Other Liabilities ⁽²⁾	692	339	2,784	5,326	-	2,107,381	2,116,522
Total liabilities	3,131,395	750,985	1,167,994	5,326	-	4,895,006	9,950,706
Long Position in the Balance Sheet	-	145,579	290,882	2,704,106	-	-	3,140,567
Short Position in the Balance Sheet	(724,315)	-	-	-	-	(2,416,252)	(3,140,567)
Long Position in the Off-balance Sheet	206,366	-	-	-	-	-	206,366
Short Position in the Off-balance Sheet	201,663	-	-	-	-	-	201,663
Total Position	(316,286)	145,579	290,882	2,704,106	-	(2,416,252)	408,029

(1) Other Assets: The amount of TL753,847 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL553,432, Subsidiaries amounting to TL140,199, Expected Credit Loss amounting to TL10,179, Intangible Assets amounting to TL2,438, Other Assets amounting to TL66,957 and Assets Held For Sale Purpose amounting to TL1,000 of other undistributed amounts.

(2) Other Liabilities: The amount of TL 2,107,381 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL1,839,661, Provisions amounting to TL105,768, Current Tax Liability amounting to TL27,838, Deferred Tax Debt amounting to TL36,062 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL98,052.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK (Continued)

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items

Based on re-pricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Türkiye	-	-	-	-	-	1,926,186	1,926,186
Banks	800,228	-	-	-	-	-	800,228
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	120,070	136,068	650,759	540,187	-	7,696	1,454,780
Loans	1,932,896	887,898	546,015	35,030	-	3,013	3,404,852
Financial Assets Measured at Amortized Cost	189,535	74,447	1,148,076	1,698,338	-	-	3,110,396
Other assets ⁽¹⁾	-	-	-	-	-	745,572	745,572
Total assets	3,042,729	1,098,413	2,344,850	2,273,555	-	2,682,467	11,442,014
Liabilities							
Bank Deposits	1,680,287	56,311	202,071	-	-	-	1,938,669
Other Deposits	62,734	67,850	73,408	-	-	3,376,343	3,580,335
Money Market Borrowings	37,162	-	-	-	-	-	37,162
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	385,403	1,500,649	1,874,986	-	-	-	3,761,038
Other Liabilities ⁽²⁾	274	697	1,715	4,643	-	2,117,481	2,124,810
Total liabilities	2,165,860	1,625,507	2,152,180	4,643	-	5,493,824	11,442,014
Long Position in the Balance Sheet	876,869	-	192,670	2,268,912	-	-	3,338,451
Short Position in the Balance Sheet	-	(527,094)	-	-	-	(2,811,357)	(3,338,451)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	876,869	(527,094)	192,670	2,268,912	-	(2,811,357)	-

⁽¹⁾ Other Assets: The amount of TL745,572 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL553,068, Subsidiaries amounting to TL140,199, Expected Credit Loss amounting to TL2,751, Intangible Assets amounting to TL1,000, Other Assets amounting to TL59,246 and Assets Held For Sale Purpose amounting to TL1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL2,117,481 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL1,832,553, Provisions amounting to TL138,151, Current Tax Liability amounting to TL21,210, and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL90,596.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments (%)

Current Period	EURO	US Dollars	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Türkiye.	-	-	8.50
Banks	2.85	-	13.82
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.93	6.46	8.22
Loans	10.08	9.74	15.30
Financial Assets Measured at Amortized Cost	-	-	19.65
Liabilities			
Interbank Deposits	1.77	5.29	9.75
Other Deposits	0.62	1.84	10.83
Money Market Borrowings	-	-	8.50
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	2.63	3.95	22.00

Prior Period	EURO	USD	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Türkiye.	-	-	8.50
Banks	2.40	4.50	20.00
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.93	4.92	8.92
Loans	6.95	8.90	18.62
Financial Assets Measured at Amortized Cost	3.41	7.22	20.90
Liabilities			
Interbank Deposits	2.86	6.45	12.07
Other Deposits	0.62	1.65	11.46
Money Market Borrowings	-	-	9.00
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	1.55	3.38	22.00

IV. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

IV. INFORMATION ON STOCK POSITION RISK (Continued)

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

None.

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

None.

V. INFORMATION ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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

The Bank is supported by well-established shareholders among most powerful financial institutions in Türkiye, Middle East and the North African region. The Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has the Bank. Funds received from the Bank’s risk group have a 15% share in liabilities.

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

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

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

A large portion of the Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks. 82% of these funds are USD, 18% are EUR.

Information regarding to the liquidity risk mitigation techniques used

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

Information regarding to the usage of Stress Tests

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

General information on the emergency and contingency plan of Liquidity

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Liquidity coverage ratio

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

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

	Month	FC	Month	FC+TL
Lowest	31 March 2023	153	31 March 2023	175
Highest	02 January 2023	354	02 January 2023	577

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	7,175,272	6,827,345	6,047,111	5,699,184
CASH OUTFLOWS				
2 Real person deposits and retail deposits	1,565,384	1,357,366	146,602	135,737
3 Stable deposit	198,727	-	9,936	0
4 Deposit with low stability	1,366,657	1,357,366	136,666	135,737
5 Unsecured debts except real person deposits and retail deposits	4,558,659	4,158,867	3,542,535	3,167,718
6 Operational deposit	-	-	-	-
7 Non-operating deposits	4,211,131	4,053,445	3,195,007	3,062,296
8 Other unsecured debts	347,528	105,422	347,528	105,422
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	7,812,316	7,608,552	432,370	413,680
16 TOTAL CASH OUTFLOW	13,936,359	13,124,785	4,121,507	3,717,135
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,684,539	903,568	1,496,018	805,107
19 Other cash inflows	113,352	93,647	113,352	93,647
20 TOTAL CASH INFLOWS	1,797,891	997,215	1,609,370	898,754
Upper limit applied amounts				
21 TOTAL HQLA STOCK			6,047,111	5,699,184
22 TOTAL NET CASH OUTFLOWS			2,512,137	2,818,381
23 LIQUIDITY COVERAGE RATIO (%)			240.72	202.21

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Prior 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	6,788,753	6,696,752	5,607,012	5,515,010
CASH OUTFLOWS				
2 Real person deposits and retail deposits	1,463,049	1,413,042	143,894	141,304
3 Stable deposit	48,216	-	2,411	-
4 Deposit with low stability	1,414,833	1,413,042	141,483	141,304
5 Unsecured debts except real person deposits and retail deposits	3,944,704	3,522,613	2,802,722	2,489,476
6 Operational deposit	-	-	-	-
7 Non-operating deposits	3,642,798	3,425,845	2,500,816	2,392,708
8 Other unsecured debts	301,906	96,768	301,906	96,768
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	8,095,961	7,990,767	437,445	430,074
16 TOTAL CASH OUTFLOW	13,503,714	12,926,422	3,384,061	3,060,854
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,436,926	869,661	1,261,639	758,396
19 Other cash inflows	12,733	6,942	12,733	6,942
20 TOTAL CASH INFLOWS	1,449,659	876,603	1,274,372	765,338
21 TOTAL HQLA STOCK			5,607,012	5,515,010
22 TOTAL NET CASH OUTFLOWS			2,109,689	2,295,516
23 LIQUIDITY COVERAGE RATIO (%)			265.77	240.25

⁽¹⁾ The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.**The important factors affecting the liquidity coverage ratio result and the change in the items taken into account in the calculation of this ratio over time**

High quality liquid assets and cash outflows are among the most important factors affecting the calculation of the liquidity coverage ratio for the Bank. The Bank's high quality liquid assets consist of treasury bills and free deposits held at the CBRT. High quality liquid assets increased throughout the year, positively affecting the calculation of the 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 30% of high-quality liquid assets of the Bank, while 68% comprised of debt instruments issued by the Treasury. %1 of cash in vault.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Sections Funding sources comprised of and their densities within all funds

A significant part of the funding sources are comprised of deposits received. 48% of the total liabilities are deposits received. 37% of these deposits are deposits obtained from banks.

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

Cash outflows due to derivative contracts occur during periods when the bank's derivative liabilities exceed its derivative receivables. As of 31 March 2023, 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. 48% of the liability is deposits and 37% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

V. INFORMATION ON 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	68,752	1,645,254	-	-	-	-	-	1,714,006
Banks	148,337	240,961	-	-	-	-	-	389,298
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	152,941	7,628	298,866	1,021,199	-	7,888	1,488,522
Loans	-	762,449	849,139	877,110	5,337	-	3,013	2,497,048
Financial Assets Measured at Amortized Cost	-	1,097,604	13,741	308,961	1,682,892	-	-	3,103,198
Other assets ⁽¹⁾	4,787	-	-	-	-	-	753,847	758,634
Total Assets	221,876	3,899,209	870,508	1,484,937	2,709,428	-	764,748	9,950,706
Liabilities								
Interbank Deposits	934,792	830,515	-	-	-	-	-	1,765,307
Other Deposits	2,787,621	76,632	56,828	59,229	-	-	-	2,980,310
Money market borrowings	-	34,581	-	-	-	-	-	34,581
Miscellaneous payables	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	1,254,187	693,818	1,105,981	-	-	-	3,053,986
Other liabilities ⁽²⁾	-	692	339	2,784	5,326	-	2,107,381	2,116,522
Total Liabilities	3,722,413	2,196,607	750,985	1,167,994	5,326	-	2,107,381	9,950,706
Net Liquidity Gap	(3,500,537)	1,702,602	119,523	316,943	2,704,102	-	(1,342,633)	-
Prior Period								
Total Assets	565,055	4,403,859	1,045,962	2,397,306	2,273,551	-	756,281	11,442,014
Total Liabilities	4,645,437	896,766	1,625,507	2,152,180	4,643	-	2,117,481	11,442,014
Net Liquidity Gap	(4,080,382)	3,507,093	(579,545)	245,126	2,268,908	-	(1,361,200)	-

⁽¹⁾ Other Assets: The amount of TL753,847 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL553,442, Subsidiaries amounting to TL140,199, Intangible Assets amounting to TL2,438, Expected Credit Loss amounting to TL10,179, Deferred Tax Asset amounting to TL10,357 Other Assets amounting to TL66,957 and Assets Held For Sale Purpose amounting to TL1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL2,107,381 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL1,839,661, Provisions amounting to TL105,768, Current Tax Liability amounting to TL27,838, Deferred Tax Liability amounting to TL36,062, and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL98,052.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**VI. INFORMATION ON LEVERAGE RATIO****Leverage Ratio**

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

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

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

Leverage ratio disclosure as follows

	Balance sheet assets	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	10,088,516	10,922,040
2	(Assets deducted from main capital)	(3,554)	(4,020)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	10,084,962	10,918,020
	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	-	-
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	-
	Security or secured financing transactions		
7	Risk amount of security or secured financing transactions (Except balance sheet)	4,899	-
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	4,899	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	6,903,231	8,005,590
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)	6,903,231	8,005,590
	Equity and total risk		
13	Main capital	1,368,051	1,626,189
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	16,993,091	18,923,610
	Leverage ratio		
15	Leverage ratio	8,06	8,58%

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)**VII. INFORMATION ON RISK MANAGEMENT**

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	7,339,939	6,540,092	587,195
2	Standardised approach (SA)	7,339,939	6,540,092	587,195
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,760	-	141
5	Standardised approach for counterparty credit risk (SA-CCR)	1,760	-	141
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	1,395,900	1,604,038	111,672
17	Standardised approach (SA)	1,395,900	1,604,038	111,672
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	836,863	668,313	66,949
20	Basic Indicator Approach	836,863	668,313	66,949
21	Standard 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)	9,574,462	8,812,443	765,957

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

None.

RWA flow statements of market risk exposures under an IMA

None.

VIII. INFORMATION ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Bank is determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments”.

The Bank has operations in corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VIII. INFORMATION ON OPERATING SEGMENTS (Continued)

Information on operational segments on 31 March 2023, 31 March 2022 and 31 December 2022 are presented in the table below:

		Corporate and			
	Retail	Commercial Banking			Total
Current Period	Banking	Commercial Banking	Treasury	Unallocated	Operations
Interest Income (Net)	(639)	84,247	44,005	-	127,613
Commission Income (Net)	-	23,881	-	-	23,881
Unallocated Income/Expenses (Net)	-	-	-	(128,819)	(128,819)
Operating Income				-	-
Income from Subsidiaries				-	-
Income before tax				-	-
Tax Provision	(639)	108,128	44,005	(128,819)	22,675
Net Profit for the period	-	-	-	22,675	22,675
Interest Income (Net)	-	-	-	(4,629)	(4,629)
Commission Income (Net)	-	-	-	18,046	18,046

		Corporate and			
	Retail	Commercial Banking			Total
Current Period	Banking	Commercial Banking	Treasury	Unallocated	Operations
Segment Assets	8,812	3,094,386	6,636,287	-	9,739,485
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	211,221	211,221
Total Assets	8,812	3,094,386	6,636,287	211,221	9,950,706
Segment Liabilities	1,527,053	1,453,206	4,853,925	-	7,834,184
Unallocated Liabilities	-	-	-	276,861	276,861
Equity	-	-	-	1,839,661	1,839,661
Total Liabilities	1,527,053	1,453,206	4,853,925	2,116,522	9,950,706

		Commercial Banking			
	Retail	Corporate and			Total
Prior Period	Banking	Commercial Banking	Treasury	Unallocated	Operations
Interest Income (Net)	(198)	71,700	37,994	-	109,496
Commission Income (Net)	-	21,718	-	-	21,718
Unallocated Income/Expenses (Net)	-	-	-	(68,804)	(68,804)
Operating Income (Net)	(198)	93,418	37,994	(68,804)	62,410
Income from Subsidiaries	-	-	-	-	-
<i>Dividend Income</i>	-	-	-	-	-
<i>Other Dividend Income</i>	-	-	-	-	-
Income before tax	-	-	-	62,410	62,410
Tax Provision	-	-	-	(14,815)	(14,815)
Net Profit for the period				47,595	47,595

		Corporate and			
	Retail	Commercial Banking			Total
Prior Period	Banking	Commercial Banking	Treasury	Unallocated	Operations
Segment Assets	5,778	3,104,618	6,958,650	-	10,069,046
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	1,372,968	1,372,968
Total Assets	5,778	3,104,618	6,958,650	1,372,968	11,442,014
Segment Liabilities	1,581,492	1,668,299	6,067,413	-	9,317,204
Unallocated Liabilities	-	-	-	292,257	292,257
Equity	-	-	-	1,832,553	1,832,553
Total Liabilities	1,581,492	1,668,299	6,067,413	2,124,810	11,442,014

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,930	53,865	2,008	64,994
Central Bank of Türkiye	12,957	1,645,254	7,567	1,851,617
Other	-	-	-	-
Total	14,887	1,699,119	9,575	1,916,611

Information related to the account of Central Bank of Türkiye

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	12,957	-	7,567	-
Unrestricted Time Deposits	-	622,494	-	672,331
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	1,022,760	-	1,179,286
Total	12,957	1,645,254	7,567	1,851,617

(1) General reserve amount requirements maintained at CBRT.

Information on Reserve Deposits

Banks established in Türkiye or operating in Türkiye by opening branches are subject to the Central Bank's Communiqué on Required Reserves numbered 2013/15. The items specified in the communiqué constitute the liabilities subject to required reserves, with the exception of the liabilities to the Central Bank of the Republic of Türkiye, the Treasury, domestic banks and the banks established by international agreement to their headquarters and branches in Türkiye, based on the accounting standards and registration scheme to which banks are subject.

Banks maintain required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

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

None.

Positive differences related to derivative financial assets

None.

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	77,312	179,035	1,524	292,480
Foreign banks	20,011	112,943	23,024	483,200
Branches and head office abroad	-	-	-	-
Total	97,323	291,978	24,548	775,680

Information on Expected Loss Provisions

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	503	-	-	503
Additions during the Period (+)	313	-	-	313
Disposal (-)	(450)	-	-	(450)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	366	-	-	366

Prior period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,269	-	-	1,269
Additions during the Period (+)	451	-	-	451
Disposal (-)	(1,217)	-	-	(1,217)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	503	-	-	503

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

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

As of 31 March 2023, the Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions. (31 December 2022: None).

As of 31 March 2023, the Bank have TL491,005 financial assets at fair value through other comprehensive income, which are given as collateral / blocked from assets (31 December 2022: TL74,936).

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

Information on financial assets at fair value through other comprehensive income

	Current period	Prior Period
Debt Securities	1,546,554	1,494,611
Quoted in stock exchange	1,546,554	1,494,611
Not quoted in stock exchange	-	-
Share Certificates	7,888	7,696
Quoted in stock exchange	-	-
Not quoted in stock exchange	7,888	7,696
Impairment provision (-)	65,920	47,527
Total	1,488,522	1,454,780

5. Information on Loans

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

	Current period		Prior Period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	-	27,140	-	3,753
Corporate Shareholders	-	27,140	-	3,753
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank's personnel	8,812	1,256	5,778	1,256
Total	8,812	28,396	5,778	5,009

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

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	2,494,035	-	-	-
Commercial Loans	-	-	-	-
Export Loans	507,203	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	763,442	-	-	-
Consumer Loans	8,812	-	-	-
Credit Cards	-	-	-	-
Other	1,214,578	-	-	-
Specialized Lending	-	-	-	-
Other Receivables	-	-	-	-
Total	2,494,035	-	-	-
	Standard Loans	Loans Under Close Monitoring		
12-Month expected credit losses		4,102		-
Significant increase in credit risk		-		-

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023**

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)***Information on consumer loans, credit cards and loans given to employees*

	Short Term	Middle and Long Term	Total
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	2,150	6,662	8,812
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	2,150	6,662	8,812
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	2,150	6,662	8,812

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

5. Information on Loans (Continued)

Information on installment commercial loans and commercial credit cards

	Short-Term	Medium and	Total
Commercial Installment Loans-TL	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
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	-	-	-

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	2,407,276	3,339,519
Foreign loans	89,772	65,333
Total	2,497,048	3,404,852

Loans to subsidiaries and affiliates

	Current Period	Prior Period
Direct Loans to Subsidiaries and Affiliates	20,007	-
Indirect Loans to Subsidiaries and Affiliates	-	-
Total	20,007	-

Specific provisions for loans

	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	3,013	3,013
Total	3,013	3,013

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

5. Information on Loans (Continued)

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	-	-	3,013
Additions (+)	-	-	-
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	3,013
Specific provisions (-)	-	-	3,013
Net Balance on Balance Sheet	-	-	-

Information on foreign currency non-performing loans

None

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)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	3,013
Specific provisions (-)	-	-	3,013
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	3,013
Specific provisions (-)	-	-	3,013
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

5. Information on Loans (Continued)

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

None.

Collection policy on loans determined as loss and other receivables

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

Information on write-off policy

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

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

Within the scope of TFRS 9, the Bank does not have written off loans (31 December 2022: None).

Expected credit loss for loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	4,385	-	3,013	7,398
Additions during the Period	1,858	-	-	1,858
Disposal	(2,141)	-	-	(2,141)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	4,102	-	3,013	7,115

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	7,862	-	3,297	11,159
Additions during the Period	3,503	-	-	3,503
Disposal	(6,980)	-	(284)	(7,264)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	4,385	-	3,013	7,398

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

6. Information on financial assets measured at amortised cost

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

Among the financial assets valued at amortized cost, the Bank has financial assets of TL37,644 subject to repo transactions in the current period (31 December 2022: TL39,612).

In the current period, the Bank has securities of TL6,500 given as collateral/blocked from financial assets valued at amortized cost (31 December 2022: TL6,520).

Information on government financial assets measured at amortised cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	67,266	2,695,766	2,601,057	-
Treasury Bonds	-	-	-	-
Other Public Bonds	19,845	320,321	-	509,339
Total	87,111	3,016,087	2,601,057	509,339

	Current Period	Prior Period
Debt Instruments	3,103,198	3,110,396
Quoted at stock exchange	3,103,198	3,110,396
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
Total	3,103,198	3,110,396

Movement of financial assets measured at amortised cost

	Current Period	Prior Period
Balances at the beginning of the period	3,110,396	2,277,863
Foreign currency gains / losses on monetary assets	100,449	793,486
Purchases during the period	139,945	999,744
Disposals through sales and redemptions ⁽¹⁾	(247,592)	(960,697)
Impairment loss provision	-	-
Period end balance	3,103,198	3,110,396

Expected credit loss for financial assets measured at amortised cost

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,791	-	-	2,791
Additions during the Period	430	-	-	430
Disposal	(523)	-	-	(523)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	2,698	-	-	2,698
Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	3,124	-	-	3,124
Additions during the Period	2,125	-	-	2,125
Disposal	(2,458)	-	-	(2,458)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	2,791	-	-	2,791

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

7. Information on associates

The Bank does not have an associate.

8. Information on subsidiaries (Net)

Information on subsidiaries

Information on Shareholder's Equity for A&T Finansal Kiralama A.Ş.	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	140,000	140,000
Capital Reserves	228	228
Legal Reserves	6,955	6,955
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	14,970	16,511
<i>Net Profit</i>	<i>(1,541)</i>	<i>15,843</i>
<i>Prior Period Profit/Loss ⁽¹⁾</i>	<i>16,511</i>	<i>668</i>
Intangible Assets (-)	3,005	1,621
Total Core Capital	159,149	162,074
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	159,149	162,074
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL ⁽¹⁾	159,149	162,074

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL162,074.

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

Summary information on basic features of equity items

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

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

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

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit/Loss	Fair value ⁽¹⁾
968,572	177,759	29,383	23,963	-	(1,541)	16,511	-

⁽¹⁾ The related subsidiary has no fair value measurement as of 31 March 2023.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

8. Information on subsidiaries (Net) (Continued)

Movement related to subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	140,199	126,202
Movements during the Period	-	13,997
Purchases	-	-
Bonus Shares Received	-	13,997
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	140,199	140,199
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	140,199	140,199
Finance Companies	-	-
Other Affiliates	-	-

Quoted Subsidiaries

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

9. Information on joint ventures

The Bank has no joint ventures.

10. Information on Financial lease receivables (Net)

The Bank has no financial lease operation.

11. Information on financial derivatives for hedging

The Bank has no financial derivatives for hedging.

12. Information on investment property

The Bank has no investment property.

13. Information on tax assets

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

14. Information about fixed assets held for sale

	Current Period	Prior Period
Cost	1,000	1,000
Impairment (-)	-	-
Accumulated Depreciation (-)	-	-
Prior Period Net Book Value	1,000	1,000
Opening Balance	1,000	1,000
Additions	-	-
Disposals (-)	-	-
Accumulated Provision (-)	-	-
Provision Expense (-)	-	-
Accumulated Amortization (-)	-	-
Depreciation of disposals	-	-
Amortization	-	-
Depreciation Expenses (-)	1,000	1,000

15. Information on other assets

Other assets is amounting to TL66,957 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments (31 December 2022: TL59,246).

II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Day 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	32,117	-	4,081	5,103	2,670	-	-	-	43,971
Foreign Currency Deposits	2,682,942	-	935	60,408	37,669	24,916	56,374	-	2,863,244
Residents in Türkiye	781,316	-	450	31,836	17,447	3,031	620	-	834,700
Residents Abroad	1,901,626	-	485	28,572	20,222	21,885	55,754	-	2,028,544
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	49,330	-	-	533	-	-	-	-	49,863
Other Ins. Deposits	23,232	-	-	-	-	-	-	-	23,232
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	934,792	-	521,457	96,828	-	-	212,230	-	1,765,307
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	521,457	10	-	-	-	-	521,467
Foreign Banks	934,792	-	-	96,818	-	-	212,230	-	1,243,840
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,722,413	-	526,473	162,872	40,339	24,916	268,604	-	4,745,617

Prior Period	Demand	7 Day 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	23,989	-	1,842	17,547	2,613	-	-	-	45,991
Foreign Currency Deposits	3,313,557	-	32	59,768	29,548	30,013	52,266	-	3,485,184
Residents in Türkiye	1,175,602	-	32	19,472	10,503	2,607	604	-	1,208,820
Residents Abroad	2,137,955	-	-	40,296	19,045	27,406	51,662	-	2,276,364
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	23,055	-	-	10,363	-	-	-	-	33,418
Other Ins. Deposits	15,742	-	-	-	-	-	-	-	15,742
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,269,094	-	411,190	56,311	-	-	202,074	-	1,938,669
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	157,968	-	-	-	-	-	157,968
Foreign Banks	1,269,094	-	253,222	56,311	-	-	202,074	-	1,780,701
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,645,437	-	413,064	143,989	32,161	30,013	254,340	-	5,519,004

Currency-protected deposit product, the operating rules of which are determined by the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against exchange rate changes in foreign currency, has started to be offered to bank customers. As of 31 March 2023, the total deposit amount includes 1,005 TL (31 December 2022: 23,076 TL) deposits within this scope.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

1. Information on maturity profile of deposits (Continued)

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

In the first paragraph of Article 1 of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7/11/2006 and numbered 26339, the phrase "savings deposits and belonging to real persons" have been changed to "all deposits except those belonging to official institutions, credit institutions and financial institutions and".

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	21,406	12,023	22,565	33,968
Foreign Currency Saving Deposits	530,744	383,586	952,338	1,151,915
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	552,150	395,609	974,903	1,185,883

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 Türkiye.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	26,076	23,119
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 December 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Türkiye	-	-
Total	26,076	23,119

2. Information on derivative financial liabilities

Negative differences on derivative financial liabilities

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

3. Information on Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	YP
Central Bank of Türkiye	-	-	-	-
From Domestic Banks and Institutions	3,086	-	6,478	-
From Foreign Banks, Institutions and Funds	-	3,050,900	-	3,754,560
Total	3,086	3,050,900	6,478	3,754,560

Information on Banks and other Financial Institutions

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	FC	TL	FC	TL
Short-Term	3,086	2,158,579	6,478	2,007,457
Long-Term	-	892,321	-	1,747,103
Total	3,086	3,050,900	6,478	3,754,560

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
48% of the Bank's liabilities consist of deposits.

4. Information on other foreign resources

Other liabilities is amounting to TL98,052 and this amount does not exceed 10% of total the balance sheet (31 December 2022: TL90,596).

5. Information on financial lease obligations

	Current Period		Prior period	
	Gross	Net	Gross	Net
Less than 1 Year	2,429	1,836	2243	1499
Between 1-4 Years	5,657	6,214	6,286	4,940
Longer than 4 Years	1,126	1,091	974	890
Total	9,212	9,141	9,503	7,329

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

None.

7. Information on provisions

Reserve for employee termination benefits

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated "TAS 19 - Employee Benefits". Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The employee termination benefit liability of the Bank is the amount as at 31 March 2023 is TL38,177 (31 December 2022: TL50,216). In addition to this, the unused vacation provision and other employee benefits amount as at 31 March 2023 is TL25,918 (31 December 2022: TL38,262).

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

7. Information on provisions (Continued)

Information on other provisions

As of 31 March 2022, the free provision or possible risks are none for the Bank (31 December 2022: TL6,000). In the current period, the provision for possible risks amounting to TL 6,000 has been reversed and reclassified to other operating income in the current period.

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

	Current Period	Prior Period
Free provisions for possible risks	-	6,000
Provisions for non-cash loans	41,589	43,590
Provisions for lawsuits	84	83
Total	41,673	49,673

8. Information on tax payables

Information on current tax liability

As of 31 March 2023, the Bank's corporate tax payable is TL9,588 after offsetting prepaid corporate tax. (31 December 2022 : TL9,588).

Information on tax payables

	Current Period	Prior Period
Corporate Taxes Payable	9,588	9,588
Banking Insurance Transaction tax (BITT)	1,561	1,092
Taxation on Securities Income	287	334
Value Added Tax Payable	438	1,186
Value Added Tax Payable (Limited taxpayer)	92	202
Foreign exchange transaction tax	-	-
Taxation on real estate income	21	14
Other	9,551	5,847
Total	21,538	18,263

Information on premium payables

	Current Period	Prior Period
Social Security Premiums-Employee	2,286	1,061
Social Security Premiums-Employer	3,549	1,673
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	155	71
Unemployment Insurance-Employer	310	142
Others	-	-
Total	6,300	2,947

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

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

8. Information on tax payables (Continued)

Information on deferred tax liabilities

As of 31 March 2023, the Bank calculated net deferred tax liability of TL43,522 by netting off deferred tax asset of TL79,584 and deferred tax liability of TL36,062 on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

Detailed information on net deferred tax assets and liabilities are as follows:

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset / liability	Accumulated temporary differences	Deferred tax asset / liability
Provisions for employee benefits	64,095	16,024	76,478	19,120
Unearned revenue	4,620	1,155	4,682	1,170
Interest rediscounts	57,151	14,288	46,993	11,748
Provisions	40,398	10,100	43,341	10,835
Other	7,813	1,955	1,979	496
Deferred tax assets	174,077	43,522	173,473	43,369
Tangible assets revaluation surplus	519,943	76,610	519,943	76,610
Other	11,891	2,974	6,915	1,730
Deferred tax liability	531,834	79,584	526,858	78,340
Deferred tax asset / (liability) (net)		(36,062)		(34,971)

Movement of deferred tax asset and liability:

	Current Period	Prior Period
Opening balance	(34,971)	8,673
Deferred tax income/(expense)(Net)	(4,629)	8,448
Deferred tax accounted under shareholder's equity	3,538	(52,092)
Net Deferred Tax Asset/(Liability)	(36,062)	(34,971)

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

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

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

The Banks has no subordinated loans.

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

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

9. Information on Shareholders' Equity

Presentation of Paid-in Capital

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

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

Registered share capital system is not implemented in the Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

Explanations on dividend distribution

None.

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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****9. Information on Shareholders' Equity (Continued)**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	(7,026)	(12,258)	6,338	(14,684)
Exchange Rate Differences	-	-	-	-
Total	(7,026)	(12,258)	6,338	(14,684)

Information on legal reserve

In accordance with the decision taken at the 44rd Ordinary General Assembly Meeting held on 24 March 2021 and Article 519 of the Turkish Commercial Code No. 6102, full TL10,765,000 was transferred from previous years' profits to legal reserves in the current period.

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

The Bank has TL642 as irrevocable commitments (31 December 2022: TL389).

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

As of the balance sheet date, the Bank has made a provision amounting to TL 11,114 for its non-cash loans. (31 December 2022: TL10,871).

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 TL1,981,533 (31 December 2022: TL1,900,970).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Bank's guarantee letters is TL6,005,179 (31 December 2022: TL5,927,930).

In accordance with the Council of Ministers' Decision dated 2011, the letters of guarantee given to Libya cannot be compensated. As per the BRSA's order dated 30 December 2019, The Memorandum of Understanding signed between the Government of the Republic of Türkiye and the Government of National Accord of Libya has entered into force as of 24 September 2020. This agreement hereby has the force of law and the implementation and results of the provisions of this agreement are closely monitored by Turkish Banks transacting with Libya.

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

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

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	394,256	359,406
Less Than or Equal to One Year with Original Maturity	45,967	44,876
More Than One Year with Original Maturity	348,289	314,530
Other Non-Cash Loans	7,592,456	7,469,494
Total	7,986,712	7,828,900

3. Information on Expected Loss Provisions (Non-Cash Loans)

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	32,719	-	10,871	43,590
Additions during the Period	5,788	-	243	6,031
Disposal	(8,032)	-	-	(8,032)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	30,475	-	11,114	41,589

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	24,850	-	6,940	31,790
Additions during the Period	18,364	-	3,931	22,295
Disposal	(10,495)	-	-	(10,495)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	32,719	-	10,871	43,590

IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Information on interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ⁽¹⁾				
Short-Term Loans	43,886	26,887	48,682	7,546
Medium and Long-Term Loans	1,366	13,430	1,636	14,139
Interest Received From Non-Performing Loans	80	-	300	-
Premiums Received From Resource Utilization				
Support Fund	-	-	-	-
Total	45,332	40,317	50,618	21,685

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

1. Information on interest income (Continued)

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From CRBT	-	-	-	-
From Domestic Banks	230	1,599	83	2,700
From Foreign Banks	1,083	557	1,145	25
From Foreign Headquarter and Branches	-	-	-	-
Total	1,313	2,156	1,228	2,725

Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	16,598	27,915	1,538	16,929
Financial Assets Measured at Amortised Cost	5,143	39,230	5,685	27,687
Total	21,741	67,145	7,223	44,616

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Expense Given to Affiliates and Subsidiaries	127	28

2. Interest Expense

Information on interest paid for funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	268	20,819	-	18,403
Central Bank	-	-	-	-
Domestic Banks	268	-	-	8
Foreign Banks	-	20,819	-	18,395
Overseas Headquarters and Branches	-	-	-	-
Total	268	20,819	-	18,403

Information on interest expense paid to subsidiaries and associates

	Current Period	Prior Period
Interest Expense Given to Affiliates and Subsidiaries	370	260

Information on interest expense given on securities issued

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

2. Interest Expense (Continued)

Maturity structure of the interest expense on deposits

Account Name	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	2,513	-	-	-	-	-	2,513
Saving deposits	-	50	322	64	-	45	-	481
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	62	199	4	-	-	-	265
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	2,625	521	68	-	45	-	3,259
Foreign Currency								
Foreign currency deposits	-	1	113	117	113	318	-	662
Interbank deposits	4	-	2,836	-	-	6,218	-	9,058
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4	1	2,949	117	113	6,536	-	9,720
Grand Total	4	2,626	3,470	185	113	6,581	-	12,979

3. Information on trading gain/loss

	Current Period	Prior Period
Gain	12,642,566	15,488,480
Gain from money market transactions	512	-
Gain from financial derivative transactions	4,784	-
Gain from exchange transactions	12,637,270	15,488,480
Loss (-)	(12,648,672)	(15,486,147)
Loss from money market transactions	(8,633)	-
Loss from financial derivative transactions	(4,087)	-
Loss from exchange transactions	(12,635,952)	(15,486,147)
Net Trading Gain/Loss	(6,106)	2,333

4. Information on income from other operations

	Current Period	Prior Period
From reversal of provisions of prior year	8,964	9,717
Provision for communication expenses	1,344	3,938
Gain on sales of assets	22	328
Other income	4,033	382
Total	14,363	14,365

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

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

5. Information on expected credit loss expenses

	Current Period	Prior Period
Expected Credit Loss Provisions	-	298
12 month expected credit loss (stage 1)	-	-
Significant increase in credit risk (stage 2)	-	-
Non-performing loans (stage 3)	-	298
Marketable Securities Impairment Expenses	-	-
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	-	-
Total	-	298

6. Information on Other Provision Expenses

	Current Period	Prior Period
Securities Depreciation Expenses	18,146	5,239
Free Provision	-	-
Provisions Lawsuits	-	-
Total	18,146	5,239

7. Information on other operating expense

	Current Period	Prior Period
Employee Termination Benefits Expense	2,099	912
Tangible Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	1,437	821
Intangible Asset Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	370	605
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Tangible Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Tangible Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	22,561	9,386
Operating Lease Expenses out of the scope of TFRS 16	76	30
Maintenance Expenses	7,119	3,285
Advertisement Expenses	408	22
Other Expenses	14,958	6,049
Losses from sales of Assets	-	-
Other	12,195	11,497
Total	38,662	23,221

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)****8. Information on profit/loss before taxes including profit/loss from discontinued operations**

The pre-tax income amount from continued operations is TL22,675 (31 March 2022: TL62,410).

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

For the three month period ended, no current taxation expense occurred. (31 March 2022: TL18,248 current tax expense) and the net impact of deferred tax income is TL4,629 (31 March 2022: TL3,433 deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The Bank has TL4,629 as deferred tax income arising from origination of temporary differences (31 March 2021: TL3,433 deferred tax income).

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

The Bank has TL4,269 as deferred tax income reflected in the statement of profit or loss computed over temporary difference and tax deductions and exemptions (31 March 2022: TL3,433 deferred tax income).

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 TL18,046 (31 March 2022: TL47,595).

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.

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

Apart from other operating income and other operating expenses explained above, the details of other commission income items exceeding 10% of the total statement of profit or loss are as follows:

	Current Period	Prior Period
Letter of Credit Commissions	13,970	41,404
Transfer Commissions	5,134	11,451
Other	1125	545
Total	20,229	53,400

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

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

V. INFORMATION ON THE BANK'S RISK GROUP

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

*Information on the loans of the Bank's risk group***Current Period**

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and Other Receivables						
Balance at the beginning of the period	-	484	-	3,753	54,034	469,456
Balance at the end of the period	20,007	395	-	27,140	66,039	409,753
Interest and Commission Income received ⁽²⁾	127	-	-	-	10	-

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

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	G.Nakdi	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	295	-	41,328	401,095	233,601
Balance at the end of the period	-	484	-	3,753	54,034	469,456
Interest and Commission Income received ⁽²⁾	28	-	-	-	1,791	-

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

The Bank has a loan amounting to TL861,894 (31 December 2022: TL1,701,545) from the risk group. There was an interest expense of TL11,092 in the current period related to the loans used (31 March 2022: TL14,615).

Information on deposits of the Bank's risk group

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	330	319	145,737	48,551	742,284	677,846
Balance at the end of the period	318	330	279,988	145,737	292,072	742,284
Interest expense on deposits	-	-	1,525	153	2,848	947

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

None.

Information on benefits provided for top level management:

For the three month period ended, TL10,361 has been paid to the top-level management of the Bank as salaries and fringe benefit (31 March 2022: TL9,657).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 31 March 2023, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Independent Auditor’s Review Report is presented preceding the financial statements. The independent audit report dated 12 May 2023 is presented before the unconsolidated financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

In the first quarter of 2023, the main agenda of the global markets was the negative developments in the banking sectors of the USA and the Europe. At the end of the first quarter of the year, the US Federal Reserve (Fed) increased the policy rate to the range of 4.75-5.00%, the highest level in 16 years. Similarly, the European Central Bank (ECB) increased the three main policy rates to the highest level since 2008 in the crisis environment of the banking sector. In its Economic Outlook Report published in March, OECD increased its global growth forecast from 2.2% to 2.6% for 2023 and from 2.7% to 2.9% for 2024. While it was stated in the report that global economic activity improved compared to a few months ago, it was emphasized that rising interest rates kept the risks related to economic activity alive.

Despite the slowdown in global activity, the Türkiye's economy grew by 5.6% in 2022, outperforming expectations. In the first quarter of the year, headline inflation went down to 50.51%, its lowest level since January 2022, due to the fall in global energy prices. On the other hand, the annual current account deficit rose to 55.4 billion dollars depending mostly on the decline in exports due to the earthquake disaster and the weak economic outlook in Türkiye's main export markets. On the interest rate side, the Central Bank of the Republic of Türkiye lowered the policy rate to 8.5% in order to support financial conditions without compromising the improvement in the inflation outlook.

The banking sector, which operates within the framework of the regulations and new rule sets implemented within the scope of macro-prudential measures and liraization strategy, which were put into effect as of the second quarter of last year in order to support financial stability and strengthen monetary transmission mechanisms, continued to support the Türkiye's economy in the period we left behind in 2023. As of the end of February, the asset size of the sector increased by 4.8% compared to the end of the previous year and reached TL 15,034 billion, while loan and deposit volumes reached TL 8.055 billion and TL 9.438 billion, respectively. The last year's significant increases in the profitability figures returned to a more moderate outlook in the first two months of 2023 with the effect of the regulations put into effect. In this respect, net term profit of the sector increased by 68.1% compared to the same period of the previous year and reached TL 65.6 billion. As a result, return on equity ratio of the sector was realized as 47.07% on an annual basis.

At the end of the first quarter of 2023, our Bank's asset size and total equity stood at TL 10.0 billion and TL 1.8 billion, respectively, and our capital adequacy standard ratio maintained its strong outlook with 19.77%.

In the coming period, A&T Bank will continue to shape its business activities around maintaining a strong position in its traditional market North Africa, while moving its expertise in foreign trade transactions to alternative markets. Our core operating principles will continue to be pursuit of "sustainable healthy growth in corporate banking" while remaining steadfast to effective risk and liquidity management and adding value to the country's economy. In addition, we will continue improving our information technology systems and automation processes, boosting our service quality and increasing operational efficiency by ensuring full compliance to corporate governance principles.

Best regards,

Wail J. A. BELGASEM
Member of Board of Directors and
General Manager

Yasin ÖZTÜRK
Chairman of Board of Directors

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Unconsolidated Financial Highlights

Assets (Thousand TL) (1)	31.03.2023	31.12.2022
Financial Assets (Net) (2)	3.596.247	4.180.691
Financial Assets Measured at Amortised Cost (Net) (3)	5.590.433	6.505.059
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	1.000	1.000
Equity Investments	140.199	140.199
Property and Equipment (Net)	553.432	553.068
Intangible Assets (Net)	2.438	2.751
Other Assets (Net)	66.957	59.246
Total Assets	9.950.706	11.442.014
Liabilities (Thousand TL) (1)	31.03.2023	31.12.2022
Deposits	4.745.617	5.519.004
Funds Borrowed	3.053.986	3.761.038
Payables to Interbank Money Market	34.581	37.162
Lease Liabilities (Net)	9.141	7.329
Provisions	105.768	138.151
Current Tax Liability	27.838	21.210
Deferred Tax Liability	36.062	34.971
Shareholders' Equity	1.839.661	1.832.553
Other Liabilities	98.052	90.596
Total Liabilities	9.950.706	11.442.014
Off Balance Sheet Commitments (Thousand TL)	31.03.2023	31.12.2022
Guarantees and Warranties	7.986.712	7.828.900
Commitments	642	389
Türev Finansal Araçlar	408.029	0
Total Off Balance Sheet Commitments	8.395.383	7.829.289
Statement of Profit / Loss (Thousand TL)	31.03.2023	31.03.2022
Interest Income	178.492	132.557
Interest Expense (-)	50.879	23.061
Net Interest Income	127.613	109.496
Net Fees & Commission Income	23.881	21.718
Trading Income / Loss (Net) (+/-)	-6.106	2.333
Other Operating Income	14.363	4.437
Gross Operating Income	159.751	137.984
Expected Credit Loss (-)	0	298
Other Provisions Expenses (-)	18.146	5.239
Personnel Expense (-)	80.268	46.816
Other Operating Expenses (-)	38.662	23.221
Net Operating Income / Loss	22.675	62.410
Tax Provision (-)	4.629	14.815
Net Term Profit	18.046	47.595
Unconsolidated Financial Ratios (%)	31.03.2023	31.12.2022
Return on Assets (4)	1,66	1,95
Return on Equity (4)	12,53	15,83
Loans / Total Assets	25,09	29,76
Deposits / Total Liabilities	47,69	48,23
Capital Adequacy Standard Ratio	19,77	21,45

- (1) Rate sensitive assets and liabilities include rediscounts.
(2) Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit or Loss, Financial Assets Measured at Fair Value through other Comprehensive Income and Derivative Financial Assets.
(3) Loans, Lease Receivables, Factoring Receivables, Financial Assets Measured at Amortized Cost and Allowance for Expected Credit Losses.
(4) The ratios are annualized.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

- At the end of March 2023, the Bank's asset size was realized as TL 10.0 billion. In the period examined, the major items of the Bank's placements consist of net financial assets amounting to TL 3,569 million with 36.1% share and net financial assets as measured by the amortized cost of TL 5,590 million with 56.2% share.
- At the end of March 2023, 81.5% of the Bank's total liabilities comprise from external resources. Deposits (TL 4,746 million) and funds borrowed (TL 3,054 million) comprise the majority of external resources.
- Guarantees and warrantees, which include letters of guarantee, letters of credit and other guarantees, went up by 2.0% compared to the previous year-end and stood at TL 7.987 million at end-March 2023.
- At the end of the first quarter of 2023, A&T Bank's net term profit realized as TL 18.0 million.
- Year on year basis, net interest income and net fee & commission income of the Bank increased by 16.5% and 10.0%, respectively.

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

In the first quarter of 2023, changes in the membership structure of the Board of Directors are as follows:

- Ms. İmge Hilal SOYLUOĞLU CANLI has been appointed as Member of the Board of Directors to replace Mr. Serkan GÜNAY.
- Ms. Gülbin ÇAKIR has been appointed as Member of the Board of Directors to replace Mr. Dr. Sinan ŞAHİN.
- As of 31.03.2023, the memberships of the Board of Directors are as follows:

Mr. Yasin ÖZTÜRK	Chairman
Mr. Mohamed Milad HASSADI	Deputy Chairman
Mr. Wail J. A. BELGASEM	Member (General Manager)
Mr. Aflah Omar MAGSI	Member
Mr. Hüseyin Serdar YÜCEL	Member
Mr. Abdulkhalek Hussein ERGEI	Member
Mr. Nouri Ali Mohamed ABOFLEGA	Member
Ms. İmge Hilal SOYLUOĞLU CANLI	Member
Ms. Gülbin ÇAKIR	Member

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

In the first quarter of 2023, changes in the membership structure of the Audit Committee are as follows:

- Mr. Mohamed Milad HASSADI has been appointed as the Chairman of the Audit Committee.
- Mr. Aflah Omar MAGSI continues its duty as a member of the Audit Committee.
- Ms. Gülbin ÇAKIR has been appointed as Member of the Audit Committee to replace Mr. Dr. Sinan ŞAHİN.
- As of 31.03.2023 the memberships of the Audit Committee are as follows:

Mr. Mohamed Milad HASSADI	Chairman
Mr. Aflah Omar MAGSI	Member
Ms. Gülbin ÇAKIR	Member

- During the period, there has been no change in the Managers of the Units responsible for the Internal Systems.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. Changes in the Membership Structure of Other Governance Committees

In the first quarter end of 2023, changes in the membership structure of Other Governance Committees are as follows:

▪ Corporate Governance Committee

Mr. Yasin ÖZTÜRK	Chairman
Mr. Wail J. A. BELGASEM	Member
Mr. Nouri Ali Mohamed ABOFLEGA	Member
Mr. Hüseyin Serdar YÜCEL	Member
Mr. Salih HATİPOĞLU	Member

▪ Compensation Committee

Mr. Aflah Omar MAGSI	Chairman
Ms. Gülbin ÇAKIR	Member
Mr. Hüseyin Serdar YÜCEL	Member
Mr. Abdulkhalek Hussein ERGEI	Member

▪ Credit Committee

Mr. Yasin ÖZTÜRK	Chairman
Mr. Wail J. A. BELGASEM	Member
Ms. İmge Hilal SOYLUOĞLU CANLI	Member
Mr. Aflah Omar MAGSI	Associate Member

VII. Other Issues

There is no significant changes apart from the above-mentioned explanations compared to the 2022 Annual Activity Report of the Bank, which has been prepared according to “the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks”.

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